



NAVY LEAGUE OF THE UNITED STATES

Annual Meeting of Members

11 June 2022 – Orlando, Florida

Minutes

I. Call to Order by the National President – Dave Reilly

II. Prayer and Pledge of Allegiance

- a. The Colors were presented by a local Sea Cadet Unit. The Prayer was given and the Pledge of Allegiance said.

III. Report of the Proxy Committee

- A. According to Bylaw 4.1 Annual Meetings of the National Navy League Bylaws:
“The National President, with the approval of the Board of Directors, shall designate the date and place for the Annual Meeting of Members.
- B. The procedure for notice of said annual meeting as well as the election of National Delegates, the procedures for voting and presentation of reports are set forth in the *Operations Manual*.
- C. Voting at the Annual Meeting of Members may be in person or by proxy. Quorum for the Annual Meeting is Three Hundred (300) members as established in the Amendment to the Certificate of Incorporation.
- D. Undirected proxies received will be voted by the Proxy Committee in proportion to the votes cast by those voting in person.”
- E. The Chair of the Proxy Committee presented the findings and results of the 2022 Proxy Committee, on June 11th, 2022, in Orlando, Florida.
- F. The Committee met in closed session, and counted and confirmed, for official record, the following:
- G. All proxies were received by 30 May 2022
 - i. 369 Members submitted via proxy card.
 - ii. There were 69 members signed in and present, this day, the 11th of June 2022 making a total of 438 members.

IV. Establishment of Quorum

- A. The National Corporate Secretary has established that a quorum had been met.

V. Approval of the Agenda

- A. The agenda was approved.

VI. Approval of the Minutes

- A. The minutes of 17 January 2021 were approved.

VII. Approval of the Acts of the Board of Directors since the 2021 Special Meeting of Members

- A. The Acts were approved.

VIII. Report of the National President

- A. The National President welcomed the members in attendance and those at home which demonstrates their commitment towards supporting the Sea Services.
- B. The external confidence in the Navy League from DoD Government and industry has never been stronger.
- C. Since he took office there have been many changes in the way the Navy League does business from the data base to the declining membership to the outdated governance model.
- D. Each challenged was new and incorporated on all levels from the Council to the Headquarters staff. There have been significant changes to the *Bylaws* and *Operations Manual*.
- E. The National President has devoted time and effort to the field and the Navy Leagues mission of education, and support of our Sea Services.
- F. Leaguers also completed a virtual fly-in that resulted in 120 office visits.
- G. The President introduced the Henderson's from Hawaii. They are a remarkable couple who give of their time and money in support of the Navy League. They were presented with the President's Scroll of Honor.
- H. He thanked the membership again for the opportunity to serve as the National President of the Navy League of the United States.

IX. Finance Report

The 2022 operations budget is meeting or exceeding planning forecasts and there are currently no known issues of concern. The 2023 Budget buildout process started on 15 March. The process use is detailed consisting of 20 comprehensive inputs and reviews.

IX. Report of the Corporate Secretary

- A. The National Corporate Secretary, certified that the membership of the Navy League of the United States as of June 2022, was 27,987.
- B. As of June 2022, the membership was 27,565 which is a gain of our current members -.
- C. The membership breakdown by type as of June 2022 is as follows:

- 2,678 e-members
- 17,834 Life members
- 358 Active-Duty Spouse
- 4,988 Regular 1,2-,3-,4-, and 5-year memberships

D. There are 1,277 Corporate Memberships with 24 of these members being Gold Members. Business memberships include 75 Community Affiliate members linked members.

The 24 Corporate gold Companies are:

Accenture Federal Services	HII	L3 Harris Technologies
American Maritime Partnership	EY	Leidos
BAE Systems	Fluor Corp.	Leonardo DRS Inc.
The Boeing Co.	GE Marine	Lockheed Martin Corp.
Booz Allen Hamilton	General Atomics Electromagnet Systems Group	Northrop Grumman Corp.
CACI	General Dynamics Corp.	PenFed Credit Union
Collins Aerospace	Honeywell	Perspecta
Cobham Advanced Electronic Solutions	Huntington Ingalls Industries	Raytheon Technologies
Curtiss-Wright		

E. There are 230 corporate Members

F. 74 Regular Corporate members, 65 Business Associate members, 50 Small Business members and 14 Non-profit/NGO members.

X. Report of the CEO

General Business

The Navy League is good shape. The organization is very strong, stronger than any time in its 120-year history. The operational budget members are meeting to plan the forecast and feel there are currently no known issues of concern.

The final steps for the buildout process for the 2023 budget started in March and will finish and be presented to the Board of Directs in November for its final approval.

The Navy League had a moderate downward adjustment. From January until the present the organization has seen about a 6% loss in the investment account. During discussion with our investment managers, J.P Morgan, the committee determined that no changes to the investments are needed at this time.

Major Projects

There are six capital projects and one major operation in the pipeline.

Operation Elevate

The project had to do with Blackbox which was started in 2020 completed in 2022. This project was designed to enhance the functionality of the website. It was found that even with the efforts of Blackbox, it can never evolve to support the current database and the Navy League's needs. A new a new project was developed "Operation Elevate" to identify a new database that will take the Navy League into the 21st Century. This project will

require time and effort and with the help of the leadership it is hoped it will be finished in December of 2023. The cost will be about \$600K.

