



**MINUTES OF THE ANNUAL MEMBERSHIP MEETING
15 June 2013**

The 87th Annual Membership Meeting of the Naval Historical Foundation (NHF) was called to order by the Chairman, Adm. Bruce DeMars, at 11:35 am on Saturday, 15 June 2013 in the Cold War Gallery of the U.S. Navy Museum. Over 100 Foundation members were present. (See attachment 1 for agenda)

Adm. DeMars welcomed all members and guests. VIP guests included Chairman Emeritus Adm. James L. Holloway III, and Adm. William J. Fallon; Vice Adms. James A. Sagerholm and James H. Doyle; and active duty Navy leaders Adm. John Richardson and Rear Adm. Samuel Cox.

Adm. DeMars told the audience that NHF had experienced a good year since the June 2012 Annual Meeting, with many opportunities to preserve and honor the legacy of those who came before us, and educate and inspire the generations who will follow. In particular, he mentioned a recent event held in the Navy Museum, under our license with the Navy to rent out the Navy Museum and raise its public visibility. Mr. James Cameron, award-winning director of movies *Titanic* and *Avatar*, who in 2012 descended seven miles to the bottom of the Mariana Trench in his submarine *Deepsea Challenger*, hosted a reception at the museum to mark his donation of that submarine to Woods Hole Oceanographic Institute. The Navy Museum venue was most appropriate, as it displays the *Trieste*, the only other submersible to make that descent (in 1960) in the Mariana Trench. Students were afforded the opportunity to see the *Deepsea Challenger* and learn about the science and technology involved with the expedition from project scientists.

Adm. DeMars also described his productive meeting with the NHF Advisory Council, held 14 June in the Cold War Gallery. That group of 15 men and women meet periodically with NHF to provide advice on a wide range of naval history issues. The Council members have been individually generous with their financial support for NHF.

Adm. DeMars then introduced NHF president Rear Adm. John Mitchell. Rear Adm. Mitchell greeted the members and guests, and presented the June 2012 Annual Meeting minutes which were unanimously approved by member voice vote.

Proposed revisions to the By-Laws, to update the NHF mission and membership categories, as well as conform to the District of Columbia 2010 Nonprofit Corporation Act, and were posted on the NHF website a week earlier, were recommended by the Board of Directors for adoption by NHF; the motion to accept this revision (see attachment 2) was unanimously approved by the members present.

Prospective Board Members Mr. Maurice Gauthier, Mr. Steven Honigman, and Mr. Franklin Miller were introduced to the members; their biographies had been posted on the NHF website a week earlier. The Board of Directors, having recommended to the members that the three be elected to the Board for three year terms, a motion to that effect was moved and approved by the members.

The Board of Directors recommended the following eight directors, whose terms expire as of this meeting, be re-elected for follow on three year terms: Mr. Bollinger, Vice Adms. Dunn and Rowden, Rear Adms. Gentz and

Mitchell, Amb. Middendorf, Dr. Pilling, and Ms. Wood. The members unanimously voted to approve those directors for re-election.

Rear Adm. Holland having stepped down as NHF Vice President, a motion was made, seconded and approved for Mr. Bollinger to assume that office. Rear Adm. Gaston having stepped down as NHF Secretary, a motion was made, seconded and approved for Rear Adm. Gentz to assume that office.

Mr. Matt Schatzle (unable to attend) was recognized as the NHF Volunteer of the Year for 2012 (see Attachment 3 for Board resolution).

Director of Development Ms. Cook described the transition of NHF's membership database to the industry-standard Raiser's Edge system, with a consequent increase in dues and donations received thus far in 2013. In addition, she talked about the fundraising approaches planned for corporations and individuals later this year.

Treasurer Rear Adm. Dawson reported that 2012 was a satisfactory financial year for NHF, and then provided an outlook for 2013 and beyond to 2014, the "headlines" for which are at Attachment 4.

Audit Committee Chairman Vice Adm. Rowden stated that the Foundation received an "unmodified opinion" from our auditors, Councilor, Buchanan and Mitchell. The 2012 audit's financial statements are posted on the Foundation's website; and the IRS Form 990 was filed on time.

Programs Director Dr. Winkler provided a brief summary of significant NHF accomplishments since the last Annual Membership Meeting, which are described in more detail in the NHF Annual Report for 2012, posted on the NHF website.

Under New Business, Admiral DeMars informed the members of a new donor group being launched. Named in honor of our chairman emeritus, the "Admiral James L. Holloway III Society" will include benefactors whose gifts or pledges total \$100,000.00 or more. Special recognition will be afforded these donors at an annual event.

There being no other new business, Adm. DeMars adjourned the Annual Membership Meeting at 12:10 pm.

