

## Board of Governors Meeting Minutes

29-30 October 2018

Charlottesville

**Board of Governors Present:**

Leah Bennett, CFA	Daniel Gamba, CFA	Sunil Singhania, CFA
Alex Birkin	Robert Jenkins, FSIP	Paul Smith, CFA
Heather Brilliant, CFA (Meeting Chair)	Punita Kumar-Sinha, CFA	Zouheir Tamim El Jarkass, CFA
Robert Bruner, DBA	Geoffrey Ng, CFA	Yu Hua, CFA
Daniel Fasciano, CFA	Diane Nordin, CFA	Maria Wilton, CFA

**Presidents Council Representatives Present:**

James Bailey, CFA	Kati Eriksson, CFA	Richard Munding, CFA
Ashraf Bava, CFA	Jennifer Garbowicz, CFA	David Smith, CFA
Aaron Brown, CFA (PC Chair)	Steven Gattuso, CFA	Susan Williams, CFA
Simon Cawdery, CFA	Phil Graham, CFA	

**Presidents Council Representatives Absent:**

Bogdan Bilaus, CFA

**Leadership Team Members Present:**

Chris Ainsworth	Michael Collins	Sheri Littlefield
Gary Baker, CFA	Emily Dunbar	Nick Pollard, CFA
Diane Basile, CFA	Bjorn Forfang, CFA	Kurt Schacht, CFA
Elaine Cheng	Stephen Horan, CFA	Paul Smith, CFA

**Others Present:**

Stephanie Ennaco	Lynn O'Connor	David Smith (COE Chair)
Joseph Lange (Meeting Secretary)	Lisa Sharp	

**Materials Provided:**

Board Meeting Pack

**Blue – Action Items**

Reference	Request	Management	Board Sponsor
Q1.OS.1	Circulate the presentation from the EMEA SLC (Advocacy in a Societies 2.0 World: Societies as Professional Bodies).	Emily Dunbar	Bob Jenkins
Q1.OS.2	Management to better coordinate the governors' activities while attending SLC events to utilize their time to the fullest with society leaders.	Emily Dunbar	Heather Brilliant
Q1.OS.3	Each governor was asked to download the member app.	Joe Lange	Maria Wilton
Q1.OS.4	Input requested on what specifics and information the Board would like to see incorporated into future CFO Reports.	Diane Basile	Heather Brilliant

Reference	Request	Management	Board Sponsor
Q1.OS.5	Board was open to revisiting the staff headcount cap of 637.	Paul Smith Chris Ainsworth	Heather Brilliant
Q1.OS.6	Provide the expenses and revenues for CIPM to help the Board understand how much the organization was subsidizing the program on an annual basis.	Diane Basile	Heather Brilliant
Q1.OS.7	Provide a breakdown of the numbers driving the membership gap.	Diane Basile	Heather Brilliant
Q1.OS.8	Management to explain what the organization is doing in China to specifically address the charter pending and lapsed member numbers.	Nick Pollard	Heather Brilliant
Q1.OS.9	Management to consider other ways of helping candidates find jobs in the APAC region and report back.	Nick Pollard	Heather Brilliant
Q1.OS.10	The Board wanted management to consider limits on whom could take the exams	Nick Pollard	Heather Brilliant
Q1.OS.11	Provide talking points focused on promoting charterholders to employers, institutions, regulators, and other key stakeholders in their respective regions.	Nick Pollard	Hua Yu
Q1.OS.12	Provide APAC action plan and KPI list at the February meeting.	Nick Pollard	Hua Yu
Q1.OS.13	Identify each project in terms of the six phases and in terms of the four steps of the strategy process.	Paul Smith Bjorn Forfang	Alex Birkin
Q1.OS.14	Establish a glossary of definitions and examples of what constituted a strategy vs. a strategic initiative or tactic.	Paul Smith Diane Basile	Alex Birkin
Q1.OS.15	Provide a list of KPIs for the major projects to enable them to monitor implementation. The Board wanted to see where a project was in the process, the expenses, and whether it was moving toward the goal decided at the outset.	Paul Smith Diane Basile	Alex Birkin
Q1.OS.16	Management to connect their strategic initiatives or tactics to the overall strategy and mission to establish consistency with the Board.	Paul Smith Diane Basile	Heather Brilliant
Q1.OS.17	Provide a list of competitors to benchmark CFA Institute against in the three-year plan.	Paul Smith Diane Basile	Alex Birkin
Q1.OS.18	Management to review the tactics for increasing charterholder penetration in the next version of the three-year plan.	Paul Smith Diane Basile	Alex Birkin
Q1.OS.19	Board expressed interest in seeing accelerated action plans with ambitious ideas to move key initiatives forward faster. Management to put bold ideas (with associated risks) before the board for consideration.	Paul Smith	Heather Brilliant
Q1.OS.20	Management to present the tactics or strategic initiatives under the three strategic pillars with a reference to where the KPIs were aligned for the next three years. The Board would then conduct a	Paul Smith Diane Basile	Alex Birkin

