American Association of Collegiate Registrars and Admissions Officers
Minutes of the Meeting of the Board of Directors
March 13, 2013
Conference Call

Board Members in Attendance: Jim Bouse, Luisa Havens, Tracey Jamison, Nancy Krogh, Adrienne McDay, Nora McLaughlin, Brad Myers, Jeff von Munkwitz-Smith

Board Members Absent: Melanie Gottlieb, Paul Kyle

Board Nominees in Attendance: Stan Demerritt, Tina Falkner

Staff Members in Attendance: Matthew Ogle, Mike Reilly

Call to Order
President von Munkwitz-Smith called the meeting to order at 3:05 p.m. Eastern Time on March 13, 2013.

Approval of Agenda
MOTION 2013.03.01 – It was duly moved and seconded to approve the agenda as amended. APPROVED

Reports of Committees
Finance and Investments Committee
Vice President Krogh reviewed the January financial reports with the Board and the proposed changes to the AACRAO Investment Policy.

MOTION 2013.03.02 – It was duly moved by the Finance and Investments Committee to approve the updated AACRAO Investment Policy. APPROVED

MOTION 2013.03.03 – It was duly moved by the Finance and Investments Committee to approve the new investment allocation as found in the addendum to the updated AACRAO Investment Policy. APPROVED

Vice President Krogh reviewed with the Board her work on the draft of AACRAO's Gift Policy.

Approval of Minutes
MOTION 2013.03.04 – It was duly moved and seconded to approve the minutes of the meeting of the Board of Directors on February 8-10, 2013. APPROVED

MOTION 2013.03.05 – It was duly moved and seconded to approve the minutes of the Executive Session of the Board of Directors on February 10, 2013. APPROVED

Reports of Officers
Vice President for Information Technology

Vice President Bouse reviewed his work on the charge for the AACRAO representative on the PESC Board and discussed committee membership

<u>President</u>
President von Munkwitz-Smith reviewed the proposal to amend the student membership category.

MOTION 2013.03.06 – It was duly moved and seconded to approve the presented changes to Board Handbook policy F.1.3 regarding student membership. APPROVED

President von Munkwitz-Smith led a discussion of the possibility of contracting with BoardSource to perform a Board assessment. He suggests this take place in May, but that the survey include the members of the 2012-2013 Board.

Reports of Staff
<u>Executive Director</u>
Executive Director Reilly updated the Board on recent activities and discussed a proposal to make an update to the charge to the International Credential Evaluation Task Force.

MOTION 2013.03.07 – It was duly moved and seconded to approve the change to the Charge to the International Credential Evaluation Task Force. APPROVED

Executive Director Reilly reported that Vice President Gottlieb will distribute the final list of members of the task force soon.

Unfinished Business
The list of action items was reviewed and updated.

Executive Session
MOTION 2013.03.08 – It was duly moved and seconded that the Board move into executive session. APPROVED

MOTION 2013.03.09 – It was duly moved and seconded by the Compensation Committee in executive session to approve a personnel matter. APPROVED

MOTION 2013.03.10 – It was duly moved and seconded by the Compensation Committee in executive session to approve a personnel matter. APPROVED

MOTION 2013.03.11 – It was duly moved and seconded by the Compensation Committee in executive session to approve a personnel matter. APPROVED

MOTION 2013.03.12 – It was duly moved and seconded that the Board of Directors Executive Session Meeting be adjourned. APPROVED

Adjournment

MOTION 2013.03.13 – It was duly moved and seconded to adjourn the meeting of the Board of Directors. APPROVED

The Board of Directors meeting adjourned at 4:31 p.m. Eastern Time on March 13, 2013.

Attachments
AACRAO Investments Policy updated March 13, 2013
Minutes of the February 8-10, 2013 Board Meeting
Board Handbook policy F.1.3 updated March 13, 2013
Charge to the International Credential Evaluation Task Force updated March 13, 2013

American Association of Collegiate Registrars and Admissions Officers

Association Investment Policy

1. Board of Directors

1.1. Fiduciary Capacity – All funds of the American Association of Collegiate Registrars and Admissions Officers ("AACRAO") are held by its Board of Directors ("Board") as a fiduciary. Therefore, all restricted and unrestricted funds of the organization are held by the Association as a steward for the sake of carrying out AACRAO's mission and objectives. The following instructions are to be understood and employed with that sense of stewardship in mind.

1.2. Prudent Investor - The basic investment standards shall be those of a prudent investor as articulated in laws of the District of Columbia. This standard requires that the Board invest and manage AACRAO's funds as a prudent investor would, in light of the purposes, terms, distribution requirements, and other circumstances of the funds. This standard requires that the Board exercise reasonable care, skill, and caution, and is to be applied to investments not in isolation but in the context of the overall investment portfolio and as a part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the portfolio. In making and implementing investment decisions, the Board has a duty to diversify the investments of the portfolio unless, under the circumstances, it is prudent not to do so. In addition, Board members must conform to fundamental fiduciary duties of loyalty and impartiality; act with prudence in deciding whether and how to delegate authority and in the selection and supervision of agents; and, incur only costs that are reasonable in amount and appropriate to the investment responsibilities of those agents.

1.3. The Board of Directors will

1.3.1. approve the selection, hiring, and termination of all outside financial advisors and other outside investment professionals; and

1.3.2. establish investment guidelines and policies that direct the investment of the Association's portfolio including asset allocation, risk tolerance, and investment time horizon.