The members were then shown a 6-minute video on the "Battle Behind Bars," commemorating this year's 40th anniversary of the "return with honor" of our Vietnam War Prisoners of War. A ribbon cutting was held to open the new exhibit sponsored by NHF, and then retired Rear Adm. Robert Shumaker, Vietnam War POW, delivered the annual David T. Leighton Talk, describing the leadership lessons learned during his eight years of captivity. Following his remarks, the members and guests enjoyed a buffet lunch, compliments of Board Member Dr. Jack London.

Respectfully submitted,


Charles T. Creekman
Executive Director

Attachments:

1. Agenda
2. Revised By-Laws
3. Volunteer of the Year Resolution
4. Financial Headlines

**NAVAL HISTORICAL FOUNDATION
ANNUAL MEETING
Saturday, 15 June 2013 (11:30 AM-1:30 PM)
North Hall – Cold War Gallery – Navy Museum**

AGENDA

1. Convene 87th Annual Meeting
 - a. Approve June 2012 Annual Meeting minutes
 - b. Approval of proposed By-Laws revision
 - c. Election of Directors and Officers
 - d. Volunteer of the Year recognition

2. President's report
 - a. Membership report
 - b. Financial report
 - c. Audit report
 - d. Development report
 - e. Programs report

3. Call for new business

4. Adjourn.

**RIBBON CUTTING FOR “BATTLE BEHIND BARS” EXHIBIT OF
THE NAVY MUSEUM COLD WAR GALLERY**

- a. Annual David T. Leighton Remarks by Rear Adm. Robert Shumaker
- b. Debut of Exhibit Video
- c. Ribbon cutting ceremony
- d. Buffet lunch in South Hall

OPTIONAL TOUR OF NAVY YARD AT 1330

The Naval Historical Foundation thanks Director Dr. Jack London for his support of the annual meeting reception and exhibit video.



NAVAL HISTORICAL FOUNDATION

*Preserving and Honoring the Legacy of Those Who Came Before Us
Educating and Inspiring the Generations Who Will Follow*

BY-LAWS AS AMENDED AT THE 2013 ANNUAL MEMBERSHIP MEETING

I. PURPOSE

These by-laws of the Naval Historical Foundation replace those adopted at the 2011 annual meeting. The principal office of the Foundation is in Washington, DC, and the Foundation's meetings will be held there, unless otherwise agreed to by the Board of Directors.

II. THE FOUNDATION

Mission: Since 1926 the mission of the Naval Historical Foundation has been, and remains to preserve and honor, and educate and inspire. The Foundation is dedicated to preserving and honoring the legacy of those who came before us; passing this legacy on will serve to educate and inspire the generations who will follow. The Foundation raises funds for construction of museum exhibits; encourages students and teachers with educational programs, prizes, and fellowships; and works to ensure that America's great naval history is proudly remembered.

The Foundation is a Membership organization under the District of Columbia's Nonprofit Corporation Act of 2010.

III. MEMBERSHIP AND MEETINGS

A. Membership

Application for membership in the Foundation is open to individuals, families, organizations, and corporations sharing an interest in the Foundation's mission. There will be seven classes of membership: Student/Teacher, Individual, Family, Sustaining, Organizational (such as corporations, associations, foundations), Life, and Patron. The dues and benefits for each class of membership will be as determined by the Board of

Directors. An applicant's membership in the Foundation becomes active upon acceptance of an applicant's dues payment by the Foundation. Only those persons or entities that have paid dues that are current will be considered Members of the Foundation.

B. Meetings

An Annual Membership Meeting will normally be held in the second quarter of each calendar year. Special meetings may be called by the Board of Directors at any time. Additionally, the members may call a special meeting when more than 25 percent of the current members request such a meeting. The President, or the person that he or she designates, will be the Presiding Officer for all membership meetings. Members will be provided three weeks' notice of all Foundation meetings, unless exigent circumstances prevent such notice. The Board of Directors will inform the Membership of the nature of any exigent circumstances that prevent three weeks' notice. A minimum of 20 members will be a quorum necessary to conduct Membership business. A simple majority of those members present at a meeting is required to approve Membership business. Regardless of membership classification, each member shall have one vote.

IV. BOARD OF DIRECTORS

A. Board Membership and Election

The Foundation will be governed by a Board of Directors of not more than twenty-five (25) members. Directors will be elected by the Foundation membership at Annual Membership Meetings, and Directors will be elected for three-year terms. Incumbent directors may be reelected to subsequent three-year terms, without limitation. Director terms will be staggered with a goal that approximately one-third of the Board will be elected or re-elected at each Annual Membership Meeting. No officer or director of the Foundation will receive any compensation from the Foundation for such service. Each director will review the Foundation's conflict of interest policy annually, and sign a compliance statement.