Project Broadcast

The library has been turned into a state-of-the-art podcast and video studio. A generous restricted donation was made by Doug Fulton [a National Vice President and President Circle member] in the amount of \$25,000. So far two podcases have been made in the space with an additional 10 planned for 2022.

Project Revolution

This project is dedicated to pay more attention and focus on membership retention. The primary reason is the lack of resources and efforts with the council and HQ not working together. It is improving with each month and the percentage rate has gone from 57% to 71% in the past 12 months.

Project Showcase

This project is about the establishment of a Navy League Headquarters Annual Report. This report would have relevant and interesting data for the field and headquarters. A copy of the first report is on the web for the members to review.

Project Rollup

This project is to gather information as headquarters tours the country providing advice and assisting were necessary.

Project Future is an Ad-Hoc committee into the future. The Committee was formally appointed by the National President to look at non-traditional options that may provide opportunities to restructure the way in which the Navy League Building is financed.

Project Top Employer

Navy League is looking to be recognized as a top employer in the Northern Virginia area. The first thing to be done will be to update of the employee handbook.

Center for Maritime Strategy

CMS is reaching out to the entire Maritime domain. They are going in a positive direction and have learned what they can do to show the value of the Center. Their goal is to raise \$ 1M and not spent monies loaned to set up the new start-up company.

Headquarters is currently at 33 full time employees and are budgeted to bring the staff up to 35 members. Also have two interns. One assigned to Legislative Affairs and the other one assigned to the Center. There is one position open for an Exhibit and Events Manager and are in the interview process currently.

Major Events

With SAS revenue accounted for the Navy League is showing a gross of \$7.7M on a \$6.1M goal. It will take a few months to reconcile all SAS expenses It is hoped to keep very close to what has been budgeted.

General attendance was up 10% from last year and military attendance was up 20% with foreign military attendance up about 20%.

2023 Sea Air Space will be held 3-5 April and the Navy League convention will be held in Dallas/Fort Worth, Texas around 7-11 June.

Navy League Building

The newest tenant of the building is Fit District who has leased 7,345 sq ft of retail space on the first floor. They are well into their build-out phase and lease commencement date starts the 30 July. There is a law firm looking at space along with a laser cosmetic center. Hopefully each will bring in deals to make it be the 1st time the first floor will be fully occupied. The Navy League is optimistic that the building will remain very viable and an important aspect of the Leagues total portfolio.

LLC Building Update

The building was purchased in October of 2006 under a 10-year loan of \$47M from Deutche Banc and a \$7M note of trust from General Contractors of America (GCA) for a total of \$54M.

The building was then refinanced with Bank of America in December of 2015 under a 10-year loan for a total of \$60M. In 2015 the BLD was appraised at \$110M.

The loan service provider is WF. For everyone's understanding, this loan is guaranteed by the Navy League 501c3.

Of the 2015 \$60M refinance loan:

- \$47M went to pay off the Deutche Banc loan
- \$8M went to pay off GCA
- \$1.5 went back to the building investment account
- and \$3.5 of loan equity went to the Navy League 501c3.

The next building refinance is due in December 2025. (43 months from now). The Navy League needs to start working on the refinance 12 months from the loan end date which is 30 months from now. (December 2024).

As mentioned, the Loan value is: \$60M

Current loan balance is: \$59M

Monthly rent deposits from tenants are: \$445K

Monthly mortgage payment is: \$436K

The monthly mortgage breakdown is:

- Principle \$70K
- Interest \$250K (4.938%)
- Taxes \$84K
- Insurance \$9K
- Reserve escrow account \$23K – this account is for tenant Improvements and other expenses...

- Note: Mortgage payment is due on the 1st of the month. A late charge of \$17K will be assessed if total payment is not received by this date.
- If payment is not received by the 5th day, the Navy League is considered to be in default.

Prior to Arch Properties and Sague Technologies (two of our large tenants) executing their early termination in late 2021 and early 2022, we held about \$1.5M in the reserve account. With total penalties paid from these early terminations we collected \$4.7M. This puts the building reserve account at \$6.2M

High level Cashflow Summary:

Currently we have \$200K in the building operating account and \$1.2M in the investment account.

- Monthly cash in from leasing deposits: \$445K
- Average monthly building operating cost: ~\$200K
- Monthly mortgage is: \$436K
- For a monthly cash shortfall of ~\$191K
 - Note: Once Wells Fargo pays themselves for the mortgage, they sweep any remaining monies into the NL JPM operating account. Currently this sweep back to us is about \$9K.