1.4. Conflicts of Interest – The Board will not invest AACRAO funds with any firm or in any vehicle that may monetarily benefit a member of the Board or the AACRAO staff as a result of the transaction.

1.5. Amendment – The Board reserves unto itself the exclusive right to amend or revise this policy.

2. Finance and Investments Committee

2.1. Purpose - The purpose of the Finance and Finance and Investments Committee is to assist the Board in reviewing investment policies, strategies, transactions, and the performance of the Association's investment portfolio(s).

2.2. Responsibilities – The Finance and Investments Committee shall

2.2.1. supervise the overall implementation of AACRAO's investment policies by the Executive Director and outside investment professionals; and

2.2.2. recommend the selection, hiring, and termination of all outside financial advisors and other outside investment professionals to the Board of Directors for its approval; and

2.2.3. recommend the establishment of investment guidelines and policies to the Board of Directors for its approval; and

2.2.4. review and evaluate the performance of the investment portfolio and financial advisors and other outside investment professionals at least once per fiscal year to assure adherence to policy guidelines, and monitor progress toward achieving investment objectives, and report the results of such reviews and evaluations to the Board; and

2.2.5. provide overall supervision to the Executive Director to whom the Committee delegates specific duties related to AACRAO investments; and

2.2.6. act in accord with this investment policy and all applicable laws and state and federal regulations that apply to nonprofit agencies including, but not limited to, the Uniform Prudent Investors Act and the Uniform Prudent Management of Institutional Funds Act; and

2.2.7. perform other duties as delegated by the Board from time to time.

3. Management

At the discretion of the Finance and Investments Committee, specific duties, tasks, and responsibilities related to the Association's investments may be assigned or delegated to the Executive Director from time to time, subject to the overall supervision of the Finance and Investments Committee.

4. Financial Advisors

4.1. Financial Advisor(s) - Relative to the perpetual life of AACRAO's long-term investment funds, service on the AACRAO Board or its Finance and Investments Committee is transitory. In addition, it is unlikely that a sufficient number of members of the Finance and Investments Committee will possess the technical expertise to manage directly the investment portfolio. For these reasons, the Finance and Investments Committee shall employ one or more financial advisors (investment advisors, investment managers, investment consultants, investment custodians, etc.) to manage AACRAO's investment funds rather than directly managing investments itself.

4.2. Investment Guidelines – While the financial advisors are responsible for day-to-day investment decisions on behalf of the Board, they will follow written guidelines that limit their actions to a range of investment activities approved by the Board (see section 7 below).

4.3. Responsibilities of Financial Advisors – Financial advisors shall

4.3.1. consult with the Finance and Investment Committee and Executive Director on investment goals and strategic long-term direction of the Association; and

4.3.2. recommend investment guidelines, asset allocation strategies, risk-based fund objectives, and appropriate investment management structures; and

4.3.3. adhere to all investment guidelines established by the Board (see section 7 below); and

4.3.4. select, monitor, and evaluate investment managers and/or investment entities; and

4.3.5. provide and review quarterly and annual performance measurement reports and assist the Finance and Investments Committee in interpreting the results; and

4.3.6. provide appropriate monthly reports to the Association's accounting staff; and

4.3.7. review the portfolio and recommend actions, as needed, to maintain proper asset allocations and investment strategies for the objectives of each fund in light of the economic and market environments; and

4.3.8. assist in an annual review of the Investment Policy; and

4.3.9. execute such other duties as may be mutually agreed.

5. Operating Reserves

AACRAO will maintain sufficient operating reserves to ensure adequate cash for operations. These reserves shall be maintained in investment instruments according to the approved Investment Guidelines (see section 7 below). The Executive Director is responsible for advanced planning that will ensure that the Association's cash flow requirements are met, and for notifying financial advisors and other money managers of anticipated distributions and liquidity requirements.

6. Long-Term Investment Funds

The Board maintains three long-term investment funds: an Infrastructure Fund, a Strategic Initiatives and Investment Fund, and an Unrestricted Endowment Fund. It is anticipated that the Association will spend only a limited amount from these funds in order to ensure their perpetual existence. Other unrestricted, temporarily restricted, or permanently restricted funds may be established by the Board from time to time.

6.1. Infrastructure Fund

6.1.1. Purpose - The purpose of the Infrastructure Fund is to fund expenses for equipment and hardware upgrades, software acquisition and development, office repairs and improvement, or similar infrastructure costs that are unexpected, and therefore unbudgeted, or that the Board considers imprudent to fund from operating revenues.

6.1.2. Distributions - Distributions from the Infrastructure Fund are made as needed and require the approval of the Board, which should review the need for distributions from the fund at least once per fiscal year. Distributions from the fund may not cause the fund to drop below its minimum balance.

6.1.3. Contributions – Contributions to the Infrastructure Fund must be approved by the Board and will normally comprise 25% of those net revenues and unrestricted gifts designated by the Board for investment. The Board should evaluate whether new contributions can be made to investment funds at least once per fiscal year. Contributions to the fund may not cause the fund to exceed its maximum balance.

6.1.4. Minimum/Maximum Balances - The fund should maintain a minimum value of $100,000 and the maximum value of the fund should not exceed one-third of the then current fiscal year's budgeted expenditures. That is, if the current fiscal year budgeted expenditures are six million dollars, the value of the fund should not exceed two million dollars.