Reference	Request	Management	Board Sponsor
	scenario analysis in terms of which areas to pursue more aggressively or not at the February meeting.		
Q1.OS.21	Management to assign a dollar value and risk assessment against each strategic initiative.	Paul Smith Diane Basile	Alex Birkin
Q1.OS.22	Identify how technology is connected to the three strategic pillars. Needs to tie to the organizational/business strategy.	Elaine Cheng	Leah Bennett
Q1.OS.23	Management to consider bold proposals around our major technology objectives and put forward investment cases for consideration.	Elaine Cheng	Leah Bennett
Q1.OS.24	Provide more information on IT expenses, both in terms of total spend and by project spend.	Elaine Cheng	Leah Bennett
Q1.OS.25	Management to present a formal proposal for the new charity at the February meeting.	Paul Smith Lynn O'Connor	Dan Fasciano

### Green – Approved Resolutions

**MONDAY, 29 OCTOBER**

#### **OPENING REMARKS AND MISC. MATTERS**

*Presenter: Heather Brilliant, Board of Governors Chair*

The Board Chair welcomed everyone to the meeting in Charlottesville. The group was notified that the sessions would be recorded, and the governors were asked to disclose any conflicts of interest as they pertained to the agenda. None were reported. A brief overview of the agenda was then provided.

#### **CONSENT APPROVAL AND INFORMATIONAL MATTERS**

*Presenter: Heather Brilliant, Board of Governors Chair*

The following resolutions were approved unanimously:

#### **CFA Society Croatia**

**RESOLVED, that the Board of Governors accepts and approves CFA Society Croatia for membership as an independent, constituent Member Society of CFA Institute.**

#### **Investment Policy Statement & Reserves Operating Guidelines Revisions**

**RESOLVED, that the Board of Governors accepts and approves the revisions to the Investment Policy Statement and the Reserves Operating Guidelines substantially in the form submitted.**

#### **Council of Examiners Nominations**

**RESOLVED, that the Board of Governors accepts and approves the appointment of Barbara Valbuzzi to serve as the Vice Chair of the Council of Examiners for a one-year term commencing 1 September 2018 and until her successors is chosen and qualified.**

#### **Council of Examiners Charter Revisions**

**RESOLVED, that the Board of Governors accepts and approves revisions to the Council of Examiners Charter substantially in the form submitted.**

#### **CHIEF EXECUTIVE OFFICER (CEO) REPORT**

*Presenter: Paul Smith, President and CEO at CFA Institute*

The CEO had endeavored to tie his report back to his five primary goals: culture, Societies 2.0, continuing professional development (CPD), society technology, and the Future of Exam Delivery (FED).

In terms of culture, the organization had held its first two-day leadership conference at the beginning of October, which had hosted eighty senior people leaders in the organization from all over the world in Charlottesville. The purpose had been to encourage these individuals to take ownership of the strategy and to communicate expectations to their team members.

