

**AMATYC Executive Board Meeting  
SPO 2012  
Memphis, TN**

**Saturday January 14, 2012**

The meeting was called to order at 1:05 PM by President Jim Roznowski. The following members of the Executive Board were present:

Jim Roznowski	President	Annette Cook	Southeast Vice President
Rob Farinelli	Past President	Jim Ham	Midwest Vice President
Nancy Sattler	President-Elect	Nicole Lang	Central Vice President
Mary Beth Orrange	Secretary	Kathryn Kozak	Southwest Vice President
Margie Hobbs	Treasurer	Stefan Baratto	Northwest Vice President
Jane Tanner	Northeast Vice President	Bruce Yoshiwara	West Vice President
Chris Allgyer	Mid-Atlantic Vice President		

Also present were: Patrick Winters, Executive Director, Cheryl Cleaves, EDOO and Kevin Dockter, Conference Coordinator.

President Roznowski reviewed the rules of conduct. Individuals will have the responsibilities as indicated.

**MOTION:** To approve the attached Rules of Conduct. **Motion approved**  
Made by Rob Farinelli and seconded by Kathryn Kozak

**MOTION:** To approve the attached Order of Business and agenda. **Motion approved**  
Made by Bruce Yoshiwara and seconded by Stefan Baratto

**Consent Calendar – Motions**

Site Refresh Visit (Dockter) was moved from Consent Agenda to Old Business.

**MOTIONS ON CONSENT AGENDA**

**MOTION:** That the following individuals be appointed to the respective positions for the term indicated, pending membership verification:

**Steve Wilson** – Editing Director, from 1-1-12 through 12-31-14

**Kathy Mowers** – Mu Alpha Theta Representative, from 1-1-12 through 12-31-13

**Pat Rhodes** – Professional Networking Coordinator, from 1-1-12 through 12-31-12

**MOTION:** That Paul Kinion be appointed to the SML Test Development Team as a Central Region representative, pending membership verification. The term of office will commence 4-1-12 and end 3-31-14.

**MOTION:** That Jane Tanner, Northeast VP, be appointed to the AMATYC Foundation Board from 1/1/12 through 12/31/13.

**MOTION:** That Bruce Yoshiwara, West VP, be appointed to the Personnel Committee from 1/1/12 through 12/31/13.

**MOTION:** That the motions of the Consent Calendar of the 2012 SPO be approved as published and modified.

Made by Stefan Baratto and seconded by Kathryn Kozak

**Motion approved**

**MOTION:** That the attached Chapter 14, AMATYC Foundation Policies, be approved and included in the AMATYC Policies and Procedures Manual. (Appendix A)

Made by Jane Tanner and seconded by Margie Hobbs

**Motion approved**

**MOTION:** That the Innovative Teaching and Learning Committee (ITLC) will sponsor an “Ignite Event” at the 38th AMATYC Annual Conference in Jacksonville, 2012 and that up to \$3500 will be allocated from Special Projects to cover the cost of equipment and refreshments.

That the ITLC and PAC joint theme session approved for Jacksonville will now only be coordinated by PAC.

Made by Stefan Baratto and seconded by Mary Beth Orrange

**MOTION** to amend motion: remove “and refreshments.”

Made by Rob Farinelli and seconded by Kathryn Kozak

**Motion to amend defeated**

**MOTION** to amend the motion: change the words “equipment and refreshments” to “the event.”

Made by Rob Farinelli and seconded by Kathryn Kozak

**Motion to amend approved**

**AMENDED MOTION:** That the Innovative Teaching and Learning Committee (ITLC) will sponsor an “Ignite Event” at the 38th AMATYC Annual Conference in Jacksonville, 2012 and that up to \$3500 will be allocated from Special Projects to cover the cost of the event.

**Motion approved**

**MOTION:** That the following individual be appointed to the respective position for the term indicated, pending membership verification:

**Steve Blasberg** – SML Test Developer, from 1-1-12 through 3-31-14 (\*)

\*As this is beyond the normal term limit, it requires a 2/3 majority of the board.

Made by Rob Farinelli and seconded by Kathryn Kozak

**Motion approved**

**MOTION:** That, effective immediately, the site refresh visit 12 – 18 months prior to a conference is conducted by the Conference Coordinator, Program Coordinator, and Local Events Coordinator and any individuals who are shadowing those positions.

Made by Stefan Baratto and seconded by Kathryn Kozak

**AMENDED MOTION:** That, effective immediately, the site refresh visit 12 – 18 months prior to a conference is conducted by the Conference Coordinator, Program Coordinator, any individuals who are shadowing those positions and Local Events Coordinator.

Made by Stefan Baratto and seconded by Chris Allgyer

**Motion to amend approved**

**Motion approved**

The concept of a Member Survey was suggested by President Roznowski. Purpose and focus of a member survey was discussed. Committee was formed to address the issue of a member survey. Committee members include: Nancy Sattler, Cheryl Cleaves, Jim Ham, Patrick Winters, Jane Tanner, Nicole Lang, Annette Cook, (chair)

The meeting was adjourned at 2:20pm.

