

**Minutes of Executive Committee Meeting, February 11, 2014**



1. **Attendance.** The Executive Director announced a quorum, with 12 of the 13 voting members present.

Officers	Regional Vice Presidents and Elected Directors	Other Invited Attendees
<b>Present</b>	<b>RVPs</b>	<b>SAME HQ Staff</b>
Gary Engle	Bill Bersson (Remote)	Kathy Wilson
John Mogge	Greg Kuhn (Remote)	Eileen Erickson
Jane Penny	Bill Grip (Remote)	Dana Bach
Bill Brown	<b>Directors</b>	Ann McLeod
Tony Leketa	Joe Angell	Marc Bialek
Bob Wolff (Non-voting)	Marilyn Lewis (Remote)	
Hal Rosen (Non-voting)	Wes Hamill (Remote)	<b>Absent</b>
	<b>YM Council</b>	Rich Khalil
	Ben Redding	
<b>Voting Members 5</b>	<b>6</b>	<b>Total = 13</b>

2. **President's Opening Remarks.** President Gary Engle called the meeting to order at 12:30 p.m. as scheduled and welcomed the XC members and SAME HQ staff.
3. **XD Succession Plan (Appendix A).** The President called an Executive Session without the SAME HQ staff for the discussion of the XD succession plan. LTG Van Antwerp briefed the XC on the proposed succession plan. He indicated that some changes to the criteria have been recommended in the past two days based on some input from some retired Air Force Colonels who felt that the competition should be open to retired 06s even though the preference might be to hire a retired GO/Flag Officer or SES. The XC had a lengthy discussion of the Required Qualifications and concluded that it should be open to any engineer from the Uniformed Services who achieved 06 or above or civilian equivalent, or a Past SAME National President. A discussion occurred on the preferred qualifications which included industry experience following a military career and the XC agreed that this was beneficial for the XD but not required. The item on the application requiring identification of Conflicts of Interest was discussed. The XD presented the Position Description which was straight forward and not discussed. The XC discussed the timeline including the acceleration the selection process but the extension of the reporting date. The process to make the selection, get board approval and have the compensation committee negotiate an employment agreement was discussed. It was agreed that the Board would not be provided a name at the May meeting unless the Search Committee and Compensation Committee have completed the process. The XC agreed that if an individual needed financial support for an interview in Alexandria that SAME HQ would arrange for reimbursement of travel expense. LTG Van indicated that while military experience is required, the committee would view industry experience as making the candidate stronger since the XD should represent all segments of SAME. **The President queried the XC members present and on the phone and received unanimous agreement to proceed with the recruitment action as presented.**
4. **Membership and Post Operations (Appendix B).** The XD briefed the current status of membership, which has decreased by 2% for all dues paying members and 6% in sustaining member companies. The majority of companies that have dropped their membership are in the two smallest categories of sustaining members. It appears the primary reason for the drop in sustaining members is a result of companies exiting the DOD market due to the drop in DOD budgets and the number of companies that came into the market during the high funding years. The XC discussed the process of notifying sustaining members when their membership drops. When sustaining memberships were increasing, SAME HQ did not spend as much time with following up with dropped members. However, that has changed with the decline of sustaining memberships. The President requested that in the next presentation we show how long the dropped companies were members of SAME. The XD indicated that there are still four Posts which have not submitted their 2012 Financial Reports. The Pacific RVP is working on getting the flag transferred from Seoul to Osan Air Force Base and the new Southwest RVP is working to get Yuma back up and running. The number of Student Chapters continues to increase with much

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interest from SAME Posts. The XC discussed the opportunities for having a SAME conference in the Pacific to support the national defense strategy, but all agreed that a Pacific regional conference was infeasible due to the government travel restrictions. However, SAME HQ is working with the Honolulu Post and PACOM to host some type of Honolulu Engineer Conference, currently scheduled for October 2014.

The XD discussed the attendance, agenda and high points of the Post Leaders, Student Leaders and Student Chapter workshops held in Las Vegas at the end of January. All three workshops were very successful, although SAME HQ is undecided as to whether to combine the Student Leaders Workshop with the Student Chapter Workshop in the future. One of the primary issues discussed at the Post Leaders Workshop is the inability of government employees to attend SAME meetings during working hours.