B. Board of Directors' Authority

The Board of Directors is charged with governance and oversight: establishing the policies of the Foundation, including oversight of the Foundation's operation in accordance with these policies and by-laws, including fundraising; the sustenance and growth of membership; and the general enrichment of the principles and objectives for which the Foundation was created.

C. Board Officers and Vacancy

The Board will include a Chairman, President, Vice-President, Treasurer, Secretary, and approximately twenty other Directors. Should any officer vacate his or her office (seat on the Board), the remaining directors may elect a replacement to serve until the next Annual Membership Meeting.

D. Authority of the Chairman/Board of Directors' Meetings

The Chairman will preside at meetings of the Board, and a simple majority of those currently serving on the Board will constitute a quorum necessary to conduct the business of the Board of Directors. A simple majority of Directors present may approve Board of Directors' business. If the Chairman cannot be present for a meeting, the Chairman may designate another Board of Directors officer to preside at a Board of Directors meeting. The Chairman will determine when the Board of Directors will meet. Routine meetings of the Board of Directors will normally be held during the second and fourth quarter of each year, but may be called by the Chairman at any time. The Chairman will give other Directors seven days' notice of a Board of Directors meeting, unless exigent circumstances prevent such notice. The Chairman will inform the other Directors of the exigent circumstances.

E. Responsibilities of the Treasurer

The Treasurer will receive, invest, and expend Foundation funds in accordance with guidelines approved by the Board of Directors, and on other occasions as authorized by the President. Any contract in excess of \$5,000.00 will, prior to signature by a Foundation representative, require approval of the Treasurer acting on behalf of the Board. Before the Annual Membership Meeting, a formal audit will be conducted by an independent auditor. The audit will be approved by the Board of Directors, and the findings will be reported by the Audit Committee chairman and included in the annual report, and in the minutes of the Annual Membership Meeting.

V. ADVISORY COUNCIL

The Board of Directors may authorize an Advisory Council of up to 25 members. When authorized, members will be appointed by the Chairman. The Advisory Council will advise the staff, officers, and directors and will assist with strategic planning for the Foundation. The Advisory Council may provide counsel on any topic they consider worthy to advance the Foundation's mission, including items such as membership growth; fundraising; outreach; and services to Foundation members.

VI. EXECUTIVE DIRECTOR

A. Hiring and Supervision

The Board of Directors may retain an Executive Director, charged with responsibility for the Foundation's day-to-day operations. The Executive Director will not be an officer of the Foundation. The Executive Director is responsible for the furtherance of the objectives of the Foundation as stated in the Articles of Incorporation, and as required by decisions of the Board of Directors. The President will supervise the Executive Director, and the Executive Director will report directly to the President.

B. Role of the Executive Director

The detailed responsibilities of the Executive Director will be set forth in a position description, approved by the President, and reviewed annually by the Compensation Committee. The Executive Director will be assisted by a professional staff to perform the functions of membership, including accounting; museum store operations; management of programs; development and fund raising; administrative support; and such other tasks as may be assigned by the President. The Executive Director will determine the size and compensation of the professional staff, subject to the oversight and approval of the President.

C. Compensation of the Executive Director

The Executive Director will receive an annual salary as authorized by the Board of Directors. The Compensation Committee will review the Executive Director's performance and responsibilities at least once per calendar year, and will advise the Board of Directors on the recommended compensation for the Executive Director. The Board of Directors will approve the Executive Director's compensation.

VII. COMMITTEES OF THE FOUNDATION

The committees of the Foundation, and their duties, are as follows:

A. Executive Committee

Composed of the officers named in section IV, above and such other directors as may be named by the President. The Executive Committee will be entitled to perform the duties of the Board of Directors at other than regular meetings of the Board as may be necessary.

B. Finance Committee

Composed of the Treasurer and such other members as are selected by the Treasurer and approved by the President. The Finance Committee will oversee the financial operations of the Foundation, and assist the Treasurer in setting financial policy.

C. Audit Committee

Composed of three Board members (who are not officers of the Foundation) selected by the President. The Treasurer will be an ex-officio member of this committee. The Audit Committee will oversee the annual audit of the Foundation's financial statements by an independent outside auditor. The Audit Committee will periodically review the contract with that outside auditor and recommend changing audit firms if deemed appropriate.

D. Nominating Committee

Composed of at least three officers selected by the President. The Nominating Committee will select candidates to fill vacancies among the officers and other directors for election during the Foundation's Annual Membership Meeting. The committee will meet prior to the annual meeting, and the Chairman will present the names of these nominees at the annual meeting. At the discretion of the Chairman, the Nominating Committee may be directed to provide input for officer or director vacancies that occur outside the election at the Annual Membership Meeting.