1. Problem ~\$200K shortfall in monthly operating cost.

Solution

- 1. Liquidate BLD investment portfolio to cash now. Set aside \$500K of the current \$1.2M from the BLD investment portfolio to cover operating cost through August 2022. (Completed) Need to transfer \$250K from JPM to Wells Fargo UOA account on 30 June.
- 2. Use this time-period to gain access to \$600K of the \$6.2M BLD reserve account to cover September through December of 2022. (Not completed and need to discuss with Wells Fargo.
- 3. At the end of 2022 we have three additional options.
 1. Gain additional access to the BLD reserve account.
 2. Leverage the remaining \$700K of our BLD investment portfolio.
 3. Leverage the NL line of credit which is currently sits in an operating account at \$3.5M.
- If we are unable to leverage the reserve account, we can utilize options 2 & 3.

Problem 2

Mortgage payment is due on the 1st of the month. Rent deposits due between 1st-5th of the month. With deposits being virtually the same as the mortgage, we will most likely, always be short when WF has completed sweeping the lockbox into the DACA account.

Solution

- Between the 28th and 31st of each month, we will check the DACA account and wire the required shortfall from the JPM operating account to the DACA account.

- Note: once all monies from rent deposits have been received by WF between the 1st and the 5th of the month, WF will wire the shortfall amount we originally transferred back to our JPM operating account.
- Request from WF to change the mortgage due date to the 10th of month.

Problem 3

- Lack of account service support from Wells Fargo. Currently, we do not have an account representative or single point of contact with WF. The way WF attempts to support our account is through varying contacts, e.g., 1-800 numbers, individual phone numbers, department email address and individual email address. Most often, we do not receive a reply or the person or team we were talking with has been reassigned or has left WF. When we do speak with someone, they do not understand our account or have the ability to make decisions.
- When we received notice of our late payment, we replied to that email and Cc'd everyone we had ever spoken with at WF.
- From that reply we heard from WF representative Monique Flores. Through her, we were finally able to gain access to our DACA account that we've attempted to gain access to for over a year.
- Unfortunately, this account does not provide detail accounting information. Initial review from the NL shows potential accounting issues.

Solution

We are engaging with outside legal counsel to review our mortgage contract to:

- Understand what the NL's rights are, as it pertains to the mortgage agreement
- Request the assignment of a customer service representative
- Request access for monies from the reserve account to assist in covering operating cost and the process for obtaining these monies
- and request building financial details, specifically from the DACA account

Building is currently leased at 56%. To breakeven or make a profit we need to be at 70% - 80% depending on lease agreements.

Solution:

- Lease one or both of our vacancies on the 4th and or 5th floor, totaling 65K sq ft.

Admin Notes:

- Of the \$1.2M of leasing payments due from our 7th floor tenant, VentureX – to assist keeping them in business through the pandemic, we struck an addendum deferring a total 4 months' worth of rent, from FEB 22 through JUL 23 for a total of \$450K.
- Full rent will start back in July 2023. This will support an additional \$50K in leasing deposits.
- Currently they are meeting the terms of the addendum and business has gradually been picking up for them.

- Note: For your awareness, when we finalize a 10-year leasing agreement, from the date we sign the lease until first payment is typically 18 months. This is factors in leasing abatements which are typically 12 months free - and 6 months ½ rent.

XI. STEM

- a. This is a very successful program for the youth. It is growing continuously and staffed by great volunteers.

XII. Report of the Nominating Committee on National Delegates

- A. Officer Slates were presented to the Members for a vote on the Nation Delegates as written in the bylaws.
- B. There were no nominations from the floor.
- C. A motion was made seconded and passed to approve the presented slate.
- D. List of National Delegates for the year 2020/21 (below) as recommended by the Regional Nominating Committees and the National Nominating Committee.

Jeff Alexander	Pamela K Ammerman	Henry “Cub” Amos
Lynn Atkinson-Drucker	Maryellen Baldwin	Carrie Barnecut
Carey Barnecut	Alan Beam	
Donna Brand	Ron Brooks	Barry Brown
Ward Cook	Tom Cropper	Jane Ferreira
Ronald Fried	Sara Fuentes	Douglas Fulton
Lisa Gallinat	Theodore Gallinat	Josephj Giambrone
Marianne Giambrone	Robin Graf	Steven Hannifin
Sinclair Harris	Billy Hewitt	Timothy Hunsberger
Jonathan Kaskin	William Keller	Katherine Kersten
Michele Langford	Gwen Larson	Keith Larson
William Laper	Paul L’Ecuyer	Dave Livingston
James Malouff	Mark McDonald	Jake McManus
Lora McManus	Sheila McNeill	Andre Morabe
Jeff Nadreau	James Offutt	Larry Osborn
Bonnie Potter	David Reilly	Marlene Reinecke
Frank Russo	Larry Salter	Robert Scholes
Billy Schooling	John Source	Gerard St. Germain
William Stephens	William Stevenson III	Cari Thomas
Alfred Wagner	Donald “Bull” Walker	Robert Wefald
Skip Witunski	Alan Yovich	Patricia Yovich
Cheryl Aston	Charles McClesky	Tom Nicols
Steven Easterday	Timothy Moon	

E. The National Parliamentarian, Bruce Bishop, gave the Oath of Office to the National Delegates.

XIII. New Business and Adjournment

There was no Old or New Business, therefore, the Meeting was adjourned.

Respectfully written and submitted by:



Pamela K Ammerman
National Corporate Secretary



David Reilly
National President