Societies 2.0, society technology, and CPD had been major points of discussion at the Society Leadership Conferences (SLCS), which had gone very well in terms of the level of engagement and acceptance of the strategy. It was noted that society technology had been a very challenging process. The organization had therefore implemented a digital product team to address the business needs of the societies to ensure their IT specifications were being met going forward. It was also mentioned that the organization was moving to a new CPD model that focused on the curation of content and was working to populate the newly designed CPD framework.

The SLCs had communicated the belief that the primary responsibility of a professional body was to push forward policy advocacy by engaging with regulators and thought leaders to positively shape the industry around CFA Institute's core principles of investor protection.

[The presentation from the EMEA SLC \(Advocacy in a Societies 2.0 World: Societies as Professional Bodies\) was referenced and asked to be circulated to the group<sup>1</sup>. In addition, management will endeavor to better coordinate the governors' activities when attending SLC events to utilize their time to the fullest with society leaders<sup>2</sup>.](#)

It was reported that about 25,000 members had downloaded the member app, which was being updated every four or five months to improve and add functionality. The ultimate vision was for the member app to become the only tool by which the organization communicated with the membership. [All governors were asked to download member app<sup>3</sup>.](#)

There was a question about the marketing strategy to target the high-net-worth space in the hopes of influencing wealth managers to employ charterholders. The CEO explained that the organization would not advertise to the core population (i.e. candidates), because it had little influence on the numbers and did not address the main issue of attracting the right candidates to the program. Management therefore believed that the marketing spend should go toward the conditioning of the industry (i.e. employers, investors, thought leaders) to recognize the Charter as the most prestigious professional standard in the community. Members had also indicated that the organization should not focus its advertising on the core population but rather on delivering on the mission and raising professional standards in the industry.

The CEO stated that his aspirational goal of 100% market penetration had served him well from a directional perspective. It was a simple and straightforward concept that had tied in directly with the strategy.

#### **CHIEF FINANCIAL OFFICER (CFO) REPORT**

*Presenter: Diane Basile, Chief Financial Officer at CFA Institute*

The CFO highlighted that the report provided had been based on expense data pulled from the new platform. Management would now have the ability to drill down and deliver more detailed reports as requested. [In line with these improvements, the Board was asked to specify what they would like to see in the CFO report going forward<sup>4</sup>.](#)

The organization had administered 320,000 exams in the last year, which was up 19% from the previous year. Revenue had grown by 14% and non-operating expenses by 10%. It was emphasized that Chinese candidates for all levels from 2015 to 2018 had grown from 21% to 30% of the total population; if passport holders for all levels were included, this figure rose to 44%. Looking at just Level I candidates, Chinese passport holders had represented about 50% of the total population.

It was noted that discussions around the three-year plan had been delayed until the February Board meeting.

It was explained that with the acquisition of the Charlottesville office building, the organization had also acquired tax credits, which were monetized and sold to a third party about five years ago. A cross-functional task force was currently reviewing this agreement and looking for ways to unravel it in 2019. There was also a loan against the building and three separate legal entities that had added to the complexity of the overall building cost on the balance sheet.

The headcount was currently running 9% below plan, which had been the result of the recent reorganization. CFA Institute had been making a significant transition in terms of the complexity and types of skills required in certain departments. In 2015, the Board had capped the headcount at 637 and management had stayed within that limit. The CEO believed that the organization would continue to make efficiency gains with its major projects and be able to drive the strategy forward without being constrained by the headcount cap. [In response to this discussion, the Board Chair suggested that the headcount cap of 637 set a few years ago could be revisited<sup>5</sup>.](#)

[The CFO was asked to provide the expenses and revenues for CIPM to help the Board understand how much the organization was subsidizing the program on an annual basis<sup>6</sup>.](#)

It was clarified that most member value revenue came from member dues, which had been growing 5% year over year. The organization had monitored the individuals who had passed Level III to track the timing of their conversion to membership. It was harder to predict the number of lapsed members over the years as there were several different reasons for these departures (i.e. retirement, death, career change, etc.). [The Board asked for a breakdown of the numbers driving the membership gap<sup>7</sup>.](#) In terms of the organization's efficiency KPI, this had improved by 3% over the last two years. The group was reminded that the goal was to hit the 10% mark by the third year.