6.2. Strategic Initiatives and Investments Fund

6.2.1. Purpose - The purpose of the Strategic Initiatives and Investments Fund is to provide a means for the Board to develop new programs or replace outdated ones, to expand the Association's interests and services, or to invest in new revenue-producing opportunities. Such programs, services, or investments should contribute directly or indirectly, in time, to the overall financial health of the Association. When used for programmatic development, this fund should not serve as a source of ongoing support for Association endeavors, but rather should provide seed money for services that would eventually need to be supported by current revenues or discontinued.

6.2.2. Distributions - Distributions from the Strategic Initiatives and Investments Fund are made as needed and require the approval of the Board, which should review the need for distributions from the fund at least once per fiscal year. Distributions from the fund may not cause the fund to drop below its minimum value.

6.2.3. Contributions – Contributions to the Strategic Initiatives and Investments Fund must be approved by the Board and will normally comprise 25% of those net revenues and unrestricted gifts designated by the Board for investment. The Board should evaluate whether new contributions can be made to investment funds at least once per fiscal year. Contributions to the fund may not cause the fund to exceed its maximum value.

6.2.4. Minimum/Maximum Value - The Strategic Initiatives and Investments Fund should maintain a minimum value of $100,000 and the maximum value of the fund should not exceed one-third of the then current fiscal year's budgeted expenditures. That is, if the current fiscal year budgeted expenditures are six million dollars, the value of the fund should not exceed two million dollars.

6.3. AACRAO Endowment Fund

6.3.1. Purpose - The purpose of the Endowment Fund is to generate a permanent, steady stream of income (both restricted and unrestricted) for the Association.

6.3.2. Composition – The AACRAO Endowment Fund is comprised of a board-designated ("quasi") endowment fund and donor-restricted endowment funds that were given in order to generate operating revenues for the Association. 6.3.3. Distributions

6.3.3.1. Distribution Value - The AACRAO Endowment Fund shall annually distribute an amount less than or equal to five percent (5%) of the Fund's average value as calculated in section 6.3.3.2. This distribution value shall be computed annually. Thereafter, distributions shall be made quarterly in an amount equal to one-quarter (25%) of the calculated distribution value, which is less than or equal to one and one-quarter percent (1.25%) of the AACRAO Endowment Fund's average value. Distributions may be taken from principal or income. The distributions shall be made promptly following the close of each quarter. To the extent that it may legally do so, the Association shall interpret this policy as satisfying a gift provision that calls for retaining principal and distributing income.

6.3.3.2. Average Value – The average value of the AACRAO Endowment Fund is defined as the average of the fair market value of the fund as of the close of the preceding 12 calendar quarters. The Fund's market value shall be based upon all assets in the Fund including principal and retained income, adjusted for all gains and losses, whether realized or unrealized, and determined as of the last business day of the quarter.

6.3.3.3. Initial Distribution – The initial distribution from the AACRAO Endowment Fund shall not be made until the fiscal year following the fiscal year in which the AACRAO Endowment Fund's average value as calculated in section 6.3.3.2 reaches ten million dollar ($10,000,000).

6.3.4. Contributions – Contributions to the AACRAO Endowment Fund must be approved by the Board and will normally comprise 50% of those net revenues and unrestricted gifts designated by the Board for investment as well as donor-restricted funds that were given in order to generate operating revenue for the Association. The Board should evaluate whether new contributions can be made to investment funds at least once per fiscal year.

6.3.5. Minimum/Maximum Value - The AACRAO Endowment Fund should maintain a minimum value of one million dollar ($1,000,000). There is no maximum value for the fund.

6.4. While the assets of the three investments funds may be co-mingled with a singular return objective, risk tolerance, asset allocation, and performance report, AACRAO will maintain the balance of the Infrastructure, Strategic, and Endowment Funds values using back-office unitized accounting method 0020.

7. Guidelines for Financial Advisors

7.1. Investment Purpose - The investment purpose of the long-term investment funds is to provide financial stability and operating revenue in support of the

Association mission. Income and gains from all these funds, in addition to spending guidelines of each fund as listed above, may be spent to support the prescribed functions of the respective fund.

7.2. Investment Objectives - The primary investment objective of the long-term investment funds is to achieve absolute positive return over a complete market cycle of rolling 5 year periods. For all AACRAO Funds (Endowment, Infrastructure, and Strategic Initiatives), performance will be measured in a three dimensional way. The following are the performance goals measured over a complete market cycle (5 years):

7.2.1 Achieve a rate of return net of fees which meets or exceeds the blended benchmark (comprised of the weighted average return of the applicable indices)

7.2.2 Achieve a risk-adjusted return, net of fees, greater than the blended benchmark.

7.2.3 Achieve a higher compounded dollar-value than the blended benchmark.

7.3. Investment Objective - The long-term objective of the total portfolio (all Funds combined together) is to pursue income and growth with equal emphasis on principal preservation and maintaining purchasing power over time. Whereas it is understood that fluctuating rates of return are characteristic of the securities markets, the greatest concern is long-term maintenance of purchasing power and consistency of total portfolio return over time. Objectives will be measured by results achieved over a three-year rolling period.

