President’s Corner

What an exciting year for our Chapter, with membership increasing by more than 24% under the excellent leadership of Bill Mellon. On behalf of the Chapter, we thank Bill for his leadership and commitment to our Chapter during this past year.

In May 2008, our Chapter was represented by over 40 members and their spouses at the CFMA National Conference in Orlando. The conference attendance exceeded the records set in the two previous years in Las Vegas and Phoenix. CFMA National continues to deliver quality CPE course credits for today’s construction professionals. This year, additional classes were available during the weekend before the Conference. If you have never attended a National Conference, make Las Vegas your first in May 2009.

Despite uncertainty in the current economy, the 11th Annual Scholarship Golf Tournament organized by Steve Henshaw was a great success. Lori Greene, our Membership Committee chair, promotes CFMA by providing new and prospective members with information about our organization and the benefits of being, and participating as, a member. Our Program Committee, directed by Mike Kiplinger, engages excellent speakers on relevant topics for our general meetings. The Education Committee led by Ken Bomar provides exceptional seminars and CCIFP review courses. Helena Prieto and the Communication Committee deliver chapter and industry updates through our informative newsletters. And congratulations to Mel Burges who was elected as National CFMA Treasurer.

We enjoyed the “Building Blocks” presentation by Mr. CFMA, Bill Schwab, before his formal retirement at the Orlando conference. Bill will always be remembered for making CFMA what it is today. At the same Conference, our new CEO, Peter Schwartz, was installed. Peter will be our guest speaker at the September 17th 2008 meeting. He will share his short-term and long-term visions for the organization. See you in a few weeks!

As always, your involvement in the Chapter is what makes this organization.

Joseph M. Massey
Executive Vice President/CFO
Sunbelt Structures, Inc.
Member Spotlight  Getting to know your fellow chapter members

Life certainly is flying by too fast. To reflect on my CFMA experience is an honor. At the same time, it is a reality check on my life and future.

My college studies were interrupted in 1966 by the Vietnam War. After four years in the Air Force, I returned to school in my home town at the University of Missouri-Columbia and graduated with a degree in Political Science. The cold Missouri winters helped make my decision to move to a warm weather state. As soon as I turned in my last term-paper, I moved to Miami, Florida without a job or a contact.

While in Miami I was hired by The Austin Company, an international design/build firm with home offices in Cleveland, Ohio. I traveled for The Austin Company as a Project Accountant from Miami to northern Michigan to St. Louis and back to Atlanta for five years before settling in their Southeast District Office in Atlanta as the Assistant Accounting Manager. While in this office for six years, I obtained an Accounting Degree from Georgia State University, got married and raised a daughter!

Opportunity came knocking when The Cecil Malone Company, now known as Malone Construction Company, needed a controller who could take them from manual bookkeeping to a state of the art computerized accounting system. In my 24 years at Malone, I have consulted with clients and project managers on various projects. As part of the management team, I constantly look for innovative ways to improve service to our clients and to influence the employees to do their best.

In 1984, the year I joined Cecil Malone, I received a flyer about CFMA. I started to attend meetings and met Tom Stock who later invited me to be more involved. I joined the chapter’s Board of Directors, and the rest is history.

Before I knew it, I was the Chapter Secretary, the Treasurer and then the President for two years.

CFMA has been a tremendous resource in performing my job. I started with The Austin Company with procedures for everything conceivable illustrated in a mountain of manuals. Then at my new job at Malone, I had to develop and document all the forms, policies and procedures. We went from columnar pads to computers, faxes, cell phones and PDA’s overnight. In the next year or two, we plan to go paperless. And as always, I will consult with my fellow CFMA friends before taking the plunge.

Recently, I started an Internship Program at Malone using Georgia Tech students. This has been very successful and beneficial to both the company and the future CCIFP candidates!

CFMA is a terrific resource for information in our profession within our industry. Our chapter has come a long way since the 1980’s! We have established the Scholarship Fund through our annual golf tournament. I still miss our member golf outings and we had some great trophies at Canterbury! We have had successful recruiting drives especially the last several years. I look forward to watching this chapter grow larger in the coming years!

Edwin “Edd” McClain
Vice-President/Controller
Malone Construction Company

Spotlight on Malone Construction

A full-service general contractor in Atlanta with over 60 years in corporate, medical interiors, and premium residential projects. Malone is ranked in the top ten commercial interior construction firms by the Atlanta Business Chronicle.