It was explained that there was a formula based on candidate numbers to help balance society funding. However, there were ways for societies to ask for additional funding. There was a comment that investing more in China had been difficult due to the FNGO laws and challenges associated with forming a society in Shanghai.

In terms of the FED project, costs would increase for a time and then come back down. The organization would be shifting from a high fixed cost/low marginal cost paper-based model to a low fixed cost/high marginal cost computer-based model. The overall cost structure would remain relatively the same after the transition had been completed.

#### **ASIA PACIFIC REGION (APAC)**

*Presenter: Nick Pollard, Managing Director of APAC at CFA Institute*

It was noted that there would be five standing risk items associated with China tracked on a quarterly basis.

In the APAC region, there were 21 societies, 31,000 members, and 67 staff members spread across three offices in Hong Kong, Mumbai, and Beijing. It was reported that 61% of global candidates were APAC passport

holders and 44% were specifically Chinese passport holders. APAC candidates had generated close to \$136 million in revenue in the last year. Looking at demographics, there were a larger proportion of female candidates in the APAC region, and it was a young candidate and member base.

There were 41 test centers across the region, and the organization had continued to add more every year to keep up with the candidate growth. To better handle these numbers in the short term, before the completion of the FED, the organization would have two testing days in the APAC region in 2019.

It was reported that the APAC region had the highest lapsed member and charter pending numbers. In terms of the latter, this had largely been due to three things: lack of awareness of the end-to-end Charter process; lack of jobs that qualified in the region from the core perspective; and, the fact that some individuals simply did not want to convert. It was recognized that many people had used the exams as a general financial education tool. [The Board wanted to understand what the organization was doing in China to specifically address the charter pending and lapsed member numbers<sup>8</sup>.](#)

The organization had been investing in talent development opportunities for the Level III pass candidates to help them build up skills that would make them more employable in the future. University and employer outreach had been another method implemented to better communicate the difference between a charterholder and a Level III pass candidate. It was also a way for the organization to ask them to be more demanding and supportive of candidates embarking on the CFA Program journey. [The Board wanted management to consider other ways of helping candidates find jobs<sup>9</sup>.](#)

It was clarified that candidates were not allowed to enroll for Level I until their final year as an undergraduate. This had been harder to enforce in the APAC region, and the organization was designing a technology solution to help address that. [The Board wanted management to consider limits on whom could take the exams<sup>10</sup>.](#)

Different countries in the APAC region had different issues. The candidate supply had been exceeding the employer demand in India whereas the asset management industry had been growing fast and the organization had great relationships with the core regulators in China.

[Management would provide the Board with talking points to help them promote charterholders to employers, institutions, regulators, and other key stakeholders in their respective regions<sup>11</sup>.](#)

The Credentialing 2030 framework would shift the strategy from simply advising everyone to become a charterholder to advising people to take different educational offerings based on their desired career paths.

One of the goals of the institutional partnerships team was to persuade employers to post jobs that would be appropriate for charterholders; however, the organization's major focus was providing member value through continuing professional development.

It was emphasized that while tactically different, the APAC strategy was the same as global strategy, and there had been a desire to proactively manage growth in the region while maintaining good relationships with key stakeholders. [The Board requested see an APAC action plan and KPI list at the February Board meeting<sup>12</sup>.](#)

#### **STRATEGY DEEP DIVE**

*Presenters: Paul Smith, President and CEO at CFA Institute  
Bjorn Forfang, Deputy CEO at CFA Institute*

The strategy materials in the meeting pack had included the mission statement, SWOT analysis from 2014, the organizing framework, and current three-year plan. It was noted that the CFO would be responsible for putting together the next three-year plan in time for the February Board meeting, and the CEO asked the Board to

review the current three-year plan and consider what they would like presented differently going forward. The purpose of the session was to refresh the Board on the strategy to ensure alignment.

