Is “Re-imagining” AAPG Really Necessary?

Is re-writing the Constitution and By-Laws good for the Organization and its members?
If you were a business, losing over $1MM/year for the last 10 years – would you change your structure, or fix the finances?

If you are going broke – do you move people around to different offices? There has been no cost analysis of this new “structure” and we have spent $100,000’s of dollars re-writing the By-Laws (three times in as many years) – but no attempt to fix Headquarters.

FY2023

- **Income**: $12.4 MM
- **Expenses**: $14.2 MM
- **Net Income (Loss)**: ($1.79) MM

**Significant differences to budget:**
- **Income**: Conference
- **Expenses**: Conferences

**Conclusion:**
- Conference income and expenses are volatile & difficult to forecast
- We over-forecast income and under-forecast expenses

**Observation**
1. The EC approved a negative budget
2. Dubai & London debt forgiveness $0.562 MM was not budgeted
The Elephant in the room

### FY2023 Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Benefits, Fees</td>
<td>$5.736 MM</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>$0</td>
</tr>
<tr>
<td>Building</td>
<td>$0.245 MM</td>
</tr>
<tr>
<td>Publishing/Gen office</td>
<td>$1.085 MM</td>
</tr>
<tr>
<td>Events</td>
<td>$6.042 MM</td>
</tr>
<tr>
<td>Travel</td>
<td>$0.291 MM</td>
</tr>
<tr>
<td>Misc</td>
<td>$0.877 MM</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$14.279 MM</td>
</tr>
</tbody>
</table>

### FY2023 Income

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues</td>
<td>$1.205 MM</td>
</tr>
<tr>
<td>Publishing &amp; DataPages</td>
<td>$1.043 MM</td>
</tr>
<tr>
<td>Events</td>
<td>$9.432 MM</td>
</tr>
<tr>
<td>Foundation Grants</td>
<td>$0.368 MM</td>
</tr>
<tr>
<td>Dividends/miscellaneous</td>
<td>$0.434 MM</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$12.484 MM</td>
</tr>
</tbody>
</table>
We should fix the current By-Laws taking out references to staff so that volunteers can fill the gap or take care of themselves.

- Anything that involves the head-office personnel creates expenses
- It’s not about one program
- Recommend adopting Bylaws changes so that programs may be run by volunteers rather than staff from HQ
Actual declines in revenue from 2014-2022: GSA – 33%; AAPG – 37%; SEG – 49% and SPE – 51%

(a) – *Data corrected for asset sales. GSA sold $10MM in assets in 2022

(b)

(c)

(d)
Paradigm Shift

• The AAPG has passed the Tipping Point of being able to deliver a balanced budget

• It needs a Paradigm Shift if it is to remain solvent and relevant to our Member community

• Three operational Focus Areas for review and change:
  – Corporate Administration, Services and Governance
  – Publishing
  – Events

• Propose that the EC starts planning immediately working with Executive Director and staff
  1. Look at levers of CHANGE by business function unencumbered by existing historical views
  2. Be grounded in the realities of modern business process including outsourcing and cloud computing
  3. Create a light efficient commercially focused flexible model that can grow and shrink with cycles
  4. Imperative to develop new revenue streams and maximize brand value with global exposure
  5. Empower Member VOLUNTEERS
     • A program must be self-sustaining and self-supporting; responsible for raising income to cover expenses
HOWEVER!

It is not fair, nor correct, to blame Headquarters for the financial bind we find ourselves in....you see, they have to follow the dictates of the Executive Committee, per our Constitution.

Several times in the past 10 years, HQ has made recommendations for cost savings (like an all digital Explorer) and have been turned down by the EC at the time. There have been attempts to close down the London office for many years, but they keep getting overridden by the EC – until this past year! The stark reality of over $800K of cost in the last eight years finally hit home and it will still take time/cost to finally extricate ourselves.

The roller coaster ride Headquarters takes each year depending upon the whims of the EC, should drive anyone nuts! Seems there is a “pet project” to be “saved” almost every year....or distractions such as Mergers and Re-imagination structural changes. I bet, when all is said and done, that the cost of attorney’s fees and Parliamentarian fees for the last three By-Laws re-writes will approach almost $200K. How is that for productivity?

