

# AGA National Executive Committee

## Meeting Minutes

February 26, 2018  
AGA Headquarters

### NEC MEMBERS PRESENT

- James R. Arnette, Jr., CGFM, CISA, National President, Nashville Chapter
- John H. Lynskey, CGFM, CPA National President-Elect, Washington D.C. Chapter
- Douglas A. Glenn, CPA, Immediate Past National President, Washington D.C. Chapter
- Christina R. Beck, CGFM, National Treasurer, Washington D.C. Chapter
- Dennis G. Green, CGFM, CPA, National Treasurer-Elect, Northern Virginia Chapter
- Justin W. Poll, CGFM, Immediate Past National Treasurer, Washington D.C. Chapter
- Thalia J. Melendez, Senior Vice President Section I, New York Capital Chapter
- Mark A. Runyan, MBA, CICA, Senior Vice President Section II, Mid-Missouri Chapter
- Judy A. Shock, Senior Vice President Section III, Idaho Centennial Chapter
- Karen B. Hale, CGFM, Senior Vice President Section IV, Nashville Chapter
- Melinda Miguel, CIG, CFSA, CBM, CICA, PMP, Senior Vice President At-Large, Tallahassee Chapter
- Andrew C. Lewis, CGFM, CPA, PMP, Senior Vice President Appointed, Montgomery/P.G. Chapter
- Deborah Loveless, CGFM, CPA, Senior Vice President Appointed, Nashville Chapter
- Riley Shaul, CGFM, CPA, Professional Certification Board Chair, Ex Officio Member, Oklahoma City Chapter
- Carlos A. Otal, CPA, Corporate Partner Advisory Group Chair, Ex Officio Member, Washington D.C. Chapter
- Ann Ebberts, MS, PMP, Chief Executive Officer, Ex Officio Member

### OTHER ATTENDEES

- William A. Morehead, Ph.D. CGFM, CPA, Higher Education Committee Chair (partial attendance)
- Lealan Miller, CGFM, CPA, Financial Management Standards Board Chair (partial attendance)
- Gerry Boaz, CGFM, CPA, CGMA, Governance Committee Chair (partial attendance)

### NATIONAL OFFICE STAFF PRESENT

- Susan Fritzen, Chief Operating Officer
- Cristina Barbudo, MS, CPA, Director of Finance & Administration (partial attendance)
- Katya Silver, Director of Professional Certification (partial attendance)
- Christy Herz, Executive Assistant/Governance Manager

### **Welcome and President's Report**

President Jim Arnette welcomed the group and asked Ann Ebberts to share a Mission Moment. Ann cited one of the focus areas for AGA – specifically increased outreach efforts to the “next generation of financial leaders” at colleges and universities and highlighted the increased number of students participating in this year’s National Leadership Training Collegiate Scholarship Program – 10!

A motion was made and seconded to adopt the February 26, 2018 NEC meeting agenda. The motion was approved unanimously.

A motion was made and seconded to approve the December 6, 2017 NEC meeting minutes. The motion was approved unanimously.

Jim reported on the December Association Summit, an annual meeting of six similar financial management associations, and noted discussions held there about organization governance and branding. He noted AGA was the only organization who relies on volunteers to be the liaison between officers and members. He noted IMA's name and use of a new tagline - The Association of Accountants and Finance Professionals in Business.

He reported on the Governance Town Hall and Governance Committee conference calls he has participated in since December and on his recent and upcoming chapter visits. He highlighted AGA's new Volunteer of the Year Award which is up and running on AGA's website.

Jim presented DM 18-01 – CEAR Board Appointment, recommending Tony Scardino to serve a three-year term on the CEAR Board. A motion was made and seconded to adopt DM 18-01. The motion was approved unanimously.

Jim presented DM 18-02 – Bylaws and Procedures Committee Charter, proposing changes to more clearly outline the committee's purpose and responsibilities. A motion was made and seconded to adopt DM 18-02. The motion was approved unanimously.

### **Finance and Budget Committee Report**

National Treasurer Christy Beck reviewed AGA's FY18 financial highlights and projections. We had budgeted a total deficit of \$124,000 in FY18 before the usage of reserves to fund CGFM marketing and governance initiatives. We are projecting that our actual budget deficit will be closer to \$12,000. We have been able to make up a large portion of the budgeted deficit through our normal operations; as a result, only \$12,000 will be need from reserves this fiscal year.

