

COOPERATIVE OPERATING AGREEMENT
between
ASSOCIATION OF GRADUATES
OF THE UNITED STATES AIR FORCE ACADEMY
and
AIR FORCE ACADEMY FOUNDATION

PREAMBLE

The Association of Graduates of the United States Air Force Academy (the "AOG") and Air Force Academy Foundation (the "Foundation") adopt this Cooperative Operating Agreement (the "COA"), dated and effective as of August 12, 2023 (the "Effective Date"). This COA amends and restates that certain Cooperative Operating Agreement dated and effective as of January 1, 2022, superseding both the Memorandum of Understanding, dated January 1, 2021, and the Single President and Chief Executive Officer Agreement, dated August 3, 2018.

PURPOSE

The purpose of this COA is to continue a collaborative, comprehensive friend-raising and fundraising process designed to (1) better serve the graduate community, (2) promote the heritage and value of the United States Air Force Academy (the "Academy") and its graduates, and (3) raise increasing levels of philanthropic and charitable support for the Academy.

KEY ELEMENTS

The structure for effectively achieving our purpose has the following key elements:

1. The AOG and the Foundation are two legally independent organizations with separate boards of directors, working together through this COA in a collaborative, cooperative effort and whose mutual success relies on close cooperation in friend-raising and fundraising activities.
2. The AOG is responsible for maintaining and directing an organization of Academy alumni with the principal objectives of supporting the Academy through financial gifts and grants, graduate and cadet services, and promotion of the Academy's heritage. The AOG receives and retains revenues from other sources, including family plan membership dues, merchandise sales, ticket sales, sponsorships, and services.
3. The Foundation is responsible for maintaining and directing a fund-raising organization in support of the Academy and its programs. The Foundation, through its fundraising efforts, is further committed to assisting and supporting the AOG and the other Academy-related nonprofit organizations in support of their programs and operations.
4. Toward the success of the AOG and Foundation missions, both organizations will work together to their mutual benefit in the following ways:

- a. The Foundation has responsibility for the solicitation, receipt, and stewardship of tax-deductible donations, including unrestricted gifts, restricted gifts and estate gifts. The Foundation commits to actively solicit for gifts that support AOG programs and operations along with the Foundation's other fundraising priorities for the Academy.
- b. The AOG retains the ability to accept, steward, and manage tax deductible donations to support AOG operations and to establish or enhance its Long Blue Line endowment. However, solicitation of gifts to and operation of the Air Force Academy Fund will be the responsibility of the Foundation as long as this COA is in effect. Gifts to the Air Force Academy Fund which the AOG receives directly from donors will be forwarded to the Foundation on a monthly basis. When making gifts to the Academy from the Air Force Academy Fund, the Foundation will give specific recognition to the cooperation and support of the AOG.

FINANCIAL SUPPORT

In order to assist the AOG in its friend-raising activities, the Foundation will make an annual grant to the AOG from the Foundation's available unrestricted net assets. The grant amount will be paid to the AOG on an as-needed basis and out of the Foundation's available unrestricted resources, and within the parameters of the Foundation's Board-approved annual budget. In addition, the Foundation will actively solicit restricted donations which supports the AOG in its friend-raising activities, e.g., membership for all graduates, alumni events and *Checkpoints* production.

In order to assist the Foundation in stewarding its donors, and as in standard industry practice between granters and grantees, the AOG will provide information to the Foundation as to the use and impact of the grants in the AOG's friend-raising activities.

SHARED LEADERSHIP

The AOG will enter into an employment agreement with an individual who will serve as the Chief Executive Officer (the "CEO") of both the AOG and the Foundation. The costs of employment will be shared equally by both organizations. The CEO's compensation and related benefits must be approved by the Chair (or other designated members, e.g., compensation and/or executive committees) of each organization's Board of Directors. The individual who serves as the CEO must have the ongoing approval of the Board of Directors of each organization. The duties of the CEO will be set forth in the CEO's employment agreement, which must be approved by the Chair of each organization's Board of Directors.

SHARED COSTS

The AOG and Foundation will continue to provide operating support to each other by providing office space and infrastructure support, including information technology, communications, database management, meeting spaces, and a range of other services as have been provided by the organizations to each other for the past several years. These staff costs will be allocated based on each organization's use. Staff costs will also be allocated based on job function and time spent working for each organization.

At the end of each calendar year, the organizations will evaluate the staff and other shared costs and determine what, if any, remuneration is necessary by one organization to the other to ensure a reasonable sharing of costs that are mutually beneficial.