7.4. Risk, Volatility and Loss - AACRAO recognizes that risk (i.e. the uncertainty of future events), volatility (i.e. the potential for variability of asset values), and the potential loss in purchasing power due to inflation are present to some degree with all types of investment vehicles. The assumption of a level of risk that is commensurate with AACRAO's objectives is warranted in order to allow the investment portfolio the opportunity to achieve satisfactory results consistent with its objectives and characteristics. AACRAO will accept the exhibition of portfolio volatility characteristics that approximate the appropriate index as outlined below in section 7.13 below. Nonetheless, it is AACRAO's preference that the maximum losses incurred by the portfolio in any one year not exceed that of the comparative index. The financial advisor(s) should take actions to minimize losses.

7.5. Asset Allocation – The long-term investment fund will have a specific asset allocation in order to serve its purpose effectively. The specific asset allocation for the long-term investment fund is listed in Addendum I. From time to time and with the advice of the financial advisor(s), the Finance and Investments Committee may amend the asset allocations in Addendum I without Board approval as long as it stays within ranges below. However, the mix of assets in any of the long-term investment funds should fall within the following tactical ranges:

7.5.1. Cash: 0-20%

7.5.2. Equities: 30-85%

7.5.3. Fixed Income: 15-70%

7.5.4. Alternative Investments: 0-30%

During the first 18-24 months after changing portfolio advisors or during drastic economic periods (as determined by the Finance and Investments Committee), portfolio allocations may be gradually brought to tactical allocations as listed above. Therefore, allocations for any asset class may deviate significantly from the tactical ranges above during such periods, and will not be considered a violation of this investment policy.

7.6. Rebalancing Procedures - It is understood that market movements and tactical adjustments may cause the actual allocation of assets to vary from the policy allocations listed in Addendum I or future revisions of that Addendum. Therefore, it will be necessary to rebalance the portfolios to those tactical allocations periodically. Gains and losses will be recognized during the implementation of rebalancing whether the total portfolio return is positive or negative during such rebalancing periods. The ranges set forth in 7.5 are thresholds that should be reviewed quarterly by AACRAO after receipt of quarterly investment reports from the financial advisor(s), who will regularly monitor the portfolio for any variations from the policy allocations. The following discipline will be followed for rebalancing:

7.6.1. If the actual allocation in any of the four major asset classes (Equities, Fixed Income, Alternatives and Cash) varies from the policy allocation by at least 5% in absolute terms, it will call for rebalancing of the portfolio back to the tactical amounts as soon as is practicable. The financial advisor(s) will provide information regarding such variations as quickly as is practicable to the Executive Director or any other authorized signatory and obtain verbal authorization to implement the necessary rebalancing of the portfolio to the policy allocation. For purposes of performance evaluation against the relevant benchmarks, calculation of current asset allocation percentages and for rebalancing decisions, each Investment Manager will be considered fully invested at all times during the performance measurement period regardless of the level of cash in each portfolio.

7.6.2. Once the initial transition into the policy asset allocation is complete, the portfolio will be evaluated at the end of every calendar quarter and any variations of 5% or greater, in absolute terms, will generate a rebalancing recommendation. The Executive Director will approve the rebalancing recommendations.

7.6.3. If possible, new cash flows should be used for rebalancing. If new cash is not available, current investments should be bought and sold to achieve the policy asset allocation. Such transactions will result in recognition of gains and losses in the investment manager accounts and other pooled investment funds.

7.7. Diversification, Marketability, Yield and Quality Consideration - Seeking to establish a diversified program of investments, assets shall be invested under the management of one or more registered investment advisors in mutual funds, separately managed accounts, alternative investments, and index-linked exchange traded funds (ETF) in portfolios of U.S. domestic equities, domestic fixed income, and international equities. Investment vehicles and amounts allocated to each vehicle may change after a thorough review of the capital markets.

The types of stocks and market capitalization of the companies purchased for the portfolio are within the discretion of the financial advisor(s). The financial advisor(s) is expressly permitted to invest in small, medium and large capitalization stocks.

7.8. Equity Portfolio

7.8.1. Equity holding in any one company in each investment advisor's portfolio may not exceed 7% of portfolio at cost or 10% of account value.

7.8.2. Equity holding in non-U.S. investments, including emerging markets, may not exceed 45% of the market value of the portfolio.

7.8.3. Equity securities shall in general possess value and quality corroborated by accepted techniques and standards of fundamental and technical analysis.

7.9. Fixed Income Portfolio

7.9.1. Investments in bonds should be actively managed. Active management is meant to include shifting sector emphasis as well as affecting other prudent strategies that enhance the portfolio or decrease the volatility or exposure to capital depreciation. However, the weighted average maturity of the portfolio must be 10 years or less with a maximum of **30** years for individual securities.

7.9.2. The diversification of fixed income securities by maturity, sector, and geography is the responsibility of the financial advisor(s), with final approval provided by the Finance and Investments Committee.

7.9.3. Individual fixed income securities shall be marketable, intermediate-term maturity securities with an average portfolio rating of no less than "BBB" as rated by Standard and Poors or Moody's. The following instruments are acceptable:

7.9.3.1. Commercial paper or variable rate notes of P-1 or equivalent rating.

7.9.3.2. Certificates of deposit and bankers acceptances (A-rated or above).

7.9.3.3. United States Treasury bonds, notes, and bills.

7.9.3.4. Repurchase agreements with U.S. Treasury securities and agencies of the U.S. Government as collateral.

7.9.3.5. Debt instruments of the U.S. Government or its agencies.

7.9.3.6. Corporate debt issues with an investment grade rating from a major bond-rating agency such as Moody's or Standard and Poors (BBB-rated or higher).