A visual pyramid of six phases of the strategy was displayed for the group. From top to bottom, these phases included: vision, mission, core strategic objectives, three-year rolling strategic plan, short-term tactics in the annual budget, and execution (implementation of resources).

Next, four steps to the organization's strategy process was outlined: diagnosis and coherence (action fits with and advances the mission); coordination and consultation (aligning different functions and areas of the organization); formulation of policies (setting the rules of engagement while providing space for course correction); and, resources and execution (focusing on the resources necessary to successfully execute).

Management would endeavor to show where each project fell in terms of the six phases and in terms of the four steps of the strategy process<sup>13</sup>. This would help the Board understand the status and direction of every project.

The CEO stated that the organization's mission was to build the investment profession and that the three pillars – credentialing, member value, and advocacy – were the strategy or “the how” to achieve that objective. The sub-strategies or tactics were the next layer down in terms of detail. For instance, to build the investment profession, the credentialing strategy was to increase charterholder penetration from 9% to 100% in the investment industry. The specific ways to accomplish that goal, such as Credentialing 2030, were known as the sub-strategies or tactics. The Board asked for a glossary of definitions and examples of what constituted a strategy vs. a strategic initiative or tactic<sup>14</sup>.

The Board stated that the leadership team should provide them with a list of KPIs for the major projects to enable them to monitor implementation. The Board wanted to see where a project was in the process, the expenses, and whether it was moving toward the goal decided at the outset<sup>15</sup>. It was added that the leadership team should connect their strategic initiatives or tactics to the overall strategy and mission to establish consistency with the Board<sup>16</sup>.

Furthermore, management was asked to think about a list of competitors to benchmark itself against in the three-year plan<sup>17</sup>. The CEO stated that while the organization had no direct competitors, there were some based on activity and others based on geography. It was also stated that competition could arise from a direction not yet anticipated.

The Board had approved the strategy in 2015. At the time, management had decided to define the core of the investment profession by clarifying which jobs roles and types of business belonged within it. These had been provided in a matrix in the three-year plan. The core had not meant to be exclusionary as anyone was welcome to take the CFA Program, but meant to guide the work of the three strategic pillars.

The CEO stated that while the strategy was ambitious, the underlying tactics were less so in many areas. The Board could be more ambitious in prioritizing certain tactics and approving more resources to complete the work in a shorter time frame.

There was agreement that more needed to be done for CFA Institute to be recognized as the leader in the investment profession. The CEO stated that management would review the tactics for increasing charterholder penetration in the next version of the three-year plan<sup>18</sup>.

It was clarified that CFA Institute represented both charterholders and non-charterholders and that about 8% of the membership consisted of the latter.



Management had conducted many listening tours, held SLCs, and conducted member surveys to ensure that the strategy had not moved too fast for the membership. It was important for the majority of members to accept and embrace the direction of the organization in their own time, especially when a proxy vote was required.

The Board recognized the CEO for generating tremendous goodwill among the societies, which would be helpful for the next person in his role. [Board expressed interest in seeing accelerated action plans with ambitious ideas to move key initiatives forward faster. Management to put bold ideas \(with associated risks\) before the board for consideration<sup>19</sup>.](#)

Management assured the Board that they would be involved in the discussions regarding tactics for the major projects, such as continuing professional development.

[At the February Board meeting, management was asked to present the tactics or strategic initiatives under the three strategic pillars with a reference to where the KPIs were aligned for the next three years. The Board would then conduct a scenario analysis in terms of which areas to pursue more aggressively or not<sup>20</sup>.](#) It was explained that the outcomes of the three-year strategy discussion in February would guide and inform the budgeting process. Management would need the three-year plan as close to final as possible by April to prepare the annual budget in time for presentation at the May Board meeting.