To be sure, we have GOT to put the financial house of AAPG in order before we change the structure –

There is also no real “budget” – it is a collection of “wish-list” items from Regions, Committees, EC and AC which make up the costs/income list (for the most part) – which is not really a “budget” – but unicorns, fairies and butterflies! Over estimation of income and under estimation of costs – will get you every time.
What the new By-Laws do to the organization:
The requirement for a geosciences degree has been removed from the full voting membership category.

People can currently become a full Member without a geoscience degree if they are actively involved in the geosciences and can get a degree waiver – which we have always had, and the system is working just fine.

But – without the Geoscience degree requirement – what kind of “Association” do we become? The American Association of Stem Graduates?

This opens the door for a name change, and in fact, one of the Ad Hoc committee members has already admitted that a name change is next after this passes.

They want to take out “American”, “Petroleum” (and substitute Energy – but we don’t do solar and wind!), and possibly “Geologists” (since now we will be an Association of STEM graduates!)
They are putting together Regions over the affiliated AAPG Sections, adding another layer of governance, additional cost and less efficient communication.
Re-imagine Committee’s numbers are **MISLEADING** and totally incorrect!
Each Region will have representation on the new board – so now the US (and Canada) will only have three seats, while the International Regions will have five seats.

Numbers on Slide:
- Domestic (3 “Regions”) = 7521
- International (5 “Regions”) = 6067
  (Domestic regions to include Canada)

**REAL numbers** of **VOTING** members (paid up):
- Sections (current) = 6120
- Regions (incl. Canada with 145) = 2417

This is the number that is important. Associate and Student members may pay dues – but they cannot vote for candidates or major rules changes in the organization (currently).

Meaning **DOMESTIC** members are 72% of the total, and have been reduced to three Regions of representation, while five International Regions will represent only 28% of the **VOTING Membership**.

If you include Canada in the North American Regions, that number goes to 77% and 23%!

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*Numbers taken from Drop Analysis provided to EC from Headquarters as of January 1, 2024*
They are putting together Regions over the non-affiliated AAPG Sections, adding another layer of governance, additional cost and less efficient communication. Plus, this will cause 16 additional elections!

**Region Officers**

1. Each Region shall have the following officers: Region Chair, Region Chair-Elect, and Region Secretary. Regions may select additional officers at their discretion.

2. All Region Officers shall be Active Members.

3. The Region Chair shall serve as the Region’s primary liaison between the Board of Directors and the Region’s members; shall lead efforts to further the Association’s mission in the Region in keeping with the Association’s strategic plan; shall preside over all meetings of the Region, and shall fulfill all other duties as may be delegated by the Board of Directors.

4. The Region Chair-Elect shall assist the Region Chair and in the absence of the Region Chair, fulfill all of the Region Chair’s duties.

5. The Region Secretary shall serve as the custodian of records for the Region and shall record the minutes of each Region meeting.

**E. Election, Term of Office, and Vacancies of Region Officers**

1. Each Region shall elect a Region Chair-Elect who shall serve a term of two years. The first year shall be as Region Chair-Elect. The second year, without further election, the Region Chair-Elect shall become Region Chair and shall hold office until a successor is elected and installed.

2. Each Region shall elect a Region Secretary who shall serve a term of one year and shall hold office until a successor is elected and installed.

3. The Region Chair shall notify Association headquarters of the results of its elections no later than 60 days prior to the Association’s Annual Business Meeting.

4. If a vacancy occurs in the office of Region Chair, the Region Chair-Elect shall succeed to the office of Region Chair for the completion of that term and subsequently serve the full one-year term that he or she was originally elected to serve as Chair.

5. A vacancy in the office of Region Chair-Elect shall remain unfilled until the next regular Region Chair-Elect election.

6. A vacancy in the office of Region Secretary shall be filled by the Region Chair within 30 days for the remainder of the unexpired term.

