SPRING 2015 BOARD MEETING MINUTES

NIGP BOARD OF DIRECTORS

Meeting Date/Time: Friday, April 24, 2015 and Saturday, April 25, 2015

Meeting Location: Andy Kirk AB Room – Third Level
Kansas City Marriott Downtown
Kansas City, MO

Chair: Don Buffum, CPPO
Board Secretary: Rick Grimm CPPO, CPPB

NIGP’s Mission: Develop, support and promote the public procurement profession.

The Board’s Roles:
Set Direction, Ensure Adequate Resources, Provide Program Oversight

AGENDA ITEM ACTION TAKEN

FRIDAY, April 24, 2015
NIGP BOARD / NIGP BUSINESS COUNCIL EXCHANGE

9:00 AM to 12:00 Noon

President Buffum called the meeting to order at 9:00 am Central and provided brief welcoming comments.

Board Members in Attendance:
Don Buffum, CPPO - President
Keith Glatz, CPPO, FCPM, FCPA - 1st Vice President
Rick Grimm, CPPO, CPPB - Secretary
Marcheta Gillespie, CPPO, CPPB, C.P.M., CPM - Imm. Past President
Jack Adger, CPPO, CPPB
Keith Ashby CPPO
Lisa Buitenbuis, C.P.P.
Michael E. Bevis, JD, CPPO, CPSM, C.P.M., PMP
Ron Blendermann, CPPO, CPPB
Bill Lindsey, CPPO, C.P.M.
George Nader, CPPO
Nelson Park, CPPO, CPPB
Charles Smith, MBA, CPPO, CPPB

Board Members not in Attendance:
Paul Brennan, CPPO - Treasurer
Joan Graham, CPPO, CPPB

Strategic Colleagues in Attendance:
Sheila Schnellenberger, HD Supply - Chair, NIGP Business Council
Meaghan Lawrence, Canon Solutions America, Inc.
Paul Murphy, Canon Solutions America, Inc.
Rod Blunier, Caterpillar, Inc.
Sal Thacker, Caterpillar Financial
Ronda Tranter, Colonial Life & Accident Insurance Company
Jeff Peskuski, Graybar
<table>
<thead>
<tr>
<th>1. Discussions with the NIGP Business Council</th>
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<tr>
<td>A. Welcome</td>
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<td>(1) Colonial Life and Accident Insurance Company</td>
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<tr>
<td>Ronda Tranter provided an overview of Colonial Life with a focus on its service to the public sector.</td>
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<td>(2) Caterpillar Financial</td>
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<td>Sal Thucker focused on financial barriers agencies face and the advantages of discussing the issues with Cat Finance.</td>
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<td>B. Board/NBC Exchange on Topics</td>
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<td>(1) Top Challenges Faced by Suppliers</td>
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<td>(2) Emerging Trends</td>
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<td>As Chair of the Business Council, Sheila Schnellenberger lead the discussion, focusing on:</td>
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<tr>
<td>• White paper, <em>Everybody Wins, the Healthy Supplier/Agency Guide</em>, to be presented at Forum.</td>
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<td>o In 2015 there will be two Forum sessions for the white paper; one general session and one that is more detailed.</td>
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<td>• Challenges &amp; trends</td>
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<td>o Bringing MBE businesses into the fold of the contract as subcontractors</td>
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<td>o Consider a mentorship program or courses through NIGP</td>
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<td>• Types of vendor giveaways at conferences</td>
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<td>o Should this be converted to contributions to charity?</td>
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<td>• Influx of e-business catalogs</td>
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<td>o It's a fragmented process; all product, no service element</td>
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<td>• Social Media and its impact</td>
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The Business Council shared its concerns regarding recent press NIGP has received. Council members shared practices that their entities have in common to avoid poor public relations:

- Communications policies
- Ongoing advertising/press releases
- Sharing details with stakeholders

The Council requested the Board issue a confidential memo to the stakeholders on NIGP’s plan to move forward. The Council suggested the plan include an investigation into the original issue prior to further spread of the story.
C. Operational Updates  
  
1. General Updates and What the Board and NBC Are Working On  
   President Buffum spoke of the strategic plan highlighting:  
   - Education  
   - Leadership Development  
   - Advocacy  
   with a goal toward a college curriculum offering a degree in public procurement.