Christy highlighted the financial success of National Leadership Training. We have 810 total registrants to date and sponsorships are up. Our virtual attendance is double last year's number.

AGA's Director of Professional Certification Katya Silver provided a CGFM Marketing Campaign update. The purpose of the initiative was to increase awareness of the CGFM certification outside of AGA. We have promoted the value of CGFM through online, print, social media and email newsletter channels with a special emphasis on reaching the state/local and military communities and the student population. Katya provided an overview of all efforts including a Facebook campaign, radio and print ad campaign and CGFM Month activities.

The campaign may not show immediate results, as certification is not an impulse buy, however, in looking at CGFM statistics from the last five years, all our numbers are up, including state/local applications and new CGFMs. It was noted that next year is the 25<sup>th</sup> anniversary of CGFM and we will have a special promotion/celebration. A breakdown of statistics by region was requested if possible.

A question was asked if the publications in which we are advertising, i.e. GovExec and Route Fifty, are the appropriate audience to be reaching. It was noted that one of our target audiences is the managers who support their staff in obtaining the CGFM certification. It was discussed that our CGFMs are very diverse, some with less than two years of experience, some with more than 20 years. Some are CFOs and for some it is their first job in government. The majority of those applying for CGFM are in the 30 to 50-year-old range, in the middle of their career. When asked how they heard about CGFM, "co-workers"

is the most common answer, more often noted than supervisors. We are working to get the message out to employers. Our new slogan – Higher Competence. Hire a CGFM. – aims to help us do that. NEC members were asked to send additional ideas for outlets to promote CGFM to Katya. It was noted that our investment into advertising CGFM will continue into next year.

Additional Finance and Budget Committee projects were discussed. Christy provided an update on chapter tax issues. A subcommittee is working with seven chapters that have an issue that can be resolved by sending a letter to the IRS asking for their tax status to be corrected. Nine chapters have lost their tax status for not filing their annual 990 three years in a row, and the subcommittee is working with them to complete and submit the appropriate paperwork for reinstatement. Christy is also working with two chapters that need to file their 990N this year to avoid losing their tax status. Christy will send the list of these chapters to the NEC so that SVPRS can also provide assistance to those in their area.

Christy provided an update on the Treasurers' Handbook, Treasurers' webinar, and response to last year's management letter comments, all underway.

National Treasurer-Elect Dennis Green presented the FY2019 budget proposal which continues with the overall conservative approach to budgeting. It includes the continued use of CGFM reserve funds, \$50,000 to continue the marketing initiative and \$100,000 to start the CGFM exam update process which happens every five years. The budget includes a fee increase for PDT registrations, funding to promote membership, a second case-challenge, Intergovernmental line items being moved to membership, and the loss of some corporate partners dues income due to mergers and acquisitions. To allow us to be responsive to the needs of the marketplace, \$15K is shown in the sponsorship line for other events that are unknown at this point but may happen at the request of the federal government or in connection with other associations, such as the new AGA/AFERM ERM event we are planning for in April and the CFO/PIO event we are organizing for May of this year.

It was noted that Former Deputy Controller of OMB, Mark Reger, has been hired as a contractor on a part-time basis to work with the Intergovernmental Partnership and to provide technical support to other programs.

The total budget projection for FY19 is a \$144,000 deficit which would be made up with the approved use of CGFM reserves, resulting in an operating profit of \$6K.

The Orlando PDT Break-Even Analysis was discussed. It shows that 888 registrants are needed to break even.

A motion was made and seconded to adopt the FY19 budget. The motion was approved unanimously.

### **Senior Vice President for Regional Services Reports**

Senior Vice President Section I, Thalia Melendez, provided an overview of the written sectional reports provided to the NEC. Regarding the governance review currently underway, chapters want to make sure they are represented on the board in any proposed governance change. They want to have a voice in decision-making for the organization. The NEC should continue communicating about proposed governance changes and further clarify how the chapter's voice and opinions will be prominent in a new structure.

Each region has a variety of strong chapters and chapters that need help, depending on chapter leadership and diversification of membership. Staff, SVPRS and RVPs are working together to provide

assistance to those chapters in need, with a particular focus on the inactive chapters. Membership resources are an issue – chapters are trying to provide training and CPE, do networking and social events, quarterly business meetings, participate in career fairs and other university events. Chapters are having success recruiting but are having difficulty retaining members. It was noted that over 40% of chapters are still reported as needing help. Membership and chapter staff meet each week to set goals and priorities for support.