**Region Ambassadors**

1. Each Region shall select Ambassadors to represent the members of the Region, recruit new members, develop outreach initiatives, assist in retention of existing members, and foster connections between members and with other local organizations and Regions to further the global sharing of ideas and best practices.

2. The number of Ambassadors in each Region shall be at least two percent of the Active Members in the Region as of the beginning of each fiscal year.

3. The Region Chair shall notify Association headquarters of its Ambassador selections no later than 60 days prior to the Association’s Annual Business Meeting.

**G. Region Meetings**

1. Region meetings may be called by the Region Chair and/or (b) shall be called upon the written request of 2% of the Active Members of the Region. The purpose of the meeting shall be stated in the call, which shall be sent to all members at least 15 days prior to the meeting.

2. To constitute a quorum for a Region business meeting, 2% of the Active Members of the Region must be present in person or by means such that all members participating in the meeting are able to hear each other.
This new structure calls for the elimination of the House of Delegates – instead – we will have Region “Ambassadors”.

The Region Ambassadors will have no relationship to governance of the organization or any amendments to the By-Laws. Can you say “Welcome to Walmart”? 

So, they are eliminating the HoD, which has always been the representation of local geological societies, the backbone and heart of the AAPG. This year, the House Delegates made calls/emails to over 11,000 members who were on the “Drop List” for non-payment of dues. They were able to get over 8000 members to reinstate! At an average of $100/member – that is over $800K in potentially lost revenue AAPG was able to recoup! That makes the House one of the better “profit” centers in the organization!

F. Region Ambassadors

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Point #4 – I guess if we couldn’t MERGE with SPE – we are going to look like them.

The new By-Laws eliminates the position of Treasurer, instead creating a “financial” committee composed of Regional representation. It eliminates the Divisions as such, now calling them “Energy Innovation”, “Sustainability” and “Business & Certification”

You will have to declare which Directorate you want to “affiliate” with, in order to have your vote counted. You may belong to more than one, but will have to pay extra fees.
The committees are made up of ONE member from each “Region” which means, at this point, the International Regions will have five voting members and the North American Regions will have only three – even though North American members outnumber International voting members more than 2:1.

The impact means that it will be harder to present candidates for nominations and Honors and Awards if you are from one of the North American Regions.

In the most recent draft of the By-Laws – proportional representation is not mentioned.
Section 2. **Honors and Awards**

A. The Honors and Awards Committee shall report to the Board of Directors and shall consist of one member from each Region and each Technical Directorate. Each Region and each Technical Directorate may select a member to serve on the committee.

B. The Immediate Past President shall be a nonvoting, ex officio committee member and shall act as a liaison between the committee and the Board.

Section 3. **Nominating Committee**

A. The Nominating Committee shall report to the Board of Directors and shall consist of one member from each Region and each Technical Directorate. Each Region and each Technical Directorate may select a member to serve on the committee.

B. The Immediate Past President shall be a nonvoting, ex officio committee member and shall act as a liaison between the committee and the Board.

Section 4. **Finance Committee**

A. The Finance Committee shall report to the Board of Directors and shall consist of one member from each Region and each Technical Directorate. Each Region and Technical Directorate may select a member to serve on the committee.

B. The Finance Committee shall study the financial needs of the Association, recommend ways of securing adequate funds for the proper operation of the Association, and assist the Board of Directors in reviewing the budget. The committee shall recommend to the Board of Directors the next year’s budget for approval.
2024–2025 Association & Region Leaders:

1. On July 1, 2024, the Officers and Board of Directors, and their terms, shall be as follows:

<table>
<thead>
<tr>
<th>Officers</th>
<th>Name</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Deborah Sacrey*</td>
<td>2024–2025</td>
</tr>
<tr>
<td>President-Elect</td>
<td>Incoming 2024 President-Elect**</td>
<td>2024–2025</td>
</tr>
<tr>
<td>Immediate Past President</td>
<td>Claudia Hackbart***</td>
<td>2024–2025</td>
</tr>
</tbody>
</table>