Current projects include Clement Hall, a LEED renovation project of a historic building on the Clark Atlanta University campus. The Governor’s Mansion project includes excavation and backfill, waterproofing, vertical and horizontal brick repair, new wood mold pavers, new limestone, limestone patching and limestone repairs. The Governor will replace the kitchen from when the mansion was originally built with a brand new outfit.
Reports on Recent Events

Attending my first National Conference
By Jeff Seay

I was pleasantly surprised at how friendly and inviting the conference participants were at the CFMA Conference in Orlando. The same goes for the vendors and sponsors who treated us to luau after luau, and a dynamite private Shamu show at SeaWorld! On the educational side, there were plenty of CPE’s to catch on specific construction industry updates; and on the networking activities, I made several new friends from our chapter and from other areas of the country whom I look forward to seeing at future conferences.

Additionally, it was refreshing to see the playful attitude displayed at the Chapter Recognition Awards presentation. This annual event showcases the hard work and success stories of CFMA chapters from across the nation. Georgia Chapter’s 20th Anniversary Gala was one of the showcases. The entertaining presenters were dressed up as pirates for the conference theme and were very comfortable joking around with the award winners and making fun of themselves at the same time. It gave me the overall impression of more of a family atmosphere which I am very happy to be a part of. I look forward to Vegas in 2009 and Hawaii in 2010.

(Tidbits: Emily Tallman of the Chapter Recognition Committee tallied up our successes in 2007/2008 fiscal year. The Georgia chapter won the Chairman’s Excellence and the Membership Development awards. Mel Burges is slated to become the CFMA Chairman at the 2010 Hawaii Conference!)

Social Gathering By Joe Massey

On June 18, 2008, the Georgia Chapter held a social gathering at Maggiano’s @ Cumberland. Historically, the Chapter does not meet during the summer. However, the Board of Directors felt that a relaxed social networking event would keep our new members in touch with the Chapter during that time. After all, there was no Chapter meeting in May due to the National Conference, and our Charity Golf Tourney doesn’t happen until August. That’s a long time without a CFMA “fix”!

It was also a great opportunity to show our new members and our prospective members what a great Chapter we are! The event was free to all. 41 of us gathered for good food and great fellowship in an event which was a great success and will be continued in future years.

Annual Scholarship Golf

It couldn’t have been a better day for golf: gorgeous weather and fantastic sportsmanship. The 11th Annual CFMA Scholarship/Benefit Golf Tournament took place on August 20, 2008 at the Heritage Golf Club. 94 golfers took on 18 holes supported by new and loyal corporate sponsors.

The golf tournament has always been our chapter’s fundraising event for our scholarship program. Scholarships are awarded to students with career interest in the accounting and finance areas of the construction industry. The Georgia Chapter works with local colleges on scholarship candidates and internship opportunities. Current employees of construction companies pursuing accounting and finance degrees also qualify for CFMA-Georgia scholarship. Contact Joe Massey for details.
Kudos to Steve Henshaw and all the volunteers for this year’s event, especially for scheduling it on such a beautiful day! We thank all our corporate sponsors for their continuous support of the Georgia Chapter.

Chapter Website Updates

We have moved!!!

Add CFMA Georgia to your favorites.  http://www.cfma.org/Georgia/

CCIFP Certification Updates

There are currently 474 CCIFP’s in 41 states. Of this total, 416 are CFMA members and 58 are non-members. Recertification of existing certificate holders is running above 90% for the fourth straight year.
What’s New at National
By Mel Burges

Our new President and CEO, Peter Schwartz, is in full swing now. He has finalized the move of his family from Chicago to Princeton and he has a big vision (increase awareness, etc) for CFMA and the Institute. You will hear more about that when he joins the Georgia Chapter for our General Meeting on September 17, 2008. This is a great opportunity to invite non-CFMA members to learn more about CFMA and plans for the future!

Our new Chairwoman, Vickie Spotts, has been elected and duly installed. Her platform is to increase the connection between chapters and also between chapters and national. (Tidbits: Vickie and our own Helena Prieto attended the CFMA Spring Creek leadership training retreat together in 2001.)

The following national staff changes were announced last month: James Bartsch has been appointed Director, Research and Analysis; Danielle Christensen has been hired as the Executive Assistant to CFMA President and CEO, Peter Schwartz; Erica L. O’Grady, CAE has been appointed Executive Director of the Institute; Robert Rubin, CPA has been hired as Controller; and Michael Verbanic has been appointed Director, Marketing Services.