Mary Beth Orrange, Secretary 2012-2013

Date: \_\_\_\_\_

Jim Roznowski, President 2012-2013

Date: \_\_\_\_\_

Attachments:

Rules of conduct

Order of Business

Chapter 14, AMATYC Foundation Policies

**AMATYC Special Board Meeting  
SPO 2012 – Memphis, TN**

**RULES OF CONDUCT**

- A. Robert’s Rules of Order are used. The parliamentarian is **Chris Allgyer**.
- B. The following time limits will be applied unless otherwise noted:
  - Reports (R) - 5 minutes
  - Discussion items (D) – 10 minutes
  - Motions involving discussion (M) – 15 minutesTimes on individual items may be extended by a majority vote of the Board. Some items in the agenda may have different values assigned than listed here. The timekeeper is **Nicole Lang**.
- C. No speaker may speak on a motion more than two times, and this will be monitored by the Parliamentarian. Members are encouraged to display their “ditto” signs rather than to use their speaking times to echo comments previously expressed. Order of speakers is not guaranteed and may be changed at the option of the Chair.
- D. Professional decorum is expected at all times during the board meeting. The chair shall interrupt and rule a speaker out of order. **Please silence all cell phones**. Refrain from computer use other than board business.
- E. The following individuals are asked to track items throughout the meeting.
  - 1. Items relating to Conference: **Stefan** and **Annette** (Report to the Conference Coordinator at the end of SPO 2012.)
  - 2. Items relating to Budget: **Jim H.** and **Kate**. (Report to the treasurer at the end of SPO 2012).
  - 3. Items relating to the Office: **Bruce** and **Rob**. (Report to Cheryl and Pat at the end of SPO 2012).
  - 4. Items relating to VPs: **Jane** and all VPs.
  - 5. Items to return to at the Spring Board Meeting: **Margie** and **Nancy**. (Report to the President at the end of SPO 2012.)
- F. **Everyone** will be expected to review the minutes of the meeting.

## 14.0 AMATYC FOUNDATION

This chapter of the AMATYC Policy and Procedure Manual addresses the policies and procedures under which the administrative committee, the AMATYC Foundation, operates. It is divided into sections as follows:

- 14.1 Name of Administrative Committee
- 14.2 Mission
- 14.3 Governance
- 14.4 Gift Giving/Receiving Management
- 14.5 Investment Procedure
- 14.6 Investment Policy
- 14.7 Funds Growth and Purchasing Power Retention
- 14.8 Disbursement
- 14.9 Scope and Amendment
- 14.10 Dissolution
- 14.11 Supplemental Material

More specifically, the purpose of this policy and procedure manual is to set forth the manner in which gifts given or bequeathed to AMATYC: a) are received consistent with the purposes of AMATYC and the AMATYC Foundation, b) are well defined with respect to any accompanying restrictions such that the fund type can be assigned, c) are handled under a spending policy that assures prudent maximum use is made of any and all gifts, and d) are invested under a policy that preserves capital while providing income and moderate growth of the principal.

Hereinafter, the use of the terms “fund” or “funds” refers to all financial assets under the management of the AMATYC Foundation and as further defined in Subsection 14.6.2.

### 14.1 Name of Administrative Committee

The name of this AMATYC administrative committee is the “AMATYC Foundation” and it is governed by the “AMATYC Foundation Board.”

### 14.2 Mission

The mission of the AMATYC Foundation is to provide financial support for the goals and activities of AMATYC and its members, and for AMATYC projects.

The goals of the AMATYC Foundation are:

- Provide financial support for the goals and activities of AMATYC and its members,
- Provide financial support for AMATYC projects,
- Develop a network of corporate and mathematics education professionals to provide financial support, and
- Develop procedures for receiving, managing, and investing gifts, and disbursing funds.

The objectives of the AMATYC Foundation are:

- Create and implement a plan that recognizes unrestricted, designated, restricted, and endowment gifts,
- Develop a policy for investing the funds and distributing the funds and/or income from the invested funds,
- Create and implement a plan to raise funds for the projects that the AMATYC Foundation supports, and
- Identify and prioritize AMATYC Foundation projects that support the mission of AMATYC.

### 14.3 Governance

The AMATYC Executive Board delegates to the AMATYC Foundation Board the responsibility for obtaining, managing, investing, and disbursing foundation funds.

#### 14.3.1 AMATYC Foundation Board Membership

The AMATYC Foundation Board is composed of nine (9) voting members and one (1) non-voting member as follows:

- AMATYC Executive Board Immediate Past President
- AMATYC Executive Board Treasurer
- AMATYC Executive Board President
- AMATYC Executive Board Regional Vice-president
- AMATYC Executive Director of Office Operations
- Four members drawn from the AMATYC membership-at-large for the diversity of their experience and expertise<sup>1</sup> and who are recommended by the AMATYC Foundation Board
- AMATYC Executive Director (non-voting).

The terms of the first four members in the above list are governed by their respective elected terms of their AMATYC office. The term of office of the AMATYC Executive Director of Office Operations coincides with his/her appointment by the AMATYC Executive Board. The term of office of the AMATYC Executive Director coincides with his/her appointment by the AMATYC Executive Board.

The terms of the four members-at-large will be for four calendar years, but shall be staggered by one year, such that normally no more than one at-large position becomes open in any given year. The AMATYC Foundation Board will recommend the terms of the initial appointments to implement this rotation. Members can be reappointed for additional terms.

The AMATYC President recommends to the AMATYC Executive Board the appointment of the AMATYC Regional Vice-president. The AMATYC Foundation Board recommends to the AMATYC

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<sup>1</sup> Skills including, but not limited to, fund raising, financial, and non-profit organizational skills would be examples of the diversity of experience and expertise being sought.

Executive Board the appointment of the four members-at-large. These appointments must be approved by the AMATYC Executive Board.

The AMATYC immediate Past President is the Chair of the AMATYC Foundation.