2. Update on NIGP 2.0 Governance  
   The new governance structure is in the implementation phase with expected completion by July 1, 2015.

3. Update on NIGP Cooperative Accreditation Program  
   Brent Maas provided an update on the Cooperative Accreditation Program. As the pricing structure for both levels seems complicated, the Council members requested an example pricing and fee structure be added to the website.

D. Other Topics and Areas for Discussion (As Time Permits)  
   No other topics. The Board of Directors thanked the Business Council for the input, recessed for lunch, and reconvened at 1:00 pm Central.

2. Discussion with Pierson Grant  
   President Buffum and Rick Grimm provided an overview of the NIGP/Periscope relationship, growing from licensing to consultancy.

   Rick Grimm announced Perfect Commerce has cured their contract issues and NIGP continues to work with the State of Missouri to reach a conclusion.

   Rick Grimm suggested the board consider an independent study or a task force to determine the best course moving forward. In the meantime, NIGP has contracted with Pierson Grant on a short-term basis for guidance.

   Savannah Whaley of PG and Chad Quinn, NIGP Marketing staff, joined a conference call with the board, providing key take-aways for the Board members and NIGP:
   - Create talking points
   - Speak to the issues without directly challenging
   - Terminate the crisis
   - Minimize damage
   - Restore Credibility by raising attention to positive stories
   - Identify stakeholders and audience
   - If errors have occurred, admit, accept, remedy

   The Board agreed to:
   - Contact Business Council partners and provide talking points relating to the value of NIGP.
   - Add talking points to regional calls
   - Hire an independent audit firm to review NIGP relationships
     - Ron Blendermann and Mike Bevis agreed to prepare the RFP
     - Jack Adger would find appropriate list of entities
3. Validating the 2016-19 Strategic Direction
   A. 2016-19 Strategic Direction Adopted by the NIGP Board in November 2014
   B. Clarifying the Board’s Intended Results and Differentiators between “Relevancy” and “Advocacy”
   C. Review of Staff Recommendations for Implementation
   D. Next Steps

   The Board agreed:
   • To merge Relevancy and Advocacy as part of the strategic plan
   • Update Implementation to include:
     o Thought Leaders on the Governing Board
     o Accreditation Program
     o Defining role of PPMF in executing the plan

4. Defining the Strategies for Professional Certification Programs
   A. Reflections Based on the Legal Framework offered by Venable
   B. NIGP’s Mission within the Context of the UPPCC Vision, Mission, Values, and Goals
   C. NIGP’s Strategies and Options
   D. Next Directions

   As a member of the UPPCC Governing Board, Mike Bevis shared the process and decisions guiding the UPPCC to select another services management company. An overriding belief is that certification must be independent.
   The Board agreed to continue its support of the UPPCC including a review of the financial subsidy. Quarterly update meetings would be beneficial to strengthen the relationship between the organizations and with NASPO.

5. Thought Leaders on the NIGP Governing Board
   A. Update from the Talent Council
   B. Suggested Candidates from the Talent Council
   C. Next Steps

   Marcheta Gillespie provided an update on the Talent Council, specifically requesting the Board’s guidance on fulfillment of the Chapter Ambassador Program. With limited applicants in some areas and to garner more interest, the Board agreed to minimize the travel requirements and extend the deadline for applicants.
   The Board expressed concern regarding the appointment of political Thought Leaders on the Governing Board and Councils and requested to review the bios of candidates.
   The Board recessed at 5:35 pm Central to resume 9:00 am Saturday, April 25.

SATURDAY, APRIL 25, 2015
9:00 AM

5. FY16 Budget
   A. Year-to-Date Assessment

   (1) March 2015 Financial Report and KPIs
   Year to date net income (through March 2015) is $668,750 v. budget net income of $149,000. This surplus will likely decrease during the fourth quarter due to legal expenses incurred due to UPPCC transition, the new building lease, and the accreditation program.
   All revenue centers are performing above projections with the exception of Online students (due to certification prep courses which are tied to new UPPCC applicants).
   Overall actual revenue and expenses are on target.