[It was noted that management would be assigning a dollar value and risk assessment against each strategic initiative as well<sup>21</sup>.](#)

## TUESDAY, 30 OCTOBER

### **TECHNOLOGY STRATEGY**

*Presenter: Elaine Cheng, Managing Director of Information Technology at CFA Institute*

The purpose of the technology discussion was to talk about the future strategy and obtain the Board's input on that process. Looking at the big picture, the organization had been working to establish an agile foundation to support the operational database, which was at the center of everything. It was clarified that some pieces had been purchased and leveraged while others had been developed solely by CFA Institute. Fortunately, it was easier nowadays for software solutions to communicate with each other.

It was explained that operational data was more structured (i.e. names, phone numbers, etc.) whereas content was more unstructured (i.e. thought leadership pieces). In general, the latter was considered less confidential and had fewer security protocols around it.

Visuals were displayed to show which technologies would be used for the major projects, such as Societies 2.0 and continuing professional development. It was noted that everything except for exam delivery technology was all cloud-based, and it was based in the US. The organization would be looking to put more servers in non-US locations to ensure a consistent experience across the globe.

Given that the organization had been generating content since 1963, there had been a lot of unstructured data to review, and about 40% had already been retired as part of an ongoing clean-up process.

The recent reorganization had given more focus to the business side of the technology strategy, and these changes would make CFA Institute a more product focused organization and help staff better understand what their stakeholders, especially societies, required to operate efficiently.



The Board was interested in seeing how technology was connected to the three strategic pillars. The technology strategy needed to tie to the organizational/business strategy<sup>22</sup>.

The total annual technology spend was \$37 million, with \$14 million representing new growth and \$23 million representing maintenance (i.e. user licenses, systems, staff, etc.). Management to consider bold proposals around our major technology objectives and put forward investment cases for consideration<sup>23</sup>.

It was stated that CFA Institute had a robust disaster recovery program, which had been tested on a regular basis and improved over the years, moving from three-to-five days of recovery time down to eight hours. It was also noted that a full systems test would be conducted in FY2019.

Over the years, the technology team had learned that a bigger focus was needed on product orientation, oversight of vendor partner relationships, and approximating costs in smaller design phases. The group also believed that it could have done a better job in terms of change management to help moderate users' expectations of the new systems, which had been launched while still under development.

The Board requested to see more information on IT expenses, both in terms of total spend and by project spend<sup>24</sup>.

#### **NEW CHARITY**

*Presenters: Paul Smith, President and CEO at CFA Institute*

*Lynn O'Connor, Deputy Chief Legal Officer at CFA Institute*

Management was interested in hearing the Board's feedback on setting up a new charity to determine whether to bring a formal proposal to the February Board meeting. While the Research Foundation was a 501(c)3 that solicited donations from the membership, it had a very specific set of objectives around research. The purpose of the new charity would be to accommodate members who wanted to give monetary gifts to the organization to support scholarships in underrepresented communities. The organization could solicit donations as part of the annual member renewal process.

It would cost \$2,000 to \$3,000 to set up the legal establishment and about \$10,000 to \$15,000 to set up the financial accounts and audit relationships. There would also be ongoing operational maintenance, including employee and Board time spent on the new charity.

It was clarified that there was nothing to stop societies from setting up their own charities. However, they could not use CFA Institute funding to do so; this monetary support would need to come from their local members.

A Board of Trustees would be established to oversee the new charity to ensure that funds were being used appropriately.

The organization had been giving out about 5,000 educational scholarships a year, and this new charity would help to further support those efforts. These scholarships would continue to align with the CFA Institute strategy by helping people in underdeveloped countries with limited resources and/or educational access.

The deliberate expansion of financial literacy could be accomplished through this new charity. However, there would need to be good governance in place to monitor the sources of the funding. It was stated that the formal proposal would include principles of governance.