The AMATYC Foundation Board elects its Recording Secretary (See Subsection 14.11.2 for duties) from its membership. When the appointment is made, the length of term shall be formally established. The AMATYC Foundation Chair is the budget manager for all foundation expense accounts.

The AMATYC Foundation Board may conduct its meetings either in person or electronically (e.g., by teleconference or e-mail) including taking binding votes. Approved official minutes of each meeting shall be archived at the AMATYC office.

#### 14.3.2 Investments Committee Membership

The AMATYC Foundation Board delegates responsibility for investing the Foundation funds to a sub-committee of four. This committee will be known as the AMATYC Foundation Board Investments Committee, hereinafter known as the “Investments Committee.” The Investments Committee is responsible for providing continuity of oversight of the financial assets of the AMATYC Foundation and to assure that “prudent investor” precepts are developed and followed in managing the financial assets of the AMATYC Foundation. It is the duty of this committee to implement and assure that all tenets of the policy set forth in Section 14.5 are followed.

Members of this committee will be appointed by the AMATYC Foundation Board from the current AMATYC Foundation Board for their interest in accomplishing such work, and the knowledge and expertise they bring to handling and addressing such matters.

The AMATYC Foundation Board, when appointing the four members to the Investments Committee, shall appoint them for staggered terms consistent with terms of the AMATYC Foundation Board members and to ensure that no more than two positions become open in any given year. When the appointment is made, the length of term should be formally established. At least two members of the Investments Committee should not be members of the AMATYC Executive Board. The Chairperson of the Investments Committee shall be elected from among its members. (See Subsection 14.11.2 for duties)

#### 14.3.3 Directors’ Insurance and Bonding

Each member of the AMATYC Foundation Board will be provided insurance coverage equal to the coverage that each member of the AMATYC Executive Board receives.

The AMATYC Foundation Board Chair and the member of the Investments Committee who is appointed to execute investment trades on behalf of the foundation shall be bonded as deemed appropriate by the bonding agency and the AMATYC Executive Board.

#### 14.4 Gift Giving/Receiving Management

The scope of this section is to set forth the policy, objectives, and constraints of gift giving/receiving management. This management policy will:

- a) Establish the policy and process for the receipt of gifts,
- b) Identify where gifts should be directed,
- c) Establish the policy for gift solicitation,
- d) Define the parameters of unacceptable gifts, and
- e) Establish the procedures and assign the responsibilities of the receipt of gifts.

Contributing to the AMATYC Foundation provides a means for supporters, members, and friends to share some of the gains of their professional careers and associations, and provide lasting support for AMATYC.

##### 14.4.1 Receipt of Gifts

Normally the acceptance of a gift is a *pro forma*<sup>2</sup> process. However, where restriction(s) or designation(s) apply or when a gift may involve some financial or organizational image liability, the AMATYC Foundation Board, upon advice of the Investments Committee, shall undertake a serious review including seeking advice from legal counsel. After considering all pertinent information, the AMATYC Foundation Board may refuse the gift. Should this be the case, the AMATYC Foundation Board Chair shall formally by letter politely decline the gift.

To avoid any misunderstanding, donors who propose to give gifts that contain designations, restrictions, or potential liabilities are strongly encouraged to discuss these issues with the designated member of the AMATYC Foundation Board as the gift is being planned. Restrictions that would not permit a gift to be converted to cash should be strongly discouraged as it may lead to rejection.<sup>3</sup>

At the end of each calendar year, twenty-five percent (25%) of the unrestricted funds from all gifts made to the AMATYC Foundation, including non-designated cash gifts, bequests, gift annuities, insurance policies, trusts, or other planned or deferred arrangements, received in the calendar year shall be transferred to the Endowment Fund and shall become part of the endowment corpus.

The Investments Committee shall manage all gifts made to the AMATYC Foundation.

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<sup>2</sup> The term *pro forma* ([Latin](#) "as a matter of form") is a term applied to practices or documents that are done as a pure formality, [perfunctory](#), or seek to satisfy the minimum requirements or to conform to a [convention](#) or [doctrine](#). (Source: Wikipedia)

<sup>3</sup> If any member of the leadership of AMATYC or the AMATYC Foundation is aware that a potential donor is considering making a gift to the AMATYC Foundation, he/she should encourage the potential donor to meet with the designated member of the AMATYC Foundation Board to assure that the wishes of the potential donor are optimally met.



#### 14.4.2 Gift Making

Gifts should be made in the name of the **AMATYC Foundation** and should be directed to the:

AMATYC Foundation  
Attn: Foundation Chairperson  
5983 Macon Cove  
Memphis, TN 38134

#### 14.4.3 Gift Solicitation

No solicitation of donations or gifts of funds or real property for the benefit of the AMATYC Foundation will be made by anyone without the formal approval of the AMATYC Foundation Board. All endowment gift and grant solicitation proposals from the AMATYC Foundation to AMATYC members or other potential donors must be reviewed by the Investments Committee prior to the presentation of the proposal to the AMATYC Foundation Board for approval.

#### 14.4.4 Unacceptable Gifts

The AMATYC Foundation will not accept gifts which:

- a) Violate Federal or New York law or would necessitate infractions of the law,
- b) Restrict the ability of the AMATYC Foundation to seek and accept gifts and/or grants from other sources, and
- c) Prevent the AMATYC Foundation from carrying out its mission.

Any gift that is received and determined to be unacceptable will be returned to the donor accompanied by a letter of explanation from the AMATYC Foundation Chair.