5. **Status of Conferences and Workshops (Appendix C).** Ann McLeod briefed the status of the SAME HQ sponsored events. The Transition Workshop, FM Workshop and Golden Eagle Dinner had fewer sponsors than in previous years and therefore did not meet their budgeted revenue estimates. However, the DOD Briefings sponsorships did meet the budgeted estimates. The 2014 JETC is behind about 15% in registrations, booth sales and sponsorships and SAME HQ is estimating reduced attendance from prior years. SAME HQ is working to downsize its sleeping room commitment for all future years to reflect reduced attendance. As a result of complimentary government registrations and a weak response from sustaining members, SAME is projecting a substantially reduced net surplus from JETC which has a major impact on the SAME HQ budget. The XD indicated that SAME needs to provide more opportunities for senior military leaders to moderate some of the education sessions so they feel more involvement with JETC, and based on the USAG meeting, SAME needs to show how the JETC can provide the government with solutions rather than just offering PDHs.
6. **Finance Report (Appendix D).** Kathy Wilson briefed the XC on the 2013 Audited Results and the 2014 Budget. The audit for 2013 was completed but SAME HQ has not yet received the final audit letter. As a result of the weakening DOD market, sequestration and the government travel restrictions, SAME has experienced a significant decline in revenue in 2013 and a further decline in 2014. To reduce expenses, SAME HQ eliminated 3 full time positions and this enabled us to bring the 2 person TISP staff back into Century House and eliminate the rental fee that was required to support them with office space in the past. Although SAME HQ budgeted a \$295,000 net deficit from operations in 2013, with careful attention to expenses the actual deficit was \$170,000. In addition, dividends and interest and capital gains from investments were better than expected so that SAME had a net surplus of \$313,000 as opposed to a budget of no net surplus.

One factor in the reduced 2013 revenue was the Board direction for SAME HQ to reduce registration fees and not make a profit from the Small Business Conference, resulting in a loss of revenue of about \$100,000. Continuing Education came in above the budgeted amount due to the increase in webinars. All categories of expense were reduced from the budgeted amounts except for professional fees and advertising which were very minor.

SAME has reduced the amount of funds in the Operating Fund, which is invested only in Money Market Funds and short term CDs which pay little interest, and put more into the Investment Accounts with a goal of getting a 3.6% return on investments. This has reduced SAME's exposure to having more funds in banks and credit unions that provide only \$250,000 of insurance coverage, and has also increased the revenue from dividends and interest. In answer to a question about the access to cash, the XD indicated that funds in the reserve account can always be accessed since they are in mutual funds which can be sold at any time. SAME HQ has instructed both Merrill Lynch and Baird to fully invest our funds and to not keep cash in the account since we have an operating fund to provide needed cash.

Ms. Wilson provided the XC a report on the income and expenses from the SAME National Education and Mentoring Fund. SAME HQ received a higher amount of donations in 2013 than in the past five years, primarily as a result of receiving donations from Posts. The total donations were \$144,344, with \$46,000 coming from the 2013 JETC. The XD indicated that in the future, as the E&M Fund approaches \$1 million, SAME may want to separately incorporate the E&M Fund so that a greater amount of funds can be expensed each year without impacting the overall SAME HQ budget.

For the 2014 Budget, SAME HQ is expecting a further decline in most of its sources of revenue due to the decline in DOD budgets and government travel restrictions, with the exception of continuing education and TISP. On the expense side of the budget, no salary increases or non-matching employer contributions have been

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budgeted due to the decrease in revenue. The budget includes some additional cost for the transition of the XD when a new XD comes on board, estimated to be August 1. The budget includes a 20 percent profit share to the JETC Host Post for 2014 and future years, and stipends for Young Members and NCOs have been reduced.