7.9.3.7 High-yield or below investment grade bonds (rated BB or lower) may be purchased in a pooled investment vehicle such as an exchange traded fund (ETF) or a mutual fund. If purchased as individual bonds, then a professional money manager must be hired to manage these investments opportunistically. The allocation to these bonds should not exceed 15%-20% of the fixed income portfolio.

7.9.4. Standard and Poors or Moody's must rate bonds as "BBB" or higher to be purchased for the portfolio. Bonds that are split rated will, for the purposes of this portfolio, be considered investment grade and thus eligible for purchase. Split rated bonds are defined as bonds that have an investment grade rating with Standard and Poors and a non-investment grade rating with Moody's or vice versa.

7.9.5. International / Emerging Markets bonds are limited to no higher than 10% of the total portfolio value and should be invested via pooled investments such as ETFs and/or mutual funds.

7.9.6. The fixed income holding of a single issuer may not exceed 10% of the market value of the portfolio.

7.9.7. The portfolio diversification requirements do not pertain to investments in debt securities issued by the U.S. Government or its fully guaranteed agencies.

7.10. Alternative Investments Portfolio

7.10.1. A range of alternative investments may be considered prudent to be included in the overall asset allocation with the objective of creating favorable risk-reward characteristics for the overall portfolio. These alternative investments may include liquid alternatives, private equity, managed futures (limited partnerships), hedge funds or hedge fund replication strategies, inflation-indexed securities, real assets/natural resources, real estate or REITS, and commodities.

7.10.2. The tactical allocation for such alternative investments may range from 0%-30% of the total market value of the portfolio. This allocation is limited due to the high risk, long-term, illiquid nature of such commitments.

7.10.3. AACRAO recognizes that while such alternative investments may carry a higher degree of risk if considered on their own, they may potentially reduce total portfolio risk and enhance total portfolio return since they may be uncorrelated to other asset classes in the portfolio mix.

7.11. Cash Equivalents Portfolio - While it is desirable that the financial advisor(s) use interest-bearing money market funds and other cash equivalent securities with a maturity of one year or less, AACRAO understands that attractive opportunities might arise with securities with longer maturities from time to time. The financial advisor(s) is permitted to invest in such securities.

7.12. The financial advisor(s) shall not purchase assets other than those expressly allowed in this statement without the written consent of AACRAO. The following are prohibited (except if executed in Alternative Investments portion of the portfolio).

7.12.1. purchase of securities on margin

7.12.2. options of all types

7.12.3. letter stock

7.12.4. private placements

7.12.5. securities whose issuers have filed a petition for bankruptcy

7.12.6. short sales

7.12.7. specific industries or sectors as set forth by AACRAO Finance and Investments Committee or a designated sub-Committee

7.12.8. tax exempt securities

7.12.9. warrants

7.12.10. foreign stocks (with the exception of American Depositary Receipts for the International allocation) unless the international investment advisor(s) deems such exposure appropriate and suitable.

7.13. Fund Performance Benchmarks

7.13.1. Investment Managers will be evaluated against their respective benchmarks and peer groups. For example, a Large Cap Value manager will be compared against the Russell 1000 Value and the PSN or Morningstar Large Cap Value Universes.

7.13.2 The custom index is defined as a mix of relevant indices in the same proportion as the **policy** allocation of each asset class in the portfolio. For example, a 10% allocation to the large cap value investment manager will require that the custom index include 10% of Russell 1000 Value or another appropriate index in the mix. This target of return would be accomplished through long-term capital appreciation, principal preservation, and achievement of returns consistent with each category of investment.

7.14. Review and Reporting

7.14.1. Annual Review - The Finance and Investments Committee will review, on an annual basis, written evaluations of the net-of-fee performance against the investment policies and benchmarks set forth above. The evaluation shall include a report of performance for each investment manager for past periods including the last quarter, last twelve months, last three years, and period since inception (both absolute and relative to appropriate indices). Returns shall be annualized and calculated on a time-weighted basis for the total portfolio. All returns should include income and dividends.

7.14.2. The financial advisor(s) will provide a quarterly performance summary and a detailed quarterly evaluation of the four funds to the Finance and Investments Committee.

7.14.3. The Finance and Investments Committee or its designee(s) shall meet with the financial advisor(s) at least semi-annually or as requested to review fund investments and the current investment environment. At such meetings, the written and oral presentations shall cover the following:

7.14.3.1. A review of the financial markets and economies that may affect the portfolio's performance.

7.14.3.2 The quarterly performance and asset allocation report described above, and an annual fee disclosure; and

7.14.3.3. Discussion of the rationale for performance results by relating them specifically to investment strategy and tactical decisions implemented during the current review period; and

7.14.3.4. Discussion of the financial advisor's specific strategy for the portfolio over the next period with specific reference to asset allocation and portfolio characteristics, as appropriate; and

7.14.3.5. Supporting discussion of the next period's strategy with reference to financial advisor's capital market and economic assumptions, as appropriate; and

7.14.3.6. Discussion of AACRAO’s needs, goals, and objectives, if different from previous quarter.

7.15. Changes to Investment Guidelines – The Board reserves the right to make any changes to these guidelines as deemed necessary. All such changes will be made in writing and financial advisor(s) will be duly informed.