#### 14.4.5 Duties at Receipt of Gift

Once a gift is received and accepted, the AMATYC Foundation Board Chairperson shall formally acknowledge receipt of the gift to the donor(s) or their survivors, and, unless anonymity is requested in writing, the gift shall be made known to the membership. The gift shall be managed by the Investments Committee in accordance with the term of this policy.

Within a reasonable time after accepting a gift, the Investments Committee shall review the terms of the gift, and make and implement decisions concerning the retention and disposition of assets, in order to bring the trust portfolio into compliance with the purposes, terms, distribution requirements, and other circumstances of the gift and with the requirements of the Act described in Section 14.5 – Investment Procedure.

#### 14.5 Investment Procedure

The scope of this policy is to set forth the investment policy, objectives, and constraints of the AMATYC Foundation. This investment policy will:

- a) Define and assign the responsibilities of all involved parties,
- b) Establish a clear understanding for all involved parties of the investment goals and objectives of the various investment funds,
- c) Offer guidance and limitations to all Investment Managers regarding the investment of fund assets,
- d) Establish a basis for evaluating investment results,
- e) Manage fund assets according to prudent standards as established in common trust law, and
- f) Establish the relevant investment horizon for which the fund assets will be managed.<sup>4</sup>

It is the duty of the Investments Committee, established by the AMATYC Foundation Board, to implement and assure that all tenets of the AMATYC Foundation Investment Policy are followed.

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<sup>4</sup> The scope of this policy is to outline a philosophy that will guide the investment management of fund assets toward the desired results.

#### 14.5.1 Background and Fundamental Precepts

All aspects of the policy are set forth in consonance with the “Prudent Investor” concept set forth in the Uniform Prudent Investor Act as approved by the American Bar Association February 14, 1995. The Uniform Prudent Investor Act is hereinafter referred to as the “Act.”

#### 14.5.2 Prudent Investor Rules

The Investments Committee owes duty to the AMATYC Foundation to comply with the prudent investor rules set forth in the Act.

The prudent investor rule, a default rule, may be expanded, restricted, eliminated, or otherwise altered by the provisions of this policy.

#### 14.5.3 Standard of Care, Portfolio Strategy, and Risk and Return Objectives

The Investments Committee shall invest and manage fund assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the gift. In satisfying this standard, the Investments Committee shall exercise reasonable care, skill, and caution.

The Investments Committee’s investment and management decisions respecting individual funds must be evaluated, not in isolation, but in the context of the asset portfolio as a whole and as part of an overall investment strategy having risk and return objectives suited to the funds.

Circumstances that the Investments Committee shall consider in investing and managing fund assets are such of the following as are relevant to the AMATYC Foundation:

- a) General economic conditions,
- b) The possible effect of inflation or deflation,
- c) The role that each investment or course of action plays within the overall Fund portfolio,
- d) The expected total return from income and the appreciation of capital,
- e) The needs for liquidity, regularity of income, and preservation or appreciation of capital, and
- f) The gift’s special relationship or special value, if any, to the purposes of the giver.

The Investments Committee shall make a reasonable effort to verify the facts relevant to the investment and management of fund assets.

The Investments Committee may invest in any fund(s) that are consistent with the Act. Members of the Investments Committee who have special skills or expertise, or who are named a member in reliance upon the member’s representation that the member has special skills or expertise, have a duty to use those special skills or expertise.<sup>5</sup>

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<sup>5</sup> Special skills or expertise are defined to include being an active investor; willing to dig into financial data including, but not limited to, prose, tables, and charts; and having quantitative literacy skills

#### 14.5.4 Diversification

The Investments Committee shall diversify the investments of the funds unless the Investments Committee reasonably determines that, because of special circumstances, the purposes of the assets are better served without diversifying.

#### 14.5.5 Loyalty

The Investments Committee shall invest and manage assets solely in the interest of the AMATYC Foundation.

Conflict of interest is governed by Subsection 14.11.3 of this Chapter and applies “in spirit and letter” to all members of the AMATYC Foundation Board when they are acting in that capacity.

#### 14.5.6 Impartiality

The Investments Committee shall act impartially in investing and managing the assets, taking into account any requirements of individual gifts.

#### 14.5.7 Investment Costs

In investing and managing assets, the Investments Committee may only incur costs on behalf of the AMATYC Foundation that are appropriate and reasonable in relation to the assets, the purposes of the AMATYC Foundation, and the skills of the Investments Committee.

#### 14.5.8 Reviewing Compliance

Compliance with the prudent investor rule is determined in light of facts and circumstances existing at the time of the Investments Committee’s decision or action, and not by hindsight.

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applicable to working with financial data such as ratios, interest computations, statistical tools, and trend charts.

#### 14.5.9 Delegation of Investment and Management Functions

The Investments Committee may delegate investment and management functions that an investment manager of comparable skills could properly delegate under the circumstances. The Investments Committee shall exercise reasonable care, skill, and caution in:

- a) Selecting an investment manager,
- b) Establishing the scope and terms of the delegation consistent with the purposes and terms of this policy,
- c) Assuring that the agent is appropriately bonded and/or insured for at least the amount of AMATYC Foundation funds entrusted to their management, and
- d) Periodically reviewing the agent's performance and compliance with the terms of the delegation.

Selection of an Investment Manager will be accomplished through a competitive Request for Proposals (RFP) process designed by the Investments Committee and approved by the AMATYC Foundation Board.

In performing a delegated function, an investment manager owes duty to the Investments Committee to exercise reasonable care to comply with the terms of the delegation.