The National Mentoring Program is on its second year. This is where a CFMA member who has shown leadership potential and passed an application process (mentoring client) is paired with a more seasoned and experienced CFMA member (mentor) for a structured 9-month mentoring relationship. I was a mentoring client last year and our own Jeff Krall is a mentoring client this year. The purpose of this program is to develop a pool of potential leaders at the national level. It is a great opportunity for both professional and personal growth for the client. The goal is to roll this program out at the chapter level also, to develop a pool of potential chapter leaders to aid in member chapter involvement and succession planning for chapters.

The plans are in the works to start virtual communities of practices, where we would have something like a blog bulletin board where members could post questions and receive answers from other members. We are very excited about these plans because once it gets started, the possibilities are endless.

We had a great and successful National Conference in Orlando and the wheels are already in place to improve and make it better for the 2009 National Conference in Las Vegas, May 2009. Let’s all plan to attend and make a BIG showing from Georgia!

Press Release    July 15, 2008

Construction Financial Management Association Names Peter Schwartz President and CEO
Seasoned Nonprofit Executive to Expand Leading Construction Industry Group

PRINCETON, N.J. – The Construction Financial Management Association (CFMA) announced today that Peter Schwartz has been named President and CEO. Schwartz joins CFMA with more than 25 years of experience in the trade association and non-profit realms.

Most recently serving as CEO of the Home Builders Association of Greater Chicago, Schwartz takes the reigns at the only association in the country dedicated to the construction financial management profession. CFMA’s 7,000 members and nearly 90 chapters nationwide represent those responsible for managing the nation’s largest, most complex construction projects.

CFMA, headquartered in Princeton, NJ, appointed a Succession Planning Committee in early 2006 to identify the most qualified individual to lead the “best kept secret” in the association business. After a lengthy selection process, Schwartz was chosen among eight candidates as the strongest person to lead and grow the organization.

“This is a tremendous opportunity to lead CFMA at a time when the construction financial profession has never been more relevant,” said Schwartz. “Current and future CFMA members are increasingly seeing their responsibilities grow to meet expanding environmental, regulatory and budgetary constraints impacting the construction community at large.”

Schwartz will work to bolster existing programs and resources, identify opportunities to advance and expand the organization and increase brand awareness.

“My goal is to build on the good work of my predecessors by effectively promoting the significant contribution of our growing membership to the construction business, and providing tools that will help CFMA members as they continue to play a vital role in building our country,” Schwartz continued.

In addition to the Home Builders Association of Chicago, Schwartz has held senior leadership positions at Rayburn Group International Management Company, the National Apartment Association and the American Supply Association.
Industry Updates

Major Changes to Georgia’s Mechanic’s Lien Law
By Neil Wilcove and Arthur Ebbs

The Georgia General Assembly recently enacted and the Governor signed into law a variety of revisions to Georgia’s mechanic’s lien statutes. See O.C.G.A. § 44-14-360, et seq. The revisions include the following:

- When filing a lien, if the property owner is a business entity, notice of the lien is properly given by sending a copy of the lien to the address of the owner on file with the Georgia Secretary of State.
- When filing a lien, if a notice of commencement is on file with the applicable clerk of superior court, the lien claimant must also send a copy of the claim of lien to the identified contractor.
- Claims of lien must be filed within “ninety days” (not three months) after completion of the work. The ninety day period in which to file a claim of lien is to be computed as is prescribed by O.C.G.A. § 1-3-1(d)(3).
- When an owner or contractor bonds off a claim of lien, it is required to send notice and a copy of the bond by certified mail or statutory overnight delivery to the lien claimant within seven days.
- The statutory form lien waiver is revised to include language stating that execution of the waiver conclusively proves that the waiving party has been paid unless the lien claimant files an affidavit of nonpayment or a claim of lien before the expiration of sixty days after the execution of the lien waiver.
- When filing an affidavit of nonpayment, the filing party must send within seven days a copy of the affidavit by certified mail or statutory overnight delivery to the property owner. If the filing party is not in privity with the property owner and a notice of commencement is on file, a copy of the affidavit of nonpayment must be sent to the contractor.
- Lien actions must be brought within 365 days, rather than one year. The period of time in which to file a notice of commencement of lien action is extended to thirty days.
- The revised lien law allows a contractor or owner to file a “notice of contest of lien” with the appropriate superior court clerk’s office. Once a “notice of contest of lien” has been filed, the lien claimant must bring a lien action within sixty days.