   (2) Cash Management, Investments, and Accounts Receivable
   Current status is:
   • Net Assets: $2,019,930
   • Operating Reserve: $419,815
   • Total cash/checking: $2,344,150
   • Total A/R: $279,970
### B. FY16 Budget Hearing: Presentation by the Chief Executive

1. Introduction and Orientation
2. The One Minute Budget
   - (a) Proposing a Budget Deficit
   - (b) Deficit Spending for Non-Profits
   - (c) Increasing Revenues to Balance the Budget
   - (d) Cutting Expenses
   - (e) The Ability to Afford Deficit Spending
3. Alignment with the Strategic Plan
4. Highlights on Revenues
5. Highlights on Expenses
6. Indirect Expense Allocations
7. Fee Schedule
8. Capital Budget
9. Reserves and Contingencies

The Board agreed a deficit budget is acceptable if it's proposed as part of a strategic plan and intentional in nature, and reserves are sufficient. It was agreed it is an investment toward future growth.

Factors considered:
- Governance changes
  - Increase cost for meeting travel
  - Chapter Ambassador Program
  - Thought Leaders
- Certification Changes
  - Reduced revenue
  - Effect on e-Learning participation
  - Classroom attendance
- U.S. Communities
  - FY15 revenue was the final payment
- Cooperative Accreditation
  - Initial start-up costs
  - Projecting $100k+ loss
  - Brand Valuation cost of $90k
- Technology
  - CMS cost $219k
  - LMS cost $105k
- Sale of building
  - Lease and build-out costs
- Global Initiative
  - Marketing PPMF

Total impact anticipated at $534k.

Proposed budget included cuts in Marketing, Membership, LMS/e-Learning, and Advocacy initiatives totaling approximately $100k.

### C. Comments and Recommendations from the Finance and Budget Review Committee (Brennan)

The Finance Committee recommended continued funding and proposing a $200k deficit budget.

### D. Board Discussion

The Board made further recommendations to offset the proposed budget as follows:

- **Revenues**
  - Modify the $5/day fee increase for face-to-face as well as online classes to $10/day - $46,595

- **Expenses**
  - Restore 2016 Academic Summit - $35,700
  - Restore cuts in Marketing Programs - $63,500
  - Restore cuts in Staff Development - $10,000
  - Reduce Ambassador Visits to every two years - ($28,800)
  - Reduce Health Insurance due to actual premiums - ($10,830)

New FY16 net deficit will be $122,975.

### E. Final Agreements on the FY16 Budget

Accept the proposed budget with noted changes.
### 6. Recommended Board Policy Manual Revisions

A. Section 6: Trademarks, Logos, and Copyrighted Materials  
B. Section 7: Knowledge Management  
C. Section 8: Diversity  
D. Section 11: NIGP Business Council  
E. Section 12: Revenue Diversification  
F. Section 13: Transparency through Documentation  
G. Section 14: Independent Organizations in Partnership with NIGP  

The board agreed to accept the recommended revisions with noted changes in Section 14, Independent Organizations in Partnership with NIGP.

The board requested staff to review Section 6 with regards to logo restrictions to determine impact on chapters and consider a phased in compliance deadline.

### 7. Verbal Progress Reports on Other NIGP Strategic Initiatives

A. NIGP 2.0 *(Buffum for Gillespie)*  
B. eLearning Implementation *(Hodes)*  
C. Technology Plan Implementation *(Borger)*  

Through the previous discussions and proposed budget review, it was agreed verbal progress reports for strategic initiatives had already been provided.

### 8. Verbal Progress Reports on NIGP’s Strategic Partners

A. NIGP Code  
B. NIGP Consultancy  
C. NIGP Observatory *(Maas)*  
D. UPPCC *(Bevis)*  

Brent Maas provided an update on the NIGP Code and Consultancy, highlighting:
- Revenue: $500k  
- Royalties: $50k

Jack Adger proposed setting a moratorium on board members joining organizations under contract with NIGP. It was agreed to include this within the scope of the audit.

Spikes Cavell highlights:
- Acquired by XChanging  
- Growth continues including additional staff  
- Contract is ongoing

It was agreed the previous discussions covered UPPCC updates.

