



# West Point

ASSOCIATION OF GRADUATES

July 21, 2017

Class of 1978  
Mr. Les Szabolcsi  
245 Townpark Dr NW Ste 100  
Kennesaw, GA 30144-5888

Dear Mr. Szabolcsi, *Les,*

On behalf of the West Point Association of Graduates (WPAOG), I am pleased to present the Class of 1978 with the 2016-2017 Annual Report for the **S400Z-01 Class of 1978 Superintendent's Endowment**. This report includes documents from the Academy detailing Margin of Excellence activities and events supported by this endowment during the 2016-2017 Academic Year, and a financial statement detailing the performance of the endowment as of December 31, 2016.

The endowments of WPAOG are invested under the direction of the Association's Investment Committee, using policy guidelines established by the Board of Directors. The Committee retains a professional investment management consultant and allocates assets to various investment managers and asset classes to minimize risk. For the year ending December 31, 2016, the investment returns of WPAOG met or were slightly below our related benchmarks, while the cumulative three years and five years returns were favorable to those benchmarks. For more information on how WPAOG manages and invests endowments, see the enclosed Investments Overview.

Please feel free to contact Cinnamon Johnson, our Development Communications Coordinator, at (845) 446-1570 or via email at [Cinnamon.Johnson@wpaog.org](mailto:Cinnamon.Johnson@wpaog.org) if you have any questions pertaining to the report. We thank the Class of 1978 for sharing in our mission to serve West Point and the Long Gray Line.

Sincerely,

Kristin E. Sorenson  
Vice President of Development

*Proud and Great!*

*Serving West Point and the Long Gray Line*

# West Point Association of Graduates Investments Overview

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While all gifts to West Point Association of Graduates (WPAOG) and the United States Military Academy (USMA) make a real difference in the lives of the West Point cadets, faculty, and staff, an endowment gift is especially meaningful because it provides a long-term source of support. Endowment donors have the opportunity to have a lasting influence on the programs and to honor or memorialize loved ones, friends, or other individuals.

Of course, Gifts other than Endowments are also critical to the operations of USMA and WPAOG in providing specific program support and / or unrestricted gifts for use by the Superintendent of USMA or the CEO of WPAOG.

## **What are WPAOG's responsibilities with regards to my endowment and other gifts?**

- Managing endowments and other gifts to maximize total return within prudent risk guidelines as established by the Board of Directors
- Ensuring proceeds are provided and utilized for the intended purpose
- Prudent spending of endowment earnings to provide an income stream sufficient to support the activity designated, in perpetuity
- Providing an annual endowment report outlining the financial performance along with the Academy's report of the activity as supported by the endowment

## **Will or can the WPAOG spend the principal of my endowment?**

The WPAOG follows New York State non-profit law, which requires standards of prudence in developing spending policies, and **may** permit spending below the original gift value (principal). Spending policy is considered imprudent if the spending rate is greater than 7% over a trailing 5 years average. The WPAOG current policy is **not** to spend into the principal and to spend 4% of the average balance of the prior 12 quarters. However, there may be times when some or all of the annual distribution is not required by the Academy due to various reasons. Any unused distribution remains in a deferred account in the endowment to support future needs; these funds are available to the Academy when requested.

## **How are endowments managed at the WPAOG?**

The primary investment objective of the WPAOG is to maximize total return within prudent risk guidelines. The secondary objective is to preserve capital—less risk will be assumed for funds intended for near-term use; greater risk may be assumed for longer-term funds including endowments.

The WPAOG Board of Directors (BOD) has overall responsibility for the endowments. The BOD assigns the operating and supervisory responsibility for endowments to the Investment Committee. The Investment Committee provides advice and recommendations to the BOD and is comprised of volunteer graduates who are professionals in the field. The WPAOG also utilizes an Investment Consultant, LCG Associates, to work with the WPAOG Chief Financial Officer and the Investment Committee to implement policy and to manage the day-to-day operations of the portfolio; in line with the Investment Policy, the BOD and Investment Committee. In 2016, the Investment Committee worked with the WPAOG and hired Cliffwater LLC, an Alternative Investment

As of April 24, 2017

Consultant. The Investment Committee meets at least quarterly to review financial performance, ensure compliance, and make recommendations for change.

### **How are funds invested?**

In order to ensure maximum liquidity to meet our cash needs, the WPAOG segregates funds into three investment pools. This segregation is based on WPAOG liabilities and the related anticipated cash need. Each pool takes on a different risk/reward profile in order to best protect the principal while ensuring liquidity in line with the needs of the funds. The three pools are:

- **Current Pool:** Anticipated spending within one year
- **Short -term Pool:** Anticipated spending between one and three years
- **Long-term Pool:** Anticipated spending is beyond three years. This pool includes the majority of our endowments.

The BOD-approved investment vehicle for the Current Pool is a portfolio of short duration bond funds which seeks to provide a conservative approach to earning a higher level of income than is generally generated through money market funds; the vehicle for the Short-term Pool is a bond portfolio, and the long-term pool is a well-diversified portfolio as directed by its Investment Committee and approved by the Board of Directors. The Investment Committee is committed to preserving capital, generating income, and providing reasonable principal growth.

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**S400Z-01 – Class of 1978 Superintendent's Endowment**

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Endowment Performance Report  
As of 12/31/2016

**Endowment Description**

Supports additional programs that go beyond the core elements to create the margin of excellence.

For the 2016-17 Academic Year, the distribution from this endowment was reinvested to support future growth.