The 2014 Revenue Budget is \$5.843 million, an 8 percent reduction from the Actual 2013 Revenue, which was 9 percent less than the 2013 Budget. Conference revenue is estimated to increase 3% with the return of the Small Business Conference to profitability and an increase in Continuing Education as a result of a substantial increase in revenue webinars. On the Expense Budget, only Advertising and Professional Fees increased over 2013, with a decision to mail the Directory to all SAME members and with an increase in expenses for course development and instructors for continuing education. The XD made a decision for 2014 to balance the budget without any projected Capital Gains but to include the estimated Dividends and Interest which are pretty well guaranteed from our Investments.

Ms. Wilson provided a review of the various stipends that have been budgeted in the past few years, and indicated those programs that have been reduced or eliminated in 2014 due to the decline in revenue. In total, SAME HQ is proposing a total of \$74,000 in stipends compared to \$97,000 Actual expense in 2013, which was down from the budgeted amount of \$120,000. The XC questioned the elimination of the YM/NCO stipends but the XD pointed out that we are still funding 8 YM/NCOs to attend the Emerging Leaders Alliance Workshop.

**The President called for a motion to approve the 2014 Budget as presented. A motion was made and seconded and unanimously approved by the XC.**

7. **Individual Member Dues Increase (Appendix E)**. The XD briefed the rationale for a dues increase for private sector individual members and requested that the proposal be submitted to the Board for approval since all changes in dues need to be approved by the full Board of Direction. **The President called for a motion to approve the proposal to go to the Board. A motion was made and seconded. There was no discussion and the motion was unanimously approved. [Note: Subsequent to the XC meeting, the XD sent the proposal via email to the Board and the proposed dues increase was approved, with implementation set for January 1, 2015.]**
8. **Moratorium on Future JETS (Appendix F)**. The XD briefed a proposal to suspend the scheduling of JETS in 2015 until the Board considers the benefits of having 5-6 JETS per year compared to restructuring the SAME conference model to promote more conferences and workshops hosted by individual Posts rather than having a Host Post plan a regional JETS which requires substantially more work for the Post and greater financial participation by Sustaining Member companies. The XD indicated that the primary motivation of most of the Host Posts in planning regional JETS is to raise funds for their scholarship programs. Most Host Posts do not share the revenue with other Posts in the region and in most JETS there is a low level of participation by other Posts in the region and by the government. In most cases, the JETS are financially successful with substantial sponsorships and exhibitors, but with the lack of government participation, the conference often is not as successful in achieving the primary goal of SAME to provide an opportunity to connect the government with industry. JETS also have little Young Member participation. Therefore, pursuing a strategy of moving SAME to have more local Post events will increase both government and Young Member participation, and therefore will achieve the primary SAME goals and objectives.

The XC discussed the motivation of industry to attend SAME JETS and national events which is primarily to gain access to clients and business partners and to obtain strategic and tactical business intelligence. Several XC members did not feel that SAME national should dictate to Posts whether to host a JETS, although the discussion did recognize that Posts incur a liability which would be shared with SAME HQ if a JETS is not financially successful.

The XD also stated that the uniformed services have requested that SAME keep its events local so that we don't require government travel for multiple SAME conferences. An XC member stated that the value of a JETS every several years to give companies an opportunity to view business opportunities in a broader geographic region and that SAME national should not restrict the opportunity for Posts to host a JETS. However, in many cases this represents a combination of 2-3 Posts. Another XC member disagreed with the concept of having three JETS (east, central and west) as being too large a geographic scope for most companies who don't operate across such a large geographic area.

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The XD agreed to give up his quest to limit the number of JETS in view of the strong opposition of changing the strategic direction. Jane Penny indicated that on the RVP conference call there was consensus that there are too many JETS and in view of the decline in DOD budgets and reduced corporate funding, SAME national interests need to be protected to ensure a viable headquarters operation. However, there was resentment with the proposal to put a moratorium on JETS. The XD applauded the concept of having a Carolina Industry Day rather than a Carolina/South Central/South Atlantic JETS to keep the event more local than regional. The XC agreed that there needs to be more thought in planning and scheduling future JETS, which should be the responsibility of the RVPs. The President-Elect suggested that the Board of Direction give the RVPs some strategic guidance to assist the RVPs in managing the decision process so that the business case can be made as well as ascertaining whether the JETS would achieve the other goals and objectives of SAME's strategic plan.