Addendum I

Asset Allocation for AACRAO

As of October 31, 2011

Asset Class	Policy Allocation	Rebalancing Bands
Equities	**56.0%**	**+/- 5.0%**
Risk Mitigation Strategies	23.0%	
Domestic Equity	10.0%	
International (Developed)	10.0%	
Emerging Markets	4.0%	
Global Demographics*	6.0%	
High Income Strategies**	3.0%	
Fixed Income	**34.0%**	**+/- 5.0%**
Investment Grade	29.0%	
High Yield	0.0%	
International/Emerging Markets	5.0%	
Adjustable Rate Funds	0.0%	
Alternative Investments	**10.0%**	**+/- 5.0%**
Managed Futures	0.0%	
Hedge Fund of Funds	0.0%	
Liquid Alternatives	9.0%	
Real Assets/Natural Resources	0.0%	
TIPS	0.0%	
Real Estate/REIT's	1.0%	
Cash	**0.0%**	**0.0%**
TOTAL	**100.0%**	**100.0%**

There shall be additional classes of nonvoting members as shall be established by the Board of Directors. The fees for nonvoting members, with the exception of retired, student and honorary, shall be not lower than the fees charged per voting member.

1. Educational institutions that are ineligible for regular voting institutional membership shall pay annual fees in such amount and for such number of individual members as those paid by voting institutional members

2. Retired members shall pay an annual per member fee equivalent to one-half of the voting member fee.

3. Student members shall pay an annual per member fee of $25.

4. Honorary members shall be excused from all AACRAO annual membership and Annual Meeting registration fees.

5. All other non-voting members shall pay annual membership fees as determined by the Board of Directors. Such members may include but are not limited to the following:

a. corporate entities;

b. state higher education coordinating Boards;

c. other higher education associations;

d. international ministries of education; or

e. other individuals.

F.1.3.1. – CATEGORIES OF NONVOTING MEMBERSHIP

Retired
Retired membership is open to individuals who have worked in the professions represented by AACRAO, served the Association and are currently retired. Retired members shall pay an annual per member fee equivalent to one-half of the voting member fee.

Student
Student membership is open to degree-seeking students at AACRAO member institutions. Student members shall pay an annual per member fee of $25.

High School
High School membership is open to a registrar, counselor, or other personnel at a secondary school who would benefit from AACRAO membership. High school members shall pay an annual per member fee equivalent to the voting member fee.

Honorary
Honorary members are those individuals who, no longer eligible to be voting members but with records of significant service in the Association, are recommended by the Honorary Membership and Awards Committee and are selected by the Board of Directors. Honorary members shall be excused from all AACRAO annual membership and Annual Meeting registration fees.

International

International Individual membership is open to education professionals outside of North America, including personnel at secondary or postsecondary institutions, or personnel representing education organizations or agencies. International members shall pay annual per member fee equivalent to the voting member fee.

Affiliate
Affiliate membership is open to state-licensed postsecondary institutions that are ineligible for regular voting institutional membership. These institutions shall pay annual fees in such amount and for such number of individual members as those paid by voting institutional members.

Corporate Partners
Corporate partnerships are available to individuals or organizations, whether for profit or non-profit, that provide products and services that assist or benefit the needs or purposes of AACRAO members. In order to assist individuals and small companies, entities with gross revenues of $200,000 or less are assessed a substantially lower dues level. Each entity in the corporate category may designate one key representative to receive all mailings, and can designate additional representatives for a fee equivalent to the voting member fee.

Dues Schedule:

- Category 1 - Corporations and organizations with gross revenues less than $100 million ($2000)
- Corporations and organizations with gross revenues of at least $100 million but less than $500 million ($3000)
- Corporations and organizations with gross revenues of $500 million or more ($4000)

Organizational Partners
Organizational partnerships are available to public sector and private non-profit associations whose interests are closely aligned to AACRAO. State higher education coordinating boards, other higher education associations, accrediting bodies and international ministries of education all fit under this partnership category. Each organization designates one key representative to receive all mailings, and can designate additional representatives for a fee equivalent to the voting member fee.

Dues Schedule:

- Non-profit associations of which AACRAO is not a member and Public Sector Agencies ($500)
- Organizations to which AACRAO pays membership dues and wish to become AACRAO members will have their AACRAO dues assessed at the equivalent price to the annual dues paid by AACRAO to that organization. All other organizations shall pay dues under the Organizational Partners dues schedule.

Proposal to Establish the
AACRAO Task Force on International Admissions and Credential Evaluation
September, 2012
Proposed revision March 2013

Background

International student enrollment at higher education institutions in the United States is growing rapidly and this trend is expected to continue for years to come. More institutions are recruiting international students, and these students are arriving from a wider range of countries. The field of international admissions and credential evaluation is becoming more complex and has created challenges for institutions to understand and keep up with changes in international education systems and prepare new professionals to enter the field.

At the same time international admissions and credential evaluation professionals have sought more support for professional development and resources to advance the profession, and have reached out to AACRAO to assist in serving members of the profession. AACRAO has a long history of serving the needs of international admissions and credential evaluation professionals and is well positioned to respond to this call. While AACRAO already provides a wealth of professional development opportunities through the Annual Meeting, SEM meeting, and International Institutes, it is clear that members of the profession are seeking a more focused strategy to serve their needs.