The top five reasons people don't renew were discussed – retirement, left profession, cost, lack of value and employer support. To increase retention, what members need was also discussed – personal connection, friendship, to be valued, responsibility. The thing that we can control the most is how well we engage our members and give them a role. It was recommended that we have a presentation at SLMs on retention.

### **CEO Report**

CEO Ann Ebberts reported on her recent visits to chapters and the university and employer visits she has had in conjunction with those visits. She noted that staff are talking about how we can equip chapter leaders to have meaningful discussions with employers and universities themselves. She is promoting the idea of students joining existing chapters rather than starting a student chapter. Students can bring new energy and ideas to a chapter and can benefit from the connections they make. They may also become life-long AGA members.

### **Task Force Updates**

Higher Education Committee Chair Billy Morehead provided a committee report, noting that more than 50% of committee members have academic connections. The committee is currently working on developing targeted marketing pieces about what AGA is doing in higher education for chapters, students and academics. He also talked about the idea of having packaged materials that faculty can work with in classrooms and encouraging students to pursue the CGFM certification while in college.

Senior Vice President and State/Local Task Force Chair Deborah Loveless provided an update. The goal of the task force is to encourage state and local member attendance at AGA's training events: NLT, PDT and Internal Controls & Fraud Prevention. She discussed four reasons why people are not able to attend: 1) Budget 2) Employer Support 3) Relevance of sessions 4) Timing. To combat these, the task force recommends promoting virtual attendance, targeting promotional emails to state/local members highlighting sessions that apply to them, encouraging members to know how your employer decides who goes to what conference, submitting state/local session topics to Technical Committees, and asking existing speakers to expand their content to include state/local member concerns.

The Inclusivity Task Force will focus on including all professions in AGA's programs and activities and encouraging chapters to diversify, so they include federal, state, local and private sector members. We are also looking into an AGA app to connect all members and communities of interest.

### **Committee/Board Reports**

#### **Financial Management Standards Board Report**

FMSB Chair Lealan Miller reported on the work the Board does to respond to standard-setting bodies (GASB, FASB, AICPA), commenting on up to a dozen exposure drafts each year. The standard-setting groups look to AGA for our feedback as an organization representing multiple government levels, and we have made a difference. Changes to regulations have been made based on our recommendations. The group also presents state/local member topic ideas for AGA's technical committees. AGA is one of

three selected members of GASAC, the Advisory Council for GASB. The Board hopes to improve the FMSB web page to provide more relevant information and increase Board communication in *Topics* and the *Journal*.

#### Nominating Committee Report

Nominating Committee Chair Doug Glenn reported that the certification of the 2018-2021 National Officer Slate created a vacancy. When Ernie Almonte takes office as National President-Elect in July 2018, his Senior Vice President At-Large position becomes vacant. The Nominating Committee recommends David LeBlanc to fill the SVP At-Large for the remainder of the 2017-2020 term. A motion was made and seconded to appoint David LeBlanc to the SVP At-Large position for 2018-2020. The motion was approved unanimously.

President-Elect John Lynskey then recommended Wendy Morton-Huddleston, CGFM, PMP to fill David's vacancy as SVP Appointed for the 2018-2020 term. A motion was made and seconded to appoint Wendy Morton-Huddleston to the SVP Appointed position for 2018-2020. The motion was approved unanimously.

Both appointments will be effective July 1, 2018. The Nominating Committee will make a recommendation in the coming weeks to fill Wendy's 2018-2019 position as Capital Region Vice President-Elect.

#### Professional Certification Board Report

PCB Chair Riley Shaul and Katya Silver showed a new CGFM promotional video being launched in March to coincide with CGFM Month.

#### Corporate Partner Advisory Group Report

CPAG Chair Carlos Otal reported on CPAG activities including the recent Financial Systems Summit that had close to 1,000 attendees when you factor in virtual attendees, the upcoming CFO-CIO Summit, the ERM Workshop and the new PIO-CFO Summit. Besides supporting events, the CPAG committees are active working on research and white papers and webinars. The Working Groups - Blockchain, Defense and State and Local – are also busy with projects providing value to the GFM community.