9. **Fellows Emeritus (Appendix G)**. Bill Brown briefed the issue of establishing a new category of Fellows Emeritus for retired Fellows which was briefed to the Board of Direction at its meeting in December 2013. However, there was a lack of clarity in the Board approval, which was essentially approving the concept but was never implemented through proposed changes in the Bylaws and establishing a process for this new category. While the concept approved by the Board envisioned a category for retired Fellows, another view was to "re-certify" Fellows as an Emeritus status to demonstrate their continuing participation in SAME. Due to the change in conditions for the Society, including the government restrictions on conference attendance and SAME now eliminating registration fees for government attendees, Mr. Brown requested approval from the XC to direct the Academy to re-look at the entire concept by the Fellows Emeritus category so that it can be further developed to what makes sense in the current financial environment. This is feasible since the specifics of the concept were never detailed or implemented through appropriate changes in the SAME Bylaws. **A motion was made, seconded and approved to direct the Academy of Fellows to relook at the Fellows Emeritus concept and bring it back to the XC at its August 2014 meeting.**
  
10. **Fellows Selection Process Task Force (Appendix H)**. Jane Penny, Task Force Chair, briefed the XC on the deliberations and recommendations of the Task Force to date, based on the issues identified... The Task Force is reviewing the criteria and process of other associations, such as AIA, IFMA and CMAA. The Task Force wants to work with the Academy to review the criteria and develop a scoring methodology that can be publicized prior to nominations being submitted. The Task Force agreed that nominations should be sponsored by a Fellow and not any SAME member and does not want to allow self-nominations. The Task Force would like to institute a preliminary review process which would require the Fellows Regional POC to review a one-page summary of a nominee's qualifications and provide feedback to the candidate and the nominator. This would allow the Regional Fellows POC to be a mentor in the process and give advice but not make a decision on submitting the nomination. A member of the XC expressed concern about the consistency between the regions on advice that is being given. If there is a scoring sheet to do the preliminary evaluation there should be some level of consistency. The Task Force agreed that the number of years as a SAME member should be the only Eligibility Criteria for someone to be nominated. The remainder of the criteria should be part of the evaluation. However, the Task Force does recommend the number of years be raised from 10 to 15 years, but there would need to be some grandfathering. This increased number of years does not solve the problem of the number of people who are not selected, but there is a sense that 15 years in SAME would be a better minimum to be selected to the grade of Fellow. The 15 years would not exclude Young Members. On the issue of establishing a limit on the number of Fellows selected each year, the Task Force does not recommend a minimum but there should be a maximum, perhaps based on a percentage of the Academy of Fellows, currently at 790 members. There was no consensus on setting a limit. The XD brought up an issue that was not in the Task Force Charter, which is whether a Fellow should be evaluated based on "Contributions to the Engineering Profession" since many of the SAME Fellows are not degreed engineers. The term "Contributions to the Engineering Industry" or "Contributions to the A/E/C Industry" may be a better standard for SAME.

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11. **Status of the USMC Engineering and Construction Camp.** Joe Angell briefed the XC on his heroic effort to re-start the SAME camp. The main stakeholders at Camp Lejeune have worked with Joe to put in place the necessary agreements and measures to allow the camp to be help without direct government expenditures. HQ USMC has given approval to the base for the camp to be help this summer. The dates are on the website and student nominations will be initiated shortly. The Coastal Carolina Post contributed \$10,000 to the camp so there are sufficient funds to supplement the registration fees to do whatever is needed to fund the camp. There will be a need for mentors at the camp.
12. **Uniformed Service Attendance at 2014 JETC.** The XD briefed the XC on the current status, which is very uncertain. USACE has indicated support to get a good number of people approved to attend JETC but we do not know the status of NAVFAC or the Air Force on supporting conference attendance. SAME has issued guidance on providing funding support to public sector Post Presidents and award recipients but we don't know how this will play out with the legal opinions from the services.
13. **Adjournment.** There being no other business, the President adjourned the meeting at 4:15 p.m.

Respectfully Submitted: Dr. Robert D. Wolff, P.E., F.SAME, Executive Director