Proposal

Establish the AACRAO Task Force on International Admissions and Credential Evaluation. The Task Force would meet at the 2013 Annual Meeting in San Francisco and would remain in place through the 2014 Annual Meeting (members may be called upon to help finalize the Task Force report through July 1, 2014). The Task Force would consist of 20-25 members of the profession, to include prominent international admissions and credential evaluation professionals from AACRAO member institutions, credential evaluation services, government offices, and key AACRAO staff and partners. The Task Force would be chaired by a prominent leader in international admissions and credential evaluation (to be reviewed by the AACRAO Board)

Charge to the Task Force

The AACRAO Task Force on International Admissions and Credential Evaluation will evaluate the current state of the international admissions and credential evaluation profession, establish preliminary guiding principles for the profession, and identify key actions to re-engage members of the profession, enhance professional development, foster research and professional content, and develop new publications and resources to advance the profession. A report from the Task Force should be submitted to the AACRAO Board of Directors by July 1, 2014.

American Association of Collegiate Registrars and Admissions Officers
Minutes of the Meeting of the Board of Directors
February 8-10, 2013
Washington, DC

Board Members in Attendance: Jim Bouse, Melanie Gottlieb, Luisa Havens, Tracey Jamison, Nancy Krogh, Paul Kyle, Adrienne McDay, Nora McLaughlin, Brad Myers, Jeff von Munkwitz-Smith

Board Nominees in Attendance: Stan DeMerritt, Tina Falkner

Staff Members in Attendance: Janie Barnett, Matthew Ogle, Michael Reilly

Guests in Attendance: Farah Aleem, Susan Colladay, Arun Sardana

Call to Order
President von Munkwitz-Smith called the meeting to order at 10:10 a.m. Eastern Time on February 8, 2013.

Reports of Standing Committees
<u>Finance and Investments Committee</u>
Arun Sardana, AACRAO's Investment Advisor, reviewed AACRAO's investment portfolio performance. He introduced changes he is recommending to the Association's Investment Policy. The Finance Committee will review these changes before bringing a recommendation to the Board.

Vice President Krogh led an in depth review of the Association's financial reports and a discussion of the dues increase that was approved by the Board.

Approval of Agenda
MOTION 2013.02.01 – It was duly moved and seconded to approve the agenda as amended to accommodate the addition of the consent agenda as the second item. APPROVED

Reports of Standing Committees
<u>Audit Committee</u>
Susan Colladay, Tate & Tryon, led a review of the Association's annual audit for the fiscal year 2011-2012.

MOTION 2013.02.02 – It was duly moved by the Audit Committee that the Board accept the Audit report. APPROVED

<u>Finance and Investments Committee</u>
Vice President Krogh led a review of the proposed Association budget for fiscal year 2013-2014.

MOTION 2013.02.03 – It was duly moved by the Finance and Investments Committee that the Board approve the Fiscal Year 2013-2014 Budget, to be presented for approval by the membership at the Business Session of the Annual Meeting on April 13, 2013. APPROVED

Reports of Officers

<u>Vice President for International Education</u>

Vice President Gottlieb updated the Board on her progress with the International Admissions and Credential Evaluation Task Force. She also informed the Board that several Group II committees are making changes to their titles and descriptions.

<u>Vice President for Leadership and Management Development</u>

Vice President Kyle updated the Board on State and Regional visits and reminded the Board members to complete their meeting evaluations.

<u>Vice President for Information Technology</u>

Vice President Bouse reviewed the latest version of the charge to the AACRAO representative on the PESC Board of Directors. He pointed out the importance of avoiding a conflict of interest and of promoting transparency in the relationship.

<u>Past President</u>

Past President McLaughlin initiated a discussion about awards and whether it is appropriate to give awards to members who work for vendors. She noted that the Awards Committee recommended including a note in the Board Handbook section governing awards that vendors are not disqualified from winning awards. The Board members agreed and she will draft a note for approval.

MOTION 2013.02.04 – It was duly moved and seconded to approve the Awards Committee's recommendation for AACRAO's Founders Award for Leadership. APPROVED

MOTION 2013.02.05 – It was duly moved and seconded to approve the Awards Committee's recommendations for Honorary Membership. APPROVED

Past President McLaughlin informed the Board that Ellucian has withdrawn its sponsorship of the APEX Award for Student Success after the Board had selected this year's recipient.

MOTION 2013.02.06 – It was duly moved and seconded not to seek another sponsor for the APEX award and to remove from the description of the award any reference to a sponsor and the $5,000 award. APPROVED

<u>President-elect</u>

President-elect McDay reviewed the proposed meeting dates for 2013-2014.

<u>President</u>

President von Munkwitz-Smith asked that Board members review and sign the Conflict of Interest Policy. He also led a discussion about adding Board nominees to the Board Listserv at the December Board meeting in future years, and the Board agreed.

Reports of Staff
Executive Director Reilly noted that the current iteration of the Operating Plan is available for review by the Board, but that there will be changes to it. He updated the Board on the conversations he's been having about the Texas SPEEDE Server. He informed the Board that he's been asked to be on the Board of Directors for the American Council on Education (ACE). He is also on the American Honors advisory board, the Servicemembers Opportunities Colleges advisory board, and ACE's Lifelong Learning Commission.