#### Governance Review

President Jim Arnette and Governance Committee Chair Gerry Boaz presented the Governance Review feedback collected in the fall of 2017 on three proposed governance models and the Governance Committee's recommendation on one proposed model based on the feedback.

Jim noted that this is an opportunity to improve AGA's governance structure, communication and how strategic decisions are made. The proposal for a new model is a result of a couple of years worth of work. Our structure hasn't been changed in decades and it's time to modernize it, being mindful that chapters want a voice and want to have significant representation in a new structure. We started with three proposed models, we are considering today a single model. The proposal has one governing board, removes layers of the organization, relies on national staff to provide chapter support, and allows for more direct input by chapters. Jim thanked the members of the Governance Committee for their work.

Gerry noted the feedback on the three proposed models shows overwhelming support for a change to AGA's governance structure. The majority of support was in favor of Models B and C. A new model must address communication issues from chapters to the national officers and staff and vice versa. There

were many more positive comments than negative comments, but those who commented negatively had more lengthy comments.

### Board Make-up

The Governance Committee recommends consolidating the NBD and NEC into one smaller board that is more flexible and can make decisions more effectively – 17 people (in contrast to our current board of more than 200 members). They also recommend the CEO serving as the Intergovernmental Partnership representative on the board, rather than adding another board position for that group. They recommend two-year terms and having the President, Treasurer and Elects for each of those positions on the board, but not the Past President and Treasurer. They recommend including PCB and CPAG members of the board as voting members. It was discussed that both the CGFM certification and corporate partners are critical to the success of the organization. Elevating them to voting members reflects our changing environment and is appropriate to represent their increased role in the organization.

The committee also recommends on the board eight Directors from a chapter advisory council and two At-Large Directors to allow us to meet the strategic needs of the board.

Individual member voting for Board members is not recommended based on feedback, rather a proactive Leadership Development Committee to replace the nominating committee structure and process.

The group discussed keeping the Past National President and Treasurer on the board as non-voting members and whether or not there should be a presidential appointee position on the board. It was noted that a president can appoint an individual to serve as a task force chair and past national presidents and treasurers will always be available to the Board. They will also lead the Leadership Development Committee and the PNP/PNT Council, and the PNT will continue to serve on the FBC. The number of At-Large Directors was discussed.

### National Council of Chapters

Governance Committee members also recommend a National Council of Chapters (NCC) made up of representatives from each chapter that ideally serve on their Chapter Executive Committee. They encourage appointing a past chapter leader to serve as a chapter's representative on the council and emphasize that it is crucial for NCC members to truly represent their chapters. The NCC would serve in an advisory role to the board and would also have direct representation on the NGB. It would be the voice of the chapters. It would be chaired by the President-Elect.

The group discussed the placement of the NCC on the proposed model chart. It was noted that we did not want to put the Council between chapters/members and the NGB, and that the Council serves an advisory function; NCC members do not oversee the chapters or serve in the reporting/support role that current RVPs do.

The Chapter Council would have eight geographic areas, each with one representative serving as director on the board. The number of regions was discussed. Having eight allows the chapters to have eight of the 16 voting members of the board (plus the president-elect who chairs the Council). The intent of the regions is to allow fair representation of chapters across the nation on the Board. The regional representatives are not intended to speak on behalf of their region, rather the council of chapters as a whole. The NEC asked the Governance Committee to consider further how the eight areas of the Council would work.

The group discussed the Council's role being to support chapters, facilitating connection and communication between them, as well advising the NGB on strategic issues. It was noted that we do have members that are not in chapters and we should consider how to engage and expand that group of members. With technology, that group of members, not connected to chapters, may grow in the future. The Governance Committee proposes renewable one-year terms for Council members, as many Chapter Executive Committees have one-year terms; renewing terms is encouraged to allow for a learning curve as members of the Council. The Council members that are selected to serve on the board will have to serve longer than one year on the Council. The Governance Committee was asked to consider this issue further including term limits.

#### Elimination of Layers

It was noted that the proposed model removes structural layers and the Regional Vice President and Senior Vice President roles. The goal of this change is more direct communication between chapters and national officers and staff. The group feels that leadership development opportunities are still available to members without these layers. The Governance Committee was asked to illustrate the pathways for leadership development in AGA.

A question was raised about the lineage to the president and how long you have to be a leader before becoming president. The Governance Committee was asked to show the pathway to be on the NGB.