The Investments Committee that complies with the requirements of Subsection 14.5.9 is neither liable to the AMATYC Foundation nor to the AMATYC Executive Board for the decisions or actions of the investment manager to whom the function was delegated.

By accepting the delegation of an Investments Committee function that is subject to the laws of the State of New York, the investment manager submits to the jurisdiction of the courts of the State of New York.

#### 14.6 Investment Policy

In general, the purpose of this section is to outline a philosophy and attitude that will guide the investment management of the AMATYC Foundation assets<sup>6</sup> toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

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<sup>6</sup> AMATYC Reserve Funds are not considered to be AMATYC Foundation assets. The investment policy for AMATYC Reserve Funds is in Section 6.2 of the AMATYC Policy and Procedures Manual.

### 14.6.1 Investment Objectives

The objectives of the Investments Committee shall be to:

- a) Preserve principal,
- b) Protect against inflation,
- c) Increase assets without sacrificing liquidity,
- d) Meet current project obligations,
- e) Achieve stable returns with tolerance for fluctuations, and
- f) Achieve long-term growth.

Operating funds and other short-term funds expected to be spent within a year should be invested in money market or government instruments with maturities of one (1) year or less.

Other short-term funds needed within a few years [up to three (3) years] should be invested in investment grade fixed income instruments including treasury instruments, corporate bonds, and/or notes.

Long-term funds may advantageously be invested in common stocks and/or mutual funds<sup>7</sup> where returns over time should be far greater than returns on fixed assets.

### 14.6.2 Investment Funds Operation

An investment is one of the types of funds or assets described in Paragraph 14.6.3.2 which comprises capital from which return is realized and the purpose of the gift is served by allocating all or a portion of the return for expenditure to the designated purpose in addition to any corpus that has been designated for expenditure. The return is composed of income and gain or loss of the underlying assets whether the asset has been sold and the gain or loss “realized,” or the asset is held and the gain or loss is “unrealized”.

The donor’s intent is the overriding factor in determining how an investment gift is to be managed. Some donors specifically provide that any return from the gift that they establish together with original principal, become capital and therefore both principal and a portion of the return is “permanently restricted.” Other donors are silent as to the character of the return. Often it is unclear whether those donors intended to retain any return with the principal or to have available the entirety for expenditure. The impact of failing to retain part of the return is to diminish the purchasing value of the underlying funds over time. It is the belief of the AMATYC Foundation that most donors who have established perpetual endowment funds are interested in preserving the purchasing power of those funds over time and therefore, the AMATYC Foundation shall treat such a portion of the return as restricted to the same purpose as the original gift. The return over and above that required to maintain purchasing power shall be available to be spent consistent with Section 14.2 of this policy.

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<sup>7</sup> Stocks are riskier in the short term, but stocks in a diversified number of well established companies should yield higher rewards over time.

### 14.6.3 Types of Funds

There are two types of funds used by the AMATYC Foundation: 1) Operating Funds usually referred to as Operating Accounts and 2) Investment Funds.

#### 14.6.3.1 Operating Funds

Operating Funds (Accounts) are used in the day-to-day operation of the foundation for handling regular income and expenses. (See Subsection 14.11.1 for a current listing of Accounts). These accounts receive funds from donations, pledges, special bequests, fund raisers, interest, dividends, and when in accordance with this Policy, transfers from Investment Funds. Expenditures are made in accordance with approved budgets or organization purposes and/or programs.

#### 14.6.3.2 Investment Funds

Investment Funds (Accounts) are accumulated sums of monies and/or occasional large sums of monies donated or set aside either by the donor or the governing bodies of AMATYC or the AMATYC Foundation for long term investment (See Subsection 14.11.1 for a current listing of Funds). The investment and use of Investment Funds are governed by each fund's assigned "Type" of which there are four types.

Unrestricted Funds: Unrestricted funds are funds the AMATYC Foundation receives to further its objectives with no spending stipulations attached. These can be donations, grants, or fees earned. Contracts should be treated as unrestricted funds.

Designated Funds: Designated Funds are unrestricted funds that the AMATYC Foundation Board has chosen to direct to a particular use.

Restricted Funds: Restricted Funds must be used for the purpose for which they are given. A donor can require the AMATYC Foundation to spend his/her donation in accordance with their wishes. This creates the restriction which is an obligation under trust law. A grant may be restricted funds.

Endowment Funds (also known as permanently restricted funds): Endowment Funds are those funds specified by the donor to be held in perpetuity and invested to produce income. The original principal, or corpus, of the fund must remain intact and unspent. The original principal (corpus) will retain its purchasing power over time by being indexed according to the annual CPI-All Users. Only income beyond the CPI growth may be spent.

The AMATYC Foundation's endowment is one of the resources that has been provided by supporters, members, and friends to be used on their behalf to strengthen the ongoing work of AMATYC.

### 14.6.4 Investment of Funds

In order to assure that the AMATYC Foundation fulfills its fiduciary responsibilities, the funds of Subsection 14.6.3 shall be managed by the Investments Committee along with sufficient information such that the committee can make investments of appropriate duration.

#### 14.6.5 Investment Requirements

Assets shall be invested in a manner consistent with the safeguards and diversity to which a prudent investor would adhere.

The assets shall be invested with the primary emphasis on consistency of performance to protect against excessive volatility in market value from year to year. Emphasis is placed on the achievement of adequate investment growth such that the purchasing power of the principal value is maintained over time.