<b>Endowment Balance</b> .....	\$1,228,983
<b>Available for AY 17-18</b> .....	\$47,586



DEPARTMENT OF THE ARMY  
UNITED STATES MILITARY ACADEMY  
West Point, New York 10996

1 June 2017

Subject: Class of 1978 Superintendent's Endowment 2016-2017 Academic Year

Dear Class of 1978,

The purpose of the Class of 1978 Superintendent's Endowment is to provide funding, at the Superintendent's discretion, for programs that go above and beyond the core elements supported by government funding. These programs are referred to as the Margin of Excellence and they benefit every cadet.

In the 2016-2017 academic year, the available distribution from the Superintendent's Endowment supported cadet programs, projects, and clubs. The following are examples of how your funds were used:

### Projects Day



Projects Day is the culmination of academic work in the capstone course for first class cadets. Since its inception in May 2000, the annual event has grown in size and scope, resulting in participation by hundreds of cadets from all academic departments. Whether individually or as a team, cadets present a design project or a thesis, which demonstrates their ability to integrate the academic and military knowledge, as well as their presentation and communication skills.

Cadet Orion Boylston, an Electrical Engineering major who is branching Cyber describes his Projects Day experience. "Our project looks at trying to find a push to talk radio in the field. It uses a technology called Pseudo-Doppler to locate the angle of arrival of a walkie-talkie and then using those angles of arrival, it's sent to a central node which calculates a heat map which is displayed for a graphical user interface for a Soldier to look at where the enemy likely is."

According to Cadet Boylston, Projects Day enables cadets to gain experience as part of an interdisciplinary team. "I'm a math major who got put into a mechanical engineering capstone so it was cool to see how other disciplines work and work with them and apply what I know to their project. As a firstie, this means a lot, we've worked on this project all year and to be done, this is the culminating event for this class, so it's kind of a big deal to see all your hard work pay off."

Many of the capstone projects have direct applications to helping the U.S. Army fight and win our nation's wars. A recent project entitled Build a Virtual Drone will be used by the Corps of Engineers to assess corrosion damage to bridges.

In addition to assisting the U.S. Army, Projects Day helps first class cadets hone their leadership and communication skills. "I think it definitely has a lot of connections into any kind of branch in the military," Cadet Diana Contreras said of Projects Day. "Scheduling, ordering parts, and getting different people to work together toward one goal, it's definitely a huge leadership project."

## Parachute Team

Members of the West Point Parachute Team won multiple gold medals during winter break at the 2016 U.S. Parachute Association National Collegiate Parachuting (USPA) Championships, the oldest and biggest collegiate skydiving event in the world, held at Skydive Arizona, south of Phoenix. This year's championships drew 80 collegiate skydivers from



*Photo courtesy of David Cherry*

around the country to compete for the title of national collegiate champion in four spectacular skydiving disciplines: Formation Skydiving, Vertical Formation Skydiving, Sport Accuracy and Classic Accuracy.

USMA cadets won gold in both the 2-way and 6-way formation skydiving events. In formation skydiving, the team leaps from an aircraft more than two miles above the ground and then races against the clock to form prescribed geometric formations in freefall before opening their parachutes. Two-way team members are Cadets Michael Colella and Camm Johnson. Six-way team members are Cadets Zachary Beavor, Aleksa Davis, Joseph Presti, Ishmael Raheem, Jacob Shepherd and Clinton Wallace.

In addition, West Point's John Snurkowski took gold in the classic accuracy competition, in which jumpers exit an airplane more than 3,000 feet in the air and then steer their parachutes and try to land on a dime-sized dot on a landing tuffet. West Point also won the team sport accuracy event. In this event, skydivers try to land their parachutes as close as possible to a target while flying across the ground at high speeds. Team members are Davis, Presti, Raheem and Kristopher Hayhurst. Additionally, Cadet Thomas Rounds won gold in individual novice sport accuracy.

## Glee Club



On September 11, 2016, 75 members of the Glee Club travelled to New York City to perform, with the USMA Band, at Trinity Church on Wall Street. The concert was part of the overall 9-11 remembrance activities throughout the Ground Zero area on the 15th anniversary of the tragedy. Before and after the concert, Cadets had the opportunity to talk with audience members and passing tourists, extending the USMA outreach to lower Manhattan. More than 400

audience members packed every available seat in the church and hundreds of others stopped in off the street to listen to portions of the concert.

## Debate

The West Point Debate Team defeated Air Force and Navy in public debates to win the inaugural "Commanders in Speech Trophy." Speaker of the House Paul Ryan presented the trophy to Cadets James Hickey and Matthew Watts on the balcony of the Capitol Building on March 29, 2016.



### Marathon/Army 10 Miler

On October 9, 2016, the Army West Point Marathon Team competed in the Army Ten Miler in Washington, D.C. Competing against more than 24,000 runners, the team finished in the top 4% with 9



out of 16 runners breaking 60 minutes. With 79 Military Academy and ROTC teams in attendance, the Army West Point Marathon Team took first place by almost 20 minutes and placed 10th out of 452 teams overall. Cadet Aaqib Syed ('18) placed 49th overall with a time of 54:31, Cadet Jake Schmitz ('17) placed 51st overall with a time of 54:35 and Cadet Ryan French ('20) placed 2nd in his age group, with a time of 57:00. This marks the second consecutive year the Army West Point Marathon Team has won the Military Academy and ROTC division.

Thank you for providing the Academy the greatest flexibility to respond to changing priorities and support emerging needs. With your support, we can ensure that West Point remains one of the Nation's most outstanding institutions.

Sincerely,

Kenneth G. Heckel  
Lieutenant Colonel, U.S. Army  
Director, Academy Advancement