The Board recessed for the evening at 4:10 p.m.

The Board reconvened at 10:07 am Eastern Time on February 9, 2013.

Reports of Standing Committees
Governance Committee
Past President McLaughlin distributed and reviewed the proposals to amend the Association's Bylaws.

MOTION 2013.02.07 – It was duly moved by the Governance Committee to approve the proposed changes to the bylaws to be presented for approval by the membership at the Business Session of the Annual Meeting on April 13, 2013 after review by legal counsel. APPROVED

The committee will hold another webinar regarding these proposed changes before the Annual Meeting.

President von Munkwitz-Smith commended the Governance Committee on its hard work on this difficult subject.

The committee reviewed its recommendation to add a section to the Association's Travel Policy to define a procedure for international per diem.

MOTION 2013.02.08 – It was duly moved by the Governance Committee to approve the change to the Association's Travel Policy. APPROVED

The committee reviewed its proposal regarding Board attendance at AACRAO meetings and other higher education association meetings, especially as it relates to individual responsibilities and who should be funding these trips.

MOTION 2013.02.09 – It was duly moved by the Governance Committee to approve the AACRAO Board Attendance at AACRAO Meetings and at Other Higher Education Association Meetings document for the Board Handbook. APPROVED

The committee briefly reviewed the documents it distributed regarding the consent agenda and asked the Board members carefully review these to be discussed at an upcoming meeting.

Approval of Minutes

MOTION 2013.02.10 – It was duly moved and seconded that the minutes of the meeting of the Board of Directors on November 30, 2012 and January 16, 2013 be approved. APPROVED

Reports of Standing Committees

Strategic Planning/Program Review Committee

Vice President Myers reviewed the recently completed Member Satisfaction Survey with the Board. He also informed the Board that there had been conversation about adjusting some wording in the Strategic Plan.

Vice President Myers reviewed with the Board the core competencies lists that were put together by the attendees of the Leadership Meeting in December 2012.

Unfinished Business

President von Munkwitz-Smith reviewed the Public Policy and Education Agenda with the Board.

MOTION 2013.02.11 – It was duly moved and seconded to approve the Public Policy and Education Agenda. APPROVED

MOTION 2013.02.12 – The Board wishes to commend the Public Policy Advisory Committee and the staff in the national office for their excellent work in developing AACRAO's Public Policy and Education Agenda 2013 and for their continuing efforts to advance the public policy goals of the Association. APPROVED

Past President McLaughlin discussed the proposal for a Task Force on Program Structure with the Board, focusing specifically on the relationship between the Board and the Program Committee.

Reports of Standing Committees

Compensation Committee

The Compensation Committee continues to work on a succession plan for replacing the executive director position. The committee expects to bring a proposal to the Board in March or April.

The committee completed its draft of the Executive Director Reilly's performance appraisal. The chair of the committee, the President, and the Executive Director met to review the draft. The committee will review that document with the Board in executive session.

The committee is working on a draft of expectations for the Executive Director for the coming year and has discussed those expectations with the Executive Director.

The Executive Director provided the committee with updated job descriptions for the senior management team. The committee provided him with feedback on those descriptions.

New Business

President von Munkwitz-Smith informed the Board that AACRAO will be soliciting an editor for *College and University*. He also informed the Board that a new parliamentarian will need to be found for the upcoming Business Meeting.

The Board discussed how to making the path easier and encourage membership for graduate students in the field. Executive Director Reilly and President von Munkwitz-Smith will review the student membership guidelines and bring a recommendation to the March conference call.

MOTION 2013.02.13 – It was duly moved and seconded to move into executive session. APPROVED

MOTION 2013.02.14 – It was duly moved and seconded by the Compensation Committee to approve the performance appraisal of the Executive Director. APPROVED

MOTION 2013.01.15 – It was duly moved and seconded that the Board of Directors Executive Session Meeting be adjourned. APPROVED

The Board recessed for the evening.

The Board reconvened at 9:20 am Eastern Time on February 10, 2013.

Reports of Standing Committees
<u>Governance Committee</u>
The Governance Committee followed up on the discussions on bylaws changes and proposed meeting dates for 2013-2014.

Reports of Officers
<u>President</u>
President von Munkwitz-Smith asked the Board if they felt it appropriate to use a consultant to perform a rigorous self-assessment. He will contact BoardSource for pricing and options.

Unfinished Business
Past President McLaughlin reviewed the most recent version of the Task Force on Program Structure charge.

MOTION 2013.02.16 – It was duly moved and seconded to approve the charge for the Task Force on Program Structure. APPROVED

Past President McLaughlin and President von Munkwitz-Smith will work on communicating the intent to make this change and finding members to staff this task force.

Adjournment
MOTION 2013.02.17 – It was duly moved and seconded to adjourn the meeting of the Board of Directors. APPROVED

The Board of Directors meeting adjourned at 10:13 a.m. Eastern Time on February 10, 2013.

Attachments

AACRAO Financial Audit Reports
Fiscal Year 2013-2014 Draft Budget
Bylaws draft for consideration at the 2013 Business Meeting
APEX Award Description
Association Travel Policy
AACRAO Board Attendance at AACRAO Meetings and at Other Higher Education Association Meetings
November 30, 2012 Minutes
January 16, 2013 Minutes
Public Policy and Education Agenda
Charge for the Task Force on Program Structure.