Owners, contractors, and subcontractors should endeavors to become familiar with the revised requirements and prepare for March 31, 2009, when the changes will become effective.

IRS Loses on Percentage of Completion
Implementation Summary Judgment
By Alan Clark

A paving contractor was allowed to defer most of a $62,000,000 payment, received in the first year of a 20-year contract, which the IRS had attempted to tax entirely in the year that it was received. The facts and law were so strongly in favor of the contractor that the court decided the case with a summary judgment.

Koch Industries, Inc. v. U.S., decided in July, 2008, allowed a subsidiary of Koch to use the percentage-of-completion method (PCM) of accounting, in accordance with Internal Revenue Code (IRC) Section 460, for a contract called the Pavement and Structures Warranty agreement. Mesa PDC, the Koch subsidiary, was responsible, under the contract for the performance of about 119 miles of roadway for two decades after the initial widening and construction of the road and related structures. Mesa was responsible for virtually all work that would ensure the road’s performance to the specified criteria, including milling and an estimated two overlays during the reconstruction and rehabilitation term of the contract.
The IRS disagreed with the treatment of the contract on the PCM and disallowed the deferral, assessing tax on the full contract amount when it was received. The IRS’ Regulations at 1.460-1(d)(2) disallows the PCM for warranty agreements and the IRS focused on that terminology of the contract as a significant part of its case.

But the contract was not the typical warranty provision of a construction contract. Typical warranties are a part of another contract and generally provide for a limited guarantee for a short period of time, such as 6 months or a year. However, as the case explained, this was a separate agreement with expected costs estimated to be between $40 million to $94 million. Both parties anticipated significant work for the rehabilitation and reconstruction of the road and structures during the contract term. The subject contract was separate from the original construction contract. Mesa was free to perform or subcontract the work and bore the risk of profit or loss. Additionally, the contract had significant federal funds which were not available for typical warranty and maintenance work.

The IRS’ own regulations at 1.460-1(b)(2)(i) say that how the parties characterize an agreement is not relevant to its treatment under the tax law. That is, just because the agreement was called a “warranty” did not make it a warranty. The actual work determined the nature of the contract.

Although the contractor ultimately won the case, it might not have been pursued by the IRS if the contract was not called a Warranty and if it had not been fully paid in the first year.

(Tidbits: Al Clark serves on National CFMA Tax Committee. He contributed four articles last year in the Building Profits magazine!)

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**Mark your calendar!**

**Chapter Events**

Mark your calendars now for the 2008/2009 season!

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<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>Wednesday-Sep 17, 2008</td>
<td>Luncheon</td>
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<tr>
<td>Wednesday-Oct 15, 2008</td>
<td>Dinner</td>
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<td>Wednesday-Nov 19, 2008</td>
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<td>Wednesday-Jan 21, 2009</td>
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<td>Wednesday-Feb 18, 2009</td>
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<tr>
<td>Wednesday-Mar 18, 2009</td>
<td>Luncheon</td>
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<tr>
<td>Wednesday-Apr 15, 2009</td>
<td>Luncheon</td>
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Your guests are always welcome at CFMA meetings – even when you can’t attend. Make your reservations by emailing to Reuben Jefferson rjefferson@harconforming.com

**Board of Directors Events**

We welcome members to chapter board meetings.

- **Tuesday, September 9, 2008**
- **Tuesday, December 9, 2008**
- **Tuesday, March 10, 2009**

Contact Joe Massey for details.

**Chapter Committees**

Consider volunteering in these committees:

- Chapter Recognition
- Communication
- Education
- Membership
- Program
- Public Relations
- Scholarship
Welcome new Georgia Members!

