

AGA National Executive Committee (NEC)

Meeting Minutes

May 23, 2018

AGA National Office – Conference Call

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
- Justin W. Poll, CGFM, Immediate Past National Treasurer, Washington D.C. 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
- Andrew C. Lewis, CGFM, CPA, PMP, Senior Vice President Appointed, Montgomery/P.G. Chapter
- Deborah Loveless, CGFM, CPA, Senior Vice President Appointed, Nashville Chapter
- David A. LeBlanc, CGFM, CFS, Senior Vice President Appointed, Boston Chapter
- Riley Shaul, CGFM, CPA, Professional Certification Board Chair, Ex Officio Member, Oklahoma City Chapter
- Ann Ebberts, MS, PMP, Chief Executive Officer, Ex Officio Member

OTHER ATTENDEES

- Joseph H. Connolly, CFE, CICA, Senior Vice President Section I Designate, Northern New Jersey Chapter
- Gina I. Smith-Moss, MSM, MBA, CICA, Senior Vice President Section IV Designate, Shenandoah Valley Chapter
- Wendy Morton-Huddleston, CGFM, PMP, Senior Vice President Appointed Designate, Washington D.C. Chapter
- Sherri Voigt, CGFM, Professional Certification Board Chair Designate, Southern Wisconsin Chapter
- Robert Shea, Corporate Partner Advisory Group Representative

NATIONAL OFFICE STAFF PRESENT

- Susan Fritzlen, Chief Operating Officer
- Christy Herz, Executive Assistant/Governance Manager

NEC MEMBERS ABSENT

- Ernest A. Almonte, CGFM, Senior Vice President At-Large, Boston Chapter
- Dennis G. Green, CGFM, CPA, National Treasurer-Elect, Northern Virginia Chapter
- Thalia J. Melendez, Senior Vice President Section I, New York Capital Chapter
- Melinda Miguel, CIG, CFS, CBM, CICA, PMP, Senior Vice President At-Large, Tallahassee Chapter
- Carlos A. Otal, CPA, Corporate Partner Advisory Group Chair, Ex Officio Member, Washington D.C. Chapter

Welcome and President's Report

National President Jim Arnette welcomed the group and took a roll call. A motion was made and seconded to adopt the May 23, 2018 NEC meeting agenda. The motion was approved unanimously.

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

Jim reported on the CEAR Awards dinner held the evening before, honoring 22 federal agencies, saying it is one of the best programs AGA does. He also reported on nine chapter visits he has completed since the February NEC meeting and the two Governance webinars held in April for Past National Presidents and Treasurers and National Board of Directors Members.

Jim highlighted 2018 PDT Award recipients. All have been notified, but they will not be made public until the Orlando PDT in July.

Decision Memorandums

Jim presented DM 18-03, Internal Control & Fraud Prevention Technical Committee Co-Chair Appointments. A motion was made and seconded to approve the DM. The motion was approved unanimously.

National President-Elect John Lynskey presented DM 18-04, National Committee Appointments. A motion was made and seconded to approve the DM. The motion was approved unanimously.

John Lynskey presented DM 18-05, National Board Appointments. The Vice Chair of the Professional Ethics Board was tabled for a future DM for further discussion. A motion was made and seconded to approve the DM with that change. The motion was approved unanimously.

Finance and Budget Committee Report

National Treasurer, Christina Beck presented the Treasurer's report, highlighting \$167,000 in excess revenue for FY18. This is good news, especially as a deficit of \$124,000 was budgeted for the year. We did not need to use reserves as planned in FY18. These results were due primarily to our training events doing better than budget. Other financial highlights:

Membership – Dues revenue was under budget by \$38K.

CGFM – The program came in \$34K better than budget primarily due to increased exam fee revenue; as planned, \$67K was spent on CGFM marketing and \$55K on exam updates.

GFM Courses – Revenue outperformed budget by \$53K.

CPAG – Revenues were less than budget by \$34K due to the loss of a few corporate partners and having fewer research projects. The Blockchain research report was deferred until FY 2019.