JOINT COMMITTEES

The Joint Executive Committee ("JEC") will consist of eight (8) voting members from the organizations' boards of directors; the eight (8) members will be the Chair, Vice-Chair, Secretary and Treasurer from each organization's Board of Directors. The JEC will meet as deemed necessary by the CEO or either of the board chairs. The JEC is charged with mediating disputes, conflicts of interest, or other issues between the AOG and the Foundation, including recommending solutions for consideration by the CEO or board chairs. During the first and third years of this COA, the AOG's Chair will serve as the JEC Chair and during the second year of this COA, the Foundation's Chair will serve as the JEC Chair.

The Joint Finance Committee ("JFC") is an advisory committee consisting of six (6) voting members from the organizations' boards of directors; the six (6) members will be the Treasurer and two additional members from each organization's board or finance committee. The JFC will meet as necessary or at the request of the CEO, and will be available to assist the CEO and chief financial officer ("CFO") in establishing financial priorities, resolving budget issues, identifying financial risks and proposing reasonable alternatives. On an annual basis, the CEO and CFO will provide the members of the JFC with each organization's historical financial reports, operating budgets, and financial projections for not less than five (5) years beyond the end of the current year. During the first and third years of this COA, the Foundation's Treasurer will serve as the JFC Chair and during the second year of this COA, the AOG's Treasurer will serve as the JFC Chair.

ONGOING ACTIONS

The AOG and Foundation will adopt a single employment model under a common paymaster agreement. In addition, each organization's staff will be encouraged to explore new methods of cooperation and collaboration and may make separate agreements to that end. The staffs may develop additional policies and procedures necessary for efficient and effective implementation of this COA. The organizations may choose to share staff personnel or create joint staff positions to the benefit of this COA and/or the missions of both organizations. Any agreements will be based on the principles contained in this COA, and what is in the mutual best business interest of both organizations.

To the extent that the Foundation receives gifts that are donor-designated for the AOG, but which are otherwise unrestricted, the Foundation will transfer funds available for distribution, to the AOG on a monthly basis. The Foundation will also report monthly to the AOG all pledges, bequests, and other deferred gifts that are donor-designated to the AOG, and will distribute available cash to the AOG in accordance with donor or fund agreements.

Bequests and other deferred gifts, such as funds received from a will or trust or a life insurance policy, will be handled as follows: Designations to an organization, such as "to the Foundation" or "to the AOG," without additional legal documentation of a more specific intended use, either from the donor or from the donor's personal representative/trustee, will be passed through to the respective organization. All such donations will be applied/distributed at the exclusive direction of the Board of Directors of the designated organization.

Designations to an organization, such as "to the Foundation" or "to the AOG" with additional legal documentation of a more specific intended use, either from the donor or from the donor's personal representative/trustee, will be applied by the designated organization towards the designated purpose, with donor intent being paramount.

Both organizations will share responsibility for the constituent database (the "CDB") updates and maintenance, although the ultimate responsibility for CDB integrity rests with the AOG. The AOG and Foundation staffs shall share full ownership, use of and access to the CDB.

LENGTH OF COA AND TERMINATION

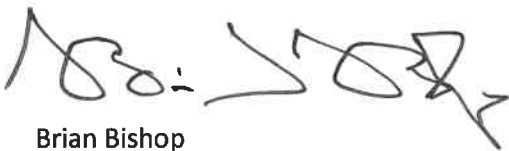
This COA will remain in effect through December 31, 2024, after which it shall automatically renew for successive one (1) year terms. Notwithstanding the foregoing, either organization may terminate this COA with sixty (60) days prior written notice to the other organization. If COA is terminated, staff will revert to employment by either the AOG or Foundation based on the percentage of their most recent time allocation.

LEGAL CONSIDERATIONS

Nothing contained in this COA:

- is intended to eliminate or interfere with the fiduciary duties and responsibilities of each organization's Board of Directors
- shall be construed to create any rights of any third party that is not a signatory to this COA
- shall be construed to create a joint venture, partnership or other legal status potentially giving rise to joint and several liabilities between the Foundation and the AOG.

ASSOCIATION OF GRADUATES OF THE
UNITED STATES AIR FORCE ACADEMY

A handwritten signature in black ink, appearing to read 'B. Bishop', with a stylized flourish at the end.

Brian Bishop
Chair of the Board of Directors

AIR FORCE ACADEMY FOUNDATION

A handwritten signature in blue ink, appearing to read 'Jack Kucera', with a long, sweeping flourish extending to the right.

Jack Kucera
Chair of the Board of Directors