**Technical Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas Director</td>
<td>2024–2025</td>
</tr>
<tr>
<td>Energy Innovation Director</td>
<td>2024–2025</td>
</tr>
<tr>
<td>Sustainability Director</td>
<td>2024–2025</td>
</tr>
<tr>
<td>Business &amp; Certification Director</td>
<td>2024–2025</td>
</tr>
<tr>
<td>Publications &amp; Events Director</td>
<td>2024–2025</td>
</tr>
</tbody>
</table>

**Membership Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regions Director</td>
<td>2024–2025</td>
</tr>
<tr>
<td>Stakeholder Relations Director</td>
<td>2024–2025</td>
</tr>
<tr>
<td>Member Services Director</td>
<td>2024–2025</td>
</tr>
<tr>
<td>Academic Relations Director</td>
<td>2024–2025</td>
</tr>
</tbody>
</table>

* Elected in 2023 under current bylaws’ election cycle
** Elected in 2024 under current bylaws’ election cycle
*** Previously elected and currently serving in elected office

2. The 2024–2025 Region Chairs shall be as follows:

<table>
<thead>
<tr>
<th>Region</th>
<th>Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>K.B. Trivedi</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>Herman Darman</td>
</tr>
<tr>
<td>Europe</td>
<td>Maria Mutti</td>
</tr>
<tr>
<td>Latin American &amp; Caribbean</td>
<td>Xavier Ravi Moonan</td>
</tr>
<tr>
<td>Middle East</td>
<td>Ahmed Mohammed Al-Hakami</td>
</tr>
<tr>
<td>North America East</td>
<td>TBD</td>
</tr>
<tr>
<td>North America West</td>
<td>TBD</td>
</tr>
<tr>
<td>North America Gulf Coast</td>
<td>TBD</td>
</tr>
</tbody>
</table>
This committee is now the C&BL? – to carry forward with the Transition, but still not allowed to make any By-laws changes. However, it is not apparent in this wording that this is the case.

Up to 58 elections will have to take place! We have a hard enough time finding people to fill the slots we currently have for elections – how is this going to work?
What can be done to help AAPG if this should not pass the HoD?

1) I will ask Kenneth Mohn (incoming Chair of the House) to create three new Committees within the House
   a) Nominations Committee to be made up of proportional representation of all Sections and Regions. This committee would review all candidate paperwork and letters of recommendation and submit two qualified candidates for each office to the Executive Committee. The immediate Past President would be the Chair of this committee – but NON-VOTING except for breaking ties.

   b) Honors and Awards Committee to be made up of proportional representation of all Sections and Regions. This committee would review all candidate’s names which have been submitted and the letters of support for AAPG Honors and Awards. They would then submit the list to the Executive Committee for approval.

   c) Membership Committee to be made up of proportional representation of all Sections and Regions. This committee would review all membership applications submitted. They would determine which, if any needed a Degree Waiver, and submit those to the EC for approval.

This first move does two things – it eliminates the Advisory Council, saving over $100K/year from needless zoom meetings and staff time, plus the elections process to populate the Council. It also saves the Past President from two additional years of service time, making it easier to draw in qualified candidates to run for President-Elect. It also saves staff time and puts back into the hands of the House, the vetting of membership applications, which was one of the primary functions of the House when it was formed!

2) Look at ways to somewhat disconnect the EC in making ALL the financial decisions of the organization – getting rid of Sacred Cows and putting the budget process on a more consistent basis. No more “will of the President” to keep money-losing events/programs alive. Work to identify underperforming staff members. Work to sublet Tulsa office to at least break even on maintenance costs.

3) Have the Sections and Regions take over their own elections without AAPG staff being involved. There is a need to re-engage the volunteers in the organization. We used to be a “volunteer” run organization – now we are a “service” organization

4) Remove much of the staff involvement from the Regions, and get them to be “stand-alone” like the Sections. This alone would save several hundred thousand dollars a year!

   And this is just the beginning! – No need to restructure with the tools are already in place.
Until you fix the financial problems at Headquarters – this plan is just moving the deck chairs around on the Titanic.