CEAR – Revenues were less than budget due to an increase in on-site and contractor costs and fewer agencies participating in the program (23 agencies participated this year compared to 26 last year).

Education – On-site course registrations were down this year, but we were able to reduce costs to minimize the deficit.

Webinars – Registrations and corresponding revenue for webinars are down from last year as in-person training registration increased.

Journal – Advertising revenue was down due to less interest in this form of marketing.

Intergovernmental – The program came in better than budget.

Governance – Governance costs were higher than budget due to increased costs associated with SLMS and Governance Review expenses.

The FY18 Audit is in process and there are no issues reported so far. The FBC will do an Internal Control Review on June 12 at the AGA National Office.

The Treasurer's Handbook and FAQ on tax issues have been updated and will soon be added to AGA's chapter resources web page. Christy has emailed a summary of chapter tax filing issues to the NEC. We are awaiting a response from the IRS about six chapters. Another nine chapters are in various stages of working to get their tax-exempt status reinstated.

The FBC has been working on a Treasurer's webinar which will take place in June.

It was noted that Senior Vice Presidents for Regional Services are available to help the FBC reach out to chapters with tax issues.

Governance Review Update

Governance Structure Proposal

Jim Arnette reviewed the new governance structure proposed for AGA which will be voted on at the July 22 National Board of Directors (NBD) meeting in Orlando. He highlighted AGA's members and chapters as the foundation of the model. AGA's sections and regions have been removed in the proposed structure, not because the volunteers in these positions weren't doing their jobs, but rather to provide a more streamlined structure and to allow for more direct communication. The NEC and NBD responsibilities will be consolidated into one National Governing Board (NGB) in the proposal and chapters will have a strong voice in the decision making of the organization, both in positions on the NGB and through the National Council of Chapters (NCC). He noted that eight NCC members will also serve as directors on the NGB, representing 50% of the NGB vote.

Jim, John Lynskey and Ann Ebberts reported positive response to the Governance Review webinars, SLM presentations and discussions at chapter visits. We will offer another webinar in June open to all members to learn about the proposed changes.

Bylaws Proposal

National Bylaws and Procedures Committee Chair Lisa Thatcher presented DM 18-06-National Bylaws Amendments. The Bylaws Committee has been charged with incorporating the proposed governance changes into the National Bylaws. Proposed Bylaws amendments were shown in the DM attachments and include:

- Consolidation of the NBD and NEC into one National Governing Board with 17 members
- Removal of Sections and Regions
- A new National Council of Chapters to advise the board with 8 representatives on the governing board representing 8 geographical areas of the Council

- A new Leadership Development Committee (replacing the Nominating Committee) to work year-round; selects from nominations the slate of nominees to be approved by the board; no process for petition nominations for election purposes
- Board members will not be able to exercise proxies (per advice of legal counsel; the best board decisions are often the result of discussion and deliberation among the entire board)
- Two-thirds vote of board members present required for bylaws changes, dues changes, adoption of the annual budget (previously majority vote required by NEC; two-thirds vote required by NBD for bylaws and dues changes or to reject the annual budget)
- Chairs of the Professional Certification Board and Corporate Partner Advisory Group serve as voting members of the board
- The Immediate Past National Treasurer and President no longer serve on the board, but chair the Leadership Development Committee and a Past National President and Treasurer Council advises the NGB

Lisa highlighted the proposed make-up of the Leadership Development Committee in Article VIII, Section 2 of the proposed Bylaws which has been developed by the Governance Committee since the last NEC meeting. A question was asked about the Leadership Development Committee member terms and how many terms they may be reappointed for. It was discussed that the proposed Bylaws say they may be reappointed for an additional term. It was noted that the Governance and Bylaws Committees did not want the Bylaws to be too restrictive to the point where you can't make exceptions and that more specific processes would be outlined in the Policies and Procedures document.

A question was asked about why more Past National Presidents were not included in the make-up of the committee. It was noted that Past National Presidents may serve as one or more of the government sectors (federal, state, local, private) representatives on the committee.