### 9. Other Key Program Initiatives: Verbal Updates

A. 2015 Forum, Update: Activities and Numbers  
  - Expo:
    - 221 Booths booked  
    - 12 Booths reserved  
  - Forum:
    - 258 paid registrants  
    - Additional brokered chapter deals expected  
  - Keynote and plenary speakers selected  
  - Community Service:
    - Heart to Heart  
    - Ronald McDonald House  
  - Chairman's Reception is Saturday night  
  - Closing is Wednesday afternoon

B. 2015 Institute/Chapter Membership Report  

The membership demographics and analytics brings focus to areas for concentration.

### 10. Other Board Items and Open Forum

No further business was discussed.

### 11. Adjournment

Nelson Park moved to adjourn the meeting, seconded by Mike Bevis. The meeting adjourned at 3:59 pm Central.
## SATURDAY APRIL 25, 2015
Immediately Following the Close Of the Board Study Session

### OFFICIAL NIGP BOARD MEETING

1. **Call to Order**
   
   President Buffum called the meeting to order at 4:10 pm Central.

2. **Roll Call of Board Members and Guests**

   **Board Members in Attendance:**
   - Don Buffum, CPPO - President
   - Keith Glatz, CPPO, FCPM, FCPA - 1st Vice President
   - Rick Grimm, CPPO, CPPB - Secretary
   - Jack Adger, CPPO, CPPB
   - Keith Ashby CPPO
   - Lisa Buitenhuis, C.P.P.
   - Michael E. Bevis, JD, CPPO, CPSM, C.P.M., PMP
   - Ron Blendermann, CPPO, CPPB
   - Bill Lindsey, CPPO, C.P.M.
   - George Nader, CPPO
   - Nelson Park, CPPO, CPPB
   - Charles Smith, MBA, CPPO, CPPB

   **Board Members not in Attendance:**
   - Marcheta Gillespie, CPPO, CPPB, C.P.M., CPM- Imm. Past Pres.
   - Paul Brennan, CPPO - Treasurer
   - Joan Graham, CPPO, CPPB

   **Staff Members in Attendance:**
   - Carrie Rawn, CMP
   - Tina Borger, CPPO
   - Carol Hodes, CAE
   - Brent Maas
   - Cam Smart

3. **Opening Comments from NIGP President Don Buffum**

   President Buffum waived opening comments.

4. **Approval of Minutes from the March 12, 2015 Board Meeting**

   Chuck Smith moved to approve the minutes of the March 12, 2015 Board of Directors meeting as prepared by staff and, further, to excuse the absence of Paul Brennan, Michael Bevis, Joan Graham, and Bill Lindsey from same, seconded by George Nader. Motion carried.

5. **Board Actions**

   **A. Approval of Budget for FY16**

   Lisa Buitenhuis moved to adopt the FY16 Operating budget with a net deficit of $122,975 and the FY16 Capital Budget as recommended by the Finance and Budget Review Committee and as further modified by the NIGP Board during its Study Session on April 25, 2015 effective July 1, 2015 seconded by Keith Ashby. Motion carried.

   **B. Approval of Board Policy Manual Revisions**

   Bill Lindsey moved to revise Sections 6, 7, 8, 11, 12, 13, and 14 of the NIGP Board Policy Manual as recommended by the Board Policy Committee and as further modified by the NIGP Board during its Study Session on April 25, 2015, seconded by Mike Bevis. Motion carried.
| 6. New Board Business: Board Self-Evaluation Survey | Since a limited number of Board members submitted their survey results, Rick Grimm agreed to convert the survey into an electronic version (Survey Monkey) which will be sent to the Board shortly. |
| 7. Closing Comments | Keith Glatz presented Don Buffum with the President's Plaque and an engraved Mississippi State University cowbell in recognition and appreciation of his service as President. Don Buffum presented Keith Glatz with the Chairman's gavel and stand.  
As the final meeting of the NIGP Board of Directors, all directors received a plaque as tribute and honoring their service to the Institute. |
| 8. Empowering the Executive Committee | Nelson Park moved to empower the Executive Committee to take future actions on behalf of the Board of Directors until such time as the Board convenes its next duly-held meeting with a quorum in attendance, seconded by Keith Ashby. Motion carried. |
| 9. Adjournment | Mike Bevis moved to adjourn the meeting, seconded by George Nader. Motion carried. The meeting was adjourned at 4:21 pm Eastern. |