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<tr>
<th>Name</th>
<th>Company</th>
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<tr>
<td>Alston Yates</td>
<td>Yates Insurance</td>
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<td>Alvis Ray Swain</td>
<td>Barton Malow Co</td>
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<td>Anita Vandeventer, CCIFP</td>
<td>Leapley Construction</td>
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<td>Arvil Stanford</td>
<td>Porter Keadle Moore</td>
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<td>Brandy Gifford</td>
<td>DPR Construction</td>
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<td>Christopher Peterson</td>
<td>RJ Griffin</td>
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<td>Clayton Hiatt</td>
<td>Mallory &amp; Evans</td>
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<td>Danny Parrish</td>
<td>Zebra Construction</td>
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<td>Edward Galvin</td>
<td>United Forming</td>
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<td>Elton Creech Jr.</td>
<td>Comfort Systems</td>
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<td>Fred Cook, CCIFP</td>
<td>Accruit</td>
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<tr>
<td>Gordon Hershiser</td>
<td>Standard Logic</td>
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<tr>
<td>Gregory Alexander</td>
<td>Automated Logic</td>
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<tr>
<td>James Pollard</td>
<td>Rosing Painting &amp; Wallcovering</td>
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<tr>
<td>Jennifer Hilton</td>
<td>Superior Commercial Roofing</td>
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<tr>
<td>John Shingler</td>
<td>Wachovia Insurance</td>
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<tr>
<td>Julie Thomas</td>
<td>Plant Improvement</td>
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<tr>
<td>Matthew Hott</td>
<td>IDC Construction</td>
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<tr>
<td>Patricia Greenwood</td>
<td>Beecher Carlson</td>
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<td>Robert Lane</td>
<td>Balfour Beatty</td>
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<td>Steve Hutcherson</td>
<td>Heery International</td>
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<td>Theodore Sak</td>
<td>Keystone Lake Homes</td>
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<td>Thomas Bergeland</td>
<td>Shapiro Fussell</td>
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<td>Tracy Marion</td>
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<td>Vicki Mitchell</td>
<td>Mortensen Woodwork</td>
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Special welcome to Danny Parrish who recently moved to the Peach State! Danny is a former CFMA chairman and is actively involved on the national level. He was an integral part in the formation of the Institute of Certified Construction Industry Financial Professionals and served as its first treasurer. Danny was honored by the CFMA with the creation of the Danny B. Parrish Leadership award in recognition for his leadership and contributions to the association.

Improve job performance, maximize profitability, and discover new possibilities. Be a CFMA member!

Contact Lori Greene or click [http://www.cfma.org/memb/app.asp](http://www.cfma.org/memb/app.asp) for details.

Leaders’ Edge

Ignoring The Excuse And Attacking The Problem

Focus on the job at hand

It’s important not to get hung up arguing about or debating the validity of excuses. Every employee makes excuses at one time or another. It’s better to ignore the excuse and focus on the job at hand.

For instance: An employee tells you that he “would have finished the job but people kept interrupting me.” Wrong answer: “Why did you let them interrupt you? And, by the way, who was interrupting you?” Right answer: “Fine. What is the status of the job now and when will you be finished?”

The right answer keeps the discussion focused on the job, not the excuse. As a general rule, attack the problem and ignore the excuse.
Motivating Any Employee In The Company

Figure out what motivates individual employees

It's a fact: Different needs motivate different people. Some crave power, others want money. Some want constant praise, others want to be left alone.

It's crucial for managers to figure out what motivates individual employees. Research shows that 97% of employees are motivated by one of the following seven needs:

1. **The need for achievement.** These employees want the satisfaction of accomplishing projects successfully. They want to exercise their talents to attain success. They are self-motivated if the job is challenging enough, so provide them with the right work assignments and they will consistently produce.
2. **The need for power.** These employees get satisfaction from influencing and controlling others. They like to lead and persuade, and are motivated by positions of power and leadership. Give them the opportunity to make decisions and direct projects.
3. **The need for affiliation.** These employees derive satisfaction from interacting with others. They enjoy people, and find the social aspects of the workplace rewarding. Motivate them by giving them opportunities to interact with others; teamwork projects, group meetings, etc.
4. **The need for autonomy.** These employees want freedom and independence. Allow them to make their own choices, set their own schedules, and work independently of others.
5. **The need for esteem.** These employees need recognition and praise. Give them ample feedback and public recognition whenever possible.
6. **The need for safety and security.** These employees crave job security, a steady income, health insurance, and a hazard-free work environment. Give these people predictable work with little risk or uncertainty. Also, salary and fringe benefits are very important to them.
7. **The need for equity.** These employees want to be treated fairly. They probably compare work hours, job duties, salary, and privileges to those of other employees—and will become discouraged if they perceive inequities.

“If you lead through fear you will have little to respect; but if you lead through respect you will have little to fear.” —Anonymous

“There are three types of leaders:
Those who make things happen;
Those who watch things happen;
and Those who wonder what happened!” —American Military Saying

CFMA Georgia Chapter Newsletter
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