The investment goal for the assets should be a minimum total return of three (3) percentage points in excess of the rate of growth of the Consumer Price Index over the most recent three-year period.<sup>8</sup>

#### 14.6.6 Investment Guidelines

The Investments Committee has full discretion with respect to the selection of investments and the timing of transactions, within the following guidelines:

- a) All classes of investment are to be held, invested, and reinvested in recognized, quality, marketable securities.
- b) Common stocks and equity-related securities are to be diversified as to industry and number of holdings.
- c) The Investments Committee shall not purchase investments in a single company in a total amount exceeding 5% of the aggregate market value of all assets under its control. Securities issued or guaranteed by the United States Government or its agencies may be held without limitation to the aforementioned five percent (5%) restriction. However, the Investments Committee may purchase mutual funds as long as no one fund exceeds 25% of the market value of invested assets and meets the above requirements of this paragraph.
- d) Fixed income obligations are to be selected and managed among investment grade bonds or managed bond funds. There is no limit to the percentage to be held in fixed income obligations. Maximum maturities should not exceed eight years.

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<sup>8</sup> Relative performance results are expected to exceed major financial yardsticks such as the S&P 500 Stock Index and/or the Lehman Bond Indices over time.



The Investments Committee has the latitude to override these guidelines for short periods (up to three months) in order to facilitate the orderly and timely purchase and sale of securities.

#### 14.6.7 Review Process

Performance reports shall be compiled by the Investments Committee at least quarterly and communicated to the AMATYC Foundation Board members. The AMATYC Foundation Chair will provide reports to the AMATYC Executive Board at its spring and fall meetings.

The Investments Committee shall make an annual report to the AMATYC Foundation Board covering its major policy decisions of the past year and the performance of funds under its management. The AMATYC Foundation Chair shall share this report with members of the AMATYC Executive Board.

The investment manager, if one has been retained, will meet no less than annually with the Investments Committee to:

- a) Determine whether the investment manager has performed in adherence to this statement of investment policy as set forth herein,
- b) Determine if the asset allocation and security selection decisions are prudent,
- c) Conclude if the investment manager has met the performance goals as determined by the Investments Committee, and
- d) Make a determination of the current asset mix and adjust if necessary.

The Investments Committee recognizes that the capital markets are dynamic and that any statement of investment guidelines and objectives at any point in time may not be totally appropriate, applicable or meaningful. It is the responsibility of the investment manager to make appropriate recommendations in writing or in person to the Chairman of the Investments Committee.<sup>9</sup>

#### 14.7 Funds Growth and Purchasing Power Retention

In this section, the equations underlying the growth of funds and purchasing power retention are set forth consistent with the principles of the foregoing Paragraphs.

##### 14.7.1 Goals and Objectives

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<sup>9</sup> Whenever the investment manager believes any guideline is too broad or too restrictive, requires further definition, or should be altered or deleted, it is the responsibility of the Investment Manager to address these issues in writing to the Chair of the Investments Committee.

As stated in the Fundamental Precepts (Section 14.5), the target for certain Invested Funds should be to use income (both realized and unrealized) and the initial principal or corpus amount in support of AMATYC Foundation activities. In the case of Invested Endowment Funds, the criteria shall be that the purchasing power of the original principal or corpus amount be maintained.

#### 14.7.2 Start-up Period

As of January 1, 2012, all Endowment Funds and endowment investment returns (both realized and unrealized) are frozen for a three-year period in order to establish a base-history period on which to determine the income trends from these funds. At the end of this period and thereafter, a portion of the income generated by endowment funds will be available for use by the AMATYC Foundation. The portion of the endowment income that is available for use is described in 14.6.3.2 under Endowment Funds.

#### 14.7.3 Funds Purchasing Power Retention

The purchasing power of the Endowment Income Funds will be maintained by recognizing the impact of the consumer price index, the rate of return on invested funds, the costs associated with investing the funds, and controlling the rate of expenditure.

Definitions of terms used in the equations of this section are:

- AE – Annual Expenditure
- ARR – Annual Rate of Return
- B – Base amount of funds invested
- CPI – Consumer Price Index – All Urban Consumers
- EA – Excess Available
- FA – Funds Available for Investment
- FG – Funds Growth
- IC – Investment Costs associated with investing the funds including purchase, sales, management fees, etc.
- NF – New Funds
- OF – Original Funds
- UE – Unanticipated Expenditure

#### Endowment Funds Growth

The growth of the Endowment Income Funds depends on the annual expenditure, any unanticipated expenditure, the annual return, and the cost of investing the funds. The “(Endowment) Funds Growth” is calculated<sup>10</sup> as follows.

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<sup>10</sup> These equations are provided for guidance. In some circumstances, other or equivalent equations may be more appropriate.

$$FG = [FA + NF - AE - UE] [1 + ARR] - IC - B \quad (\text{Eq. 1})$$

Note that the preceding year's Funds Growth (FG) plus the base amount (B) becomes the new Funds Available (FA) starting point for the next year.

### Base

The purchasing power of the Endowment Income Funds is maintained by annually incrementing the "Base" amount of funds and any new funds for the increase in the CPI (Consumer's Price Index – All Urban Consumers). The new annual "Base" is calculated as follows:

$$B = [OF + NF] [1 + CPI] \quad (\text{Eq. 2})$$

The preceding year's Base (B) becomes the new Original Funds (OF) starting point for the next year.

### Available for Expenditure

The three-year initial period of no expenditure described in Subsection 14.7.2 allows the establishment of baseline performance such that a relative constant level Annual Expenditure (AE) can be made without impairing the long range health of the Endowment Funds and their purchasing power.