#### Budget Impact and Transition Plan

The group reviewed the annual budget impact of the new plan, estimated to be an increase of \$22,000, to add a third attendee from each chapter (the NCC representative) to attend SLMs. There would be an additional one-time approx. \$15,000 cost in the transition year to allow RVPs, RVP-Elects and SVPS to attend SLMs in addition to the first NCC representatives.

A draft transition plan and timeline was discussed, proposing a new National Governing Board (NGB) to go into effect July 1, 2019 for the 2019-2020 year and beyond. The National Council of Chapters would be formed by SLMs 2019 for selection of their representatives to the board to be effective July 1. Special appointments would be made to the first NGB for NEC members who have served only one year of their term. All RVP terms would end June 30, 2019 and they will be encouraged to serve on the NCC and run for director positions on the board. The Governance Committee will review and refine the transition plan further for communication to chapters and members.

#### Motion

A motion was made and seconded to approve the adoption of a new AGA governance structure, as proposed by the Governance Committee, to be presented at SLMs 2018 and to the National Board of Directors for a vote at their meeting in July, 2018. The motion was approved unanimously. The following 13 votes for approval were recorded:

James R. Arnette, National President  
John H. Lynskey, National President-Elect  
Douglas A. Glenn, Past National President  
Christina R. Beck, National Treasurer  
Dennis G. Green, National Treasurer-Elect  
Justin W. Poll, Past National Treasurer  
Thalia J. Melendez, Senior Vice President Section I  
Mark A. Runyan, Senior Vice President Section II

Judy A. Shock, Senior Vice President Section III  
Karen B. Hale, Senior Vice President Section IV  
Melinda M. Miguel, Senior Vice President At-Large  
Andrew C. Lewis, Senior Vice President Appointed  
Deborah Loveless, Senior Vice President Appointed

Two NEC members were not in attendance: Ernie A. Almonte, Senior Vice President At-Large and David A. LeBlanc, Senior Vice President Appointed.

#### Governance Structure and AGA's Strategic Plan

NEC members discussed how the new governance structure will benefit AGA and help meet AGA's strategic goals:

- Enables better communication
- Allows the officers to be more strategic, responsive
- Allows the officers to be more forward-thinking and agile/pro-active for future initiatives
- Helps us serve as the catalyst for innovation and thought leadership in government financial management:
  - We are nimbler and can react to the changing environment and can be nimble by working in advance of changes in the industry
  - The NCC can help us be more connected with issues and how we can respond
  - NCC can be used for thought leadership and to get feedback
  - We can be less focused on reports and more on program impact
- Helps us maximize member value:
  - We can be more responsive to chapters
  - Staff time is freed up to work more directly with chapters
  - We can repurpose funds and staff time for member value
  - Quality of support and communications provided to chapters will be more consistent
  - We will provide a faster leadership track which is appealing for young professionals
  - Gives leadership resources back to chapters (RVPS and SVPS can spend more time assisting their chapters)
  - More chapter representation on the board, more of a direct voice into decision making
  - Expanded opportunities for leadership development on council and with more chapter positions on the board (now have 100 spots on NCC, compared to 28 RVPs-RVP-E's and 4 SVPs)
  - Less of an old-boys network on board with more diverse board
  - New Leadership Development Committee can provide more guidance to potential board members
  - NCC role will be more visible and will have more opportunities during the year to interact and be involved in leadership (today many chapter presidents do not know they are on the NBD)
  - Chapters decide who represents them on NCC (doesn't have to be the outgoing president as it is with NBD)
  - Chapter representation on NCC empowers them
  - Transparent process for selecting board members
  - NCC facilitates better exchange of chapter to chapter communication
- Allows the national office and staff to engage more with chapters with less layers

- Helps us Advance CGFM:
  - Demonstrate greater commitment to the CGFM certification and promote its relevance and value by giving the PCB Chair a voting position on the Board
- Helps us facilitate collaboration among multiple disciplines, sectors and levels of government:
  - Giving corporate partners a greater role on the board
  - Allows for potentially more state/local representation on the board through more chapter representation
- Help us enhance public perception of government financial management:
  - NGB will be more strategic about identifying needs/candidates for the board and tackling challenges
  - Increasing networking opportunities through the council which means promoting careers

None of our strategic goals will be negatively impacted by the proposed structure change; it will help us move forward.

We aspire to have one voice. This model will encourage AGA to work “as a whole” with one voice.