E. Compensation Committee

Composed of the President and Treasurer. This committee will annually review and approve the position description, salary and benefits of the Executive Director, and such other staff members as they deem appropriate.

F. Other Committees

The President may appoint other Committees, when the President determines that they are required.

VIII. DISSOLUTION OR TERMINATION

In the event of dissolution or termination of the Naval Historical Foundation, no member, trustee, director or officer of the Foundation, or any other individual shall be entitled to share in the distribution of any of the corporate assets of the Foundation. Upon such dissolution or termination of the Foundation, the Board of Directors, at their sole discretion, will distribute the balance of assets, after payment of all legal obligations of the corporation, to any organization suited to carry on the Foundation's purpose. The Board of Directors will select only organizations that are tax-exempt under the Internal Revenue Code (26 U.S.C. 501(c)(3) (2009)).

IX. AMENDMENT

These by-laws may be amended at any properly called Foundation Annual Membership Meeting. Only amendments submitted in writing to the Board of Directors will be considered. Such proposed amendments will be presented to the members for approval at the meeting following receipt and approval of such proposed amendments by the Board of Directors.

Submitted,



Charles T. Creekman
Executive Director

Approved, in accordance with the Board of Directors' vote on 15 June 2013, and the Annual Membership Meeting vote on 15 June 2013.



John T. Mitchell
President





Resolution of the Board of Directors of the Naval Historical Foundation

Whereas the Naval Historical Foundation was chartered in 1926 with a mission to preserve and honor the legacy of those who came before us; knowing that passing this legacy on will serve to educate and inspire the generations who will follow;

And Whereas we encourage students and teachers with educational programs, prizes, and fellowships;

And Whereas we work to ensure that America's great naval history is proudly interpreted and honored to collect historically significant art, artifacts, books, documents, and personal papers that embodied the proud heritage of the U.S. Navy;

And Whereas we help supervise the construction of cutting edge museum exhibits;

And Whereas we need to raise funds to conduct all of these activities;

And Whereas Matt Schatzle, a 1985 graduate of the United States Naval Academy, left active duty after eight years of service to work in the non-profit world as a development officer, first with the Boy Scouts of America, Tidewater Council, raising funds to support a \$1.1 million budget.

And Whereas Matt Schatzle then returned to his alma mater in 1997 to serve as Director of Development and Major Gifts, laughing and managing the "Leaders to Serve a Nation" Campaign that raised \$280 million in four years.

And Whereas Matt Schatzle had successful subsequent positions with the USO World Headquarters, Ocean Conservancy, U.S. Naval Institute Foundation, U.S. Navy Memorial, and is the current Executive Director of the ASME Foundation.

And Whereas during 2012 Matt Schatzle provided extensive pro-bono briefings on the national fundraising climate to Naval Historical Foundation leadership and provided lucid advice on potential sources of revenue for the foundation.

And Whereas during 2012, Matt Schatzle served in an advisory capacity to the search committee that reviewed over three dozen highly qualified candidate for a newly established full-time Naval Historical Foundation Director of Development.

And Whereas with Matt Schatzle's advice, the selection committee was provided with an outstanding set of finalists, from which Ms. Leslie Cook was selected.

Therefore be it Resolved This Day that Matt Schatzle be recognized as the Naval Historical Foundation Volunteer of the Year for 2012, and that the Board of Directors hereby expresses its thanks and gratitude for his tireless and selfless efforts on behalf of the Foundation, and the U.S. Navy.

Ratified and Attested this 15th day of June, 2013.

John T. Mitchell
Rear Admiral, U.S. Navy (Retired)
President, Naval Historical Foundation

NAVAL HISTORICAL FOUNDATION
Financial Status: 2012 and Outlook for 2013 and Beyond
HEADLINES

- Investment account:
 - Account value at \$1.2M after \$200K withdrawal for operating cash.
 - Investment managers are out-performing benchmarks to 5 years.
 - Commitment to maintain \$1M as “floor” in investment account.

- 2012 Recap:
 - A satisfactory financial year for the Foundation.
 - Expenses exceeded income by \$336K due to a deliberate drawdown of cash on hand to finance the new "Lions Den" exhibit and STEM-H program work.
 - Net assets decreased \$700K.
 - Museum Store revenues exceeded expectations.

- 2013 through First Quarter Recap:
 - Income and expenses on track with budget.
 - New membership initiatives have produced big increase in dues/donations.
 - Museum Store sales lagging 2012, due to sequester limitations on photo collection access; further challenges coming when sequester furloughs close museum one day per week.
 - Additional investment cash withdrawal may be needed pending fundraising results.

- 2014 and beyond:
 - Projecting income versus expenses into 2014 and 2015 results in a shortfall of \$300K each year.
 - Need increased membership and donations to sustain operations.