In order to minimize the impact in swings of interest rates (ARR) and the Consumer Price Index (CPI), it is recommended that the Annual Expenditure be limited to a constant percentage of the Funds Growth (FG). This percentage may have to be adjusted if the Annual Rate of Return (ARR) decreases significantly from current levels or the Consumer Price Index (CPI) increases significantly from current levels. The initial suggested percentage will be determined based on data accumulated over the three-year start-up period.

In order to make this Investment Fund procedure work and be robust for the long term, the Excess Available must be maintained as a positive number under all circumstances and thus may require adjustments in the annual expenditure to ensure this result. In equation form:

$$EA = FG - B \quad (\text{Eq. 3})$$

Note that the Annual Expenditure (AE) has already been accounted for in the Funds Growth (FG).

### 14.7.4 Emergency Use of Funds

If at any time it becomes necessary to use Endowment Income Funds in excess of the "Available Funds," any funds "borrowed" from the Endowment Income Funds must be replaced with the invested return on the remaining funds until the point at which the Endowment Funds plus invested funds equals the original Endowment Income Funds prior to borrowing and incremented by the annual CPI rate for

the period during which the funds were borrowed.<sup>11</sup> A form of Eq. 3 would apply in this situation.

#### 14.8 Disbursement

Any funds under the control of the AMATYC Foundation Board per Paragraph 14.6.2.2 will be disbursed to support activities and projects consistent with the mission of AMATYC and its strategic plan, the requirements of the donors, and the availability of investment income.

Disbursement of these funds will be accomplished for projects approved by the AMATYC Foundation Board.

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<sup>11</sup> Only up to 10% of the Endowment principle can be borrowed and this loan from the Endowment Fund must be repaid within one year.

#### 14.8.1 Identification and Establishment of Projects

Proposals for projects can come from any person or entity, inside or outside of AMATYC. The proposals for projects shall be routed to the Foundation Chair. Such proposals shall include the following information:

- a) Title
- b) Goals and Objectives of the activity or project
- c) Short statement (no more than 2-3 paragraphs) describing how the project is to be accomplished, including dissemination plans, if appropriate, and personnel to manage the activities
- d) Period of accomplishment
- e) Proposed budget for project, that includes appropriate detailed expenditures
- f) Name of person/entity making proposal, address, telephone number, e-mail address, and vitae of the person with major oversight and management of the activity or project

The AMATYC Foundation Mini-Grant process will follow the process that is outlined in Section 11.8.

The AMATYC Foundation Board will evaluate the proposals for consistency with the mission of AMATYC and its strategic plan, perceived value, ability for accomplishment, and availability and appropriateness of funding.

The AMATYC Foundation Board will notify the person/entity making the proposal of its decision in a timely manner.

#### 14.8.2 Project Implementation Process

If a project is approved for funding, the AMATYC Foundation Board will establish the parameters for payout of the funds, and requirements for reporting the results of the project to the AMATYC Foundation Board and dissemination beyond the AMATYC Foundation Board by the person(s) and/or entity in a timely manner at the end of the project.

If the project requires a proposal and evaluation process, then the AMATYC Foundation Board Chair may appoint a subcommittee of the AMATYC Foundation Board to establish/design the proposal, review, and evaluation processes and may enlist the services of additional expertise if needed. When the proposal and evaluation processes have been approved by the AMATYC Foundation Board, approval will include detailed implementation instructions including an appropriate application form and reporting requirements.

#### 14.9 Scope and Amendment

Chapter 14 represents the complete set of policies and procedures of the AMATYC Foundation Board, and as such, obviates and supersedes all policy and motions made by the AMATYC Foundation Board existing prior to the date of approval of this policy.

Chapter 14 of the AMATYC Board Policy and Procedure Manual can only be amended upon recommendation to the AMATYC Executive Board by a seventy-five percent (75%) affirmative vote of the AMATYC Foundation Board membership; and by a simple majority of the quorum of the AMATYC Executive Board.

#### 14.10 Dissolution

In the event of dissolution of AMATYC, the reasons for the existence of the AMATYC Foundation shall cease. The assets of the AMATYC Foundation shall be distributed pursuant to the directives of Article XIV, Dissolution, of the AMATYC By-Laws found in the Policies and Procedures Manual of which this Chapter 14 is a part.

#### 14.11 Supplemental Material

Materials in this section are referenced in the other sections and are to provide additional information.

##### 14.11.1 List of Accounts and Funds

(To be supplied at a later time.)

##### 14.11.2 List of Duties for Foundation Leadership

Duties for AMATYC Foundation Chairperson:

- a) Convene and conduct Foundation Board meetings,
- b) Prepare reports for AMATYC Executive Board,
- c) Serve as budget manager for AMATYC Foundation expenditures, and
- d) Coordinate the preparation of AMATYC Foundation annual budget.

Duties for AMATYC Foundation Recording Secretary:

- a) Record official minutes of each AMATYC Foundation Board meeting,
- b) Distribute draft minutes, and
- c) File final signed copy of approved minutes with the AMATYC office in a timely manner.

Duties for AMATYC Foundation Investment Committee Chairperson:

- a) Convene and conduct meetings of the AMATYC Foundation Investment Committee,

- b) Provide leadership for selecting investments and/or selecting and overseeing an Investment Manager,
- c) Keep informal minutes of each Investment Committee meeting including investment decisions,
- d) Keep the AMATYC Foundation Chair informed of Investment Committee meetings and decisions,
- e) Prepare reports describing the activities of the committee and the results of investments, and
- f) Communicate financial transactions requests to the AMATYC Treasurer who executes the transactions.