A question was asked about the CEO serving on the Leadership Development Committee as the CEO is not involved in the current Nominating Committee's process. It was discussed that the CEO represents perspectives of other national boards and committees and can provide insight into the needs of the organization from its volunteer leaders. In addition, the CEO is out in the community a lot, meeting with senior officials as well as chapter members and leaders and is in an ideal position to help recruit future leaders. The CEO may also have knowledge about members' activity in the association and any ethical situations which may prevent someone from being considered for a leadership position. Every AGA committee has a staff liaison, and the CEO would serve as this committee's liaison.

The timing of the proposed bylaws amendments was discussed, and it was noted that the volunteers holding officer positions prior to the transition will be given priority for leadership positions in the new structure.

- The current National Bylaws dated July 9, 2017 will remain in effect through June 30, 2019 except for three sections noted in the proposed Articles VII and VIII which will become effective July 23, 2018.
- These three sections transition first to allow the Nominating Committee to be replaced by a Leadership Development Committee (LDC) and update the nominations and elections process. The LDC's work will begin in 2018 to prepare for the new governance structure to take effect in 2019.
- The proposed Bylaws amendments will go into effect on July 1, 2019.

Jim Arnette thanked Lisa and the members of the Bylaws Committee for their work on the Bylaws proposal.

A motion was made and seconded to adopt DM 18-06 – National Bylaws Amendments. The motion was approved unanimously.

Geographical Areas

Immediate Past National Treasurer and Governance Committee Vice Chair Justin Poll presented a proposal for the 8 geographic areas of the National Council of Chapters. He noted that these areas do not replace the current sections and regions of AGA as levels of the governance structure. The regions will be used to ensure there is geographical representation among the 8 NCC members on the National Governing Board. In general, each area presented represents 8-12% of AGA's membership; the one exception is the Washington D.C., Maryland, Northern Virginia area which represents 26% of the membership because of its density.

Jim Arnette noted that the geographical areas presented are for discussion; they will be shared with the NBD, and the NEC will vote on them in September.

Bylaws Vote

The Bylaws Proposal will be sent as a Decision Memorandum to the NBD formally in June, 30-50 days in advance of the July 22 NBD meeting.

The group discussed having a separate Decision Memorandum that, if approved by a 2/3 vote, will suspend the rules to vote on the proposed Bylaws change as a whole, without amendment. This DM could be sent to the NBD members in advance along with the Bylaws amendments DM. The rationale for it is that we have so many proxy votes at our board meeting, that if the proposal to be voted on is amended, the proxy voters may not know how to vote. Our legal counsel advises us that prior notice of items to be voted on is required, therefore it is not recommended to change the proposal substantially, especially when so many NBD members may not attend in person.

It was noted that we are not trying to stifle comment on the proposal. We will have a town hall session prior to the vote for comments and questions. We can listen to proposed changes and work with the Governance Committee and NEC to address those changes in the months ahead.

It was noted that suspending the rules to prohibit amendments to the Bylaws proposal would not impact proxy voting. An NBD member may still assign his/her vote to a proxy per AGA's current Bylaws if they are unable to attend the meeting.

Please encourage all chapter presidents and RVPs to attend the NBD meeting in Orlando to participate in the vote and have their voice heard.

CEO Report

CEO Ann Ebberts announced that we will be conducting an NEC assessment – a self-evaluation recommended every two years per governance best practice. The last self-assessment was conducted in 2016. Please be on the lookout for a survey link to complete.

We are also compiling a "Get to Know Your Fellow NEC Member" booklet to share with all NEC members in July. Dana Esposito of the AGA staff will be reaching out about your bios and photos.

Ann reported on recent chapter visits and AGA events: ERM workshop, CFO/CIO Summit, and a new CFO/PIO Summit that was well-received. She highlighted two new staff members Amanda Horn, communications and social media coordinator, and Vondetta Carter, accounting manager.

We are currently planning a CFO Breakfast in June and PDT in July. PDT registration is above where we were this time last year. We have a great program planned, with up to 9 concurrent sessions in many time slots. We are also looking into offering two virtual attendance tracks, for two options for virtual attendees.

National President Jim Arnette concluded the NEC meeting at 10:40am.