Based on an informal vote, the majority of the Board wanted management to present a formal proposal for the new charity at the February meeting, and Mr. Fasciano volunteered to be the Board liaison for this request<sup>25</sup>.

*It was noted that Mr. Jenkins voted against and Mr. Bruner abstained.*

#### **PRESIDENTS COUNCIL CHAIR REPORT**

*Presenter: Aaron Brown, Presidents Council Chair*

The group was referred to the detailed report included in the materials, which had highlighted the major themes and achievements over the past few months. It was noted that the SLCs had gone well with a strong focus on Societies 2.0.

The PCRs had recently held a strategy discussion and considered areas where there might be a disconnect between societies and the overall mission of the organization. In addition, a polling exercise had been conducted with the society presidents to gauge their level of engagement. Overall, the PCRs had found that the data was progressing in the right direction in terms of Societies 2.0, continuing professional development, and other topics.

It seemed clear that societies appreciated accountability and having operational funding linked to an initiative to help them understand what CFA Institute was trying to achieve.

#### **BOARD COMMITTEE REPORTS**

*Presenters: Heather Brilliant, Executive Committee Chair  
Robert Jenkins, Compensation Committee Chair  
Robert Jenkins, Nominating Committee Chair  
Daniel Gamba, Audit and Risk Committee Chair  
Sunil Singhania, Investment Committee Chair  
Yu Hua, Society Partnership Advisory Council Co-Chair*

##### **Executive Committee (EC)**

The EC had met once in FY2019 and decided to form a Governance Working Group supported by Ms. Wilton and Mr. Bruner. The Board would discuss the group's mandate in executive session to ensure it was clear to all governors.

##### **Compensation Committee (CC)**

The CC had met once in FY2019 and held a continued discussion on the comparator groups used for executive compensation among other items during the open session and a discussion on matters pertaining to the CEO's yearend performance and compensation during the executive session.

##### **Audit and Risk Committee (ARC)**

The ARC had discussed the FED and its six biggest risks as well as the committee's goals and milestones for FY2019. The committee had assigned several Board liaisons to different projects. It was noted that Mr. Tamim El Jarkass would be the internal audit liaison, Ms. Bennett the FED and legal liaison, Mr. Ng the Disciplinary Review Committee and IT liaison, and Mr. Gamba the liaison to the CEO, CFO, and new Chief Compliance, Risk, and Ethics Officer, once appointed.

##### **Investment Committee (IC)**

The IC reported that the organization had \$427 million in reserves. Due to the increasing operating expenses for cash in FY2019, the buffer had been substantially lower than last year; however, the committee expected \$20 million more in reserves by the end of the fiscal year. It was also noted that the IC had held conversations

on a variety of topics, such as whether there should be a custodian for the reserves or whether the reserves should be split. The group would come back to the Board with a recommendation on these items.

Society Partnership Advisory Council (SPAC)

The SPAC had held two meetings in FY2019 and wanted to emphasize Societies 2.0. The council was therefore interested in hearing more from the society volunteer groups and on the new funding formula for the societies. The SPAC had also decided to create a working group to focus on the partnership between the Board and the societies, and to provide documentation of these principles for Board review and approval at the May meeting. In addition, the council had decided to create a Continuing Professional Development Design Council to support staff's planning work. This group's objectives would also be documented and presented to the Board a future date.

Nominating Committee (NC)

The NC had met twice in FY2019 and discussed the annual governor appointment and reappointment process, including the skill sets needed and the priority attributes desired for next year. The committee had solicited for governor applications and received 26 for review and consideration and had also solicited for governors willing to serve as Board Chair or Board Vice Chair. It was noted that there would be two governors eligible for reappointment and two governors retiring. The NC would hold four meetings between now and January and also conduct candidate interviews. The goal was to have a final slate of candidates to present to the Board at the February meeting.

It was noted that the Board would need to find time to discuss the Board awards.

*Meeting went into executive session.*