#### 14.11.3 Conflict of Interest<sup>12</sup>

The AMATYC Foundation Conflict of Interest policy is an extension of the AMATYC Conflict of Interest policy (Subsection 2.1.1) and is to be used to clarify potential conflicts specifically for the AMATYC Foundation Board.

This policy is focused to protect the image and integrity of AMATYC and the image and financial interests of the AMATYC Foundation.

##### 14.11.3.1 Definition of Conflict of Interest

Conflicts of interest can be defined as any situation in which an individual(s) is in a position to exploit a professional or official capacity in some way for their personal benefit.

##### 14.11.3.2 Examples of Conflict of Interest

Examples of conflict of interest include, but are not limited to:

- a) Self dealing – This occurs when a member of the AMATYC Foundation Board causes it to enter into a transaction with that member or with another organization that benefits the member. The member is said to be on both sides of the “deal.”
- b) Outside employment or organizational membership – This occurs when a member of the AMATYC Foundation Board has employment or organizational membership interests that are in contradiction to the interests of the AMATYC Foundation.
- c) Family interests – These occur when a member of the AMATYC Foundation causes services to be purchased from a spouse, child, or other close relative (or participates in their employment by the AMATYC Foundation) or from a firm controlled by a relative. In cases such as these, the AMATYC Foundation member should recuse from such decisions.
- d) Gifts – This occurs when an AMATYC Foundation member would receive a gift from someone or some organization with which the AMATYC Foundation is doing business. Only

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<sup>12</sup> The material in this subsection was adapted from material found at [www.wikipedia.org/wiki/Conflict\\_of\\_interest](http://www.wikipedia.org/wiki/Conflict_of_interest).

a gift of nominal value (\$10) may be accepted if to do otherwise would be considered insulting to the giver.

#### 14.11.3.4 Methods for Mitigating Conflicts of Interest

Methods for mitigating conflicts of interest include, but are not limited to:

- a) Removal – The best way to handle conflicts of interest is to avoid them entirely.
- b) Disclosure – This can be accomplished by disclosing a conflict of interest via the form in Paragraph 14.11.3.5. Then the AMATYC Foundation Board would act upon the disclosure in keeping with Paragraph 14.11.3.6.
- c) Recusal – Members with a conflict of interest are expected to recuse themselves from (i.e., abstain from) decisions where such a conflict exists. The imperative for recusal varies depending upon the circumstance, either as common sense ethics, codified ethics, or by statute.
- d) Third party evaluations – These are used when it is necessary to have evidence that decisions, which might be viewed as raising the issue of conflict of interest, have been made impartially.

#### 14.11.3.5 Disclaimer Form for Conflict of Interest

Annually, at the first meeting of the AMATYC Foundation Board each year, each member of the AMATYC Foundation Board will read this Conflict of Interest policy and will fill out the form at the end of this chapter signifying that they have read this policy and attest that they have no conflicts of interest with respect to the duties of an AMATYC Foundation Board member or if they do, they will reveal those actual or potential conflicts of interest.

These forms will be sent to the Chair of the AMATYC Foundation Board for review and referred to the AMATYC Foundation Board for action if necessary. Once the review of the forms is complete and any necessary actions have been taken, the AMATYC Foundation Board Chair will send them to the AMATYC Office for filing and safekeeping along with a signed cover letter attesting to the fact that all Foundation Board members have completed the form, that the forms have been reviewed, and that to the best of the Chair’s knowledge, the spirit and intent of Subsection 14.11.3 have been met.

#### 14.11.3.6 with Conflicts

Conflicts of revealed Paragraph of interest that



Procedure for Dealing of Interest

Interest that are through the process of 14.11.3.5 or conflicts arise during the year

will be addressed by the full membership of the AMATYC Foundation Board. Typical results may be to ask a member of the AMATYC Foundation Board to recuse himself/herself from a particular series of discussions or actions, or in more serious conflict of interest, the AMATYC Foundation Board would ask the individual(s) to resign from the AMATYC Foundation Board.



### CONFLICT OF INTEREST FORM

**AMATYC FOUNDATION  
SOUTHWEST TENNESSEE CC  
5983 MACON COVE  
MEMPHIS, TN 38134**

I, \_\_\_\_\_, declare that I have received a copy of Section 2.1.1 and Chapter 14 of the American Mathematical Association of Two-Year Colleges (AMATYC) “Policy and Procedures Manual” and that I have read it and understood its intent.

My position on the Foundation Board is (Please check all that apply):

- Foundation Member
- Foundation Chair
- Investments Committee Member

Relative to my position on the AMATYC Foundation Board,

- I have no business or professional associations that would result in a conflict of interest.
- I have the following business and professional business associations that may or could result in a conflict of interest (Please list all):

Business and/or Organizational affiliations:

\_\_\_\_\_  
Grant related activities:

\_\_\_\_\_  
Publications:

\_\_\_\_\_  
Related Investments:

**CONFLICT OF INTEREST DECLARATION:** *During my period of service in connection with the AMATYC Foundation for which this form is being completed, I will not participate in any decision for which I have a conflict of interest as defined in the Conflict of Interest Policy, and I will formally disclose for the record the fact that I am not participating. In cases of uncertainty about whether or not a conflict of interest exists, I will consult the AMATYC Foundation Chair as necessary about the specific circumstances involved for the activity.*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

For use by AMATYC Foundation Chair in accord with Paragraphs 14.11.3.5 and 14.11.3.6.

\_\_\_\_\_  
Reviewed and Approved:

\_\_\_\_\_  
Additional Disposition (If required):

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date