I Opening

1. Call to Order
   - The ARIA Board of Directors Meeting was called to order at 8:10 AM by President Vickie Bajtelsmit.
   - Board Members Present:
     - Vickie Bajtelsmit, Gene Lai, David Sommer, George Zanjani, Terrie Troxel, David Appel, Patty Born, Bill Panning, Andreas Richter
   - Board members Absent:
     - Terri Vaughan, Laureen Regan, Jennifer Wang
   - Others Present: Tony Biacchi

2. Approval of August 2, 2010 Board Minutes
   - Terrie motioned to approve minutes from the August 2, 2010 Annual Board Meeting.
   - Bill offered a second and the motion carried without opposition.

II Corporate Finances

   - 2009 Finacials
     - Charges and registration information for the annual meeting were presented in the Board packet, as well as the cumulative spreadsheet that provides data from previous meetings.
     - Attendance at the 2010 annual meeting totaled 184 individuals with 33 attendees receiving comp registrations, most as a result of sponsorship of $1,500 or more.
     - Because of tremendous sponsor support, the annual meeting realized a positive return of $21,920. ARIA is very grateful to all of its sponsors.
     - The non-audited budget for 2009 showed net earnings of $84,495.
       - Approximately 37 percent of revenue came from royalties
       - Annual meeting registration and sponsorship accounted for 46 percent of revenue.
       - Annual meeting charges accounted for 53 percent of expenses followed by administrative fees of 26 percent.
     - The unaudited balance sheet showed total assets of $455,017 an increase of $82,369 over 2008, due largely to the annual meeting surplus and a $50,000 deposit of unobligated Wiley-Blackwell royalty money into ARIA’s unrestricted investment portfolio.
     - The investment portfolio increased from $281,017.14 at the beginning of 2009 to 364,394.42 at the end of the year. Deposits and withdrawals accounted for $46,485.40 of that increase.
     - Approximately $90,000 is obligated to restricted funds.
   - 2010 Financials
     - Tony presented the 2010 proposed budget to the Board. The budget projected lower income and expenses as a result of the annual meeting being incorporated into the Second World Risk and Insurance Economics Congress.
     - Tony pointed out that the W-B’s January allocation for membership money, which usually totals $42,000, was only paid in the amount of $38,013. That short fall amount of approximately $4,000 was reflected in the membership line item, but, in turn, the projected royalty from W-B was increased by that amount.
     - A $12,000 surplus was projected in the 2010 budget.
     - Several question resulted from the budget presentation.
       - Why was the projected cost of credit card charges so high
       - Why isn’t the annual meeting a line item within operating income?
Why is the international membership fee so high when compared to the US membership?
Tony agreed to look into these questions.
The 2010 budget did not account for a financial loss resulting from the World Congress. In a discussion of the matter, the Board presumed the WRIEC would be a financial success and was satisfied that contingencies for a potential loss were not necessary.

With no further questions or discussion, Bill motioned to approve the budget and Terrie offered a second. The 2010 budget passed with no opposition.
ARIA’s portfolio increased by approximately $60,000 (21 percent) during the first half of the year. However, that increase is the result of depositing $50,000 from the W-B royalty into a money market account.
Otherwise, the portfolio increased approximately $10,000, or 3.6 percent.
The total value of ARIA’s portfolio is $340,000. Approximately 1/3 of ARIA’s portfolio is classified as restricted.

**Investment Strategy and Perpetuity of Restricted Funds**
The Board recognized the need for a long-term fiscal policy that would sustain the organization’s commitment to financing its various awards at the August meeting. George took up this challenge of preparing an investment strategy for Board consideration.
George prepared an investment overview and an investment policy statement, as well as several investment options.
Following discussion the overview reads: Invest award-related restricted funds directly in 30-year treasuries, or in long term investment grade or Treasury bond mutual funds with low expense ratios, or in long-term CDs or similar rated instruments.
Bill motioned to accept the recommendation and Terrie offered a seconded. The motion passed without objection.
The investment policy outlined responsibilities of an investment committee that would become part of the finance committee.
Bill motioned to accept the investment policy statement, and for incorporation of the statement into ARIA’s By-laws. Dave Sommer provided a second. The Board voted to approve the investment policy (See addendum to these minutes.)
George and Dave Appel will work with the finance committee to investigate various portfolio options for the restricted funds. As mentioned, George also offered several implementation options that could assist in the investigation.
If necessary, on a motion from Terrie and seconded by Bill, the Board voted to infuse a maximum of $20,000 from ARIA’s unrestricted investments to ensure the award portfolio generates the $4,000 per year currently needed to fund award obligations.
As part of the discussion, the Board was generally supportive of indexed investment vehicles rather than managed funds.

**Impact Action Items**

1. **The World Congress**
   - The Congress is scheduled for July 25-29, 2010 in Singapore.
   - At the present time 150 proposals have been submitted.
   - Six plenary sessions and eight concurrent sessions are anticipated. Nine separate venues with three presenters each will be held during a concurrent session.
   - All sessions will be held at the Singapore Management University.
• The distribution of presentations among sponsoring groups will be determined once all proposals have been received.
• The deadline for submission of a paper is February 1, 2010.

• The registration fee will be US$300. No main hotel is anticipated. Rather, two higher quality and two reasonably-priced hotels will be suggested to attendees.
• Breakfast will be the responsibility of the 300 attendees who are projected. Total cost of attendance will be approximately $2,000-$2,500.
• ARIA will be asked to solicit sponsorship for their sessions at the World Congress.
• An informal survey will be conducted at lunch on Tuesday to determine the number of ARIA members who anticipate attending the World Congress. A low projected attendance probably would not motivate ARIA to hold a mini session as part of the January mid-year Board meeting.
• At this time, a majority of the Board anticipates attending the Congress.
• Potential presenters will submit their article to one of the three sponsoring organizations (APRIA, ARIA, and EGRIE). The first day’s papers will have an industry focus.

2. Institutional Relations
• Richard Derrig coordinated institutional relations for ARIA.

• Richard mentioned the member skills survey conducted in co-operation with the Institutes and wondered why the Institutes had not pursued member assistance. A conversation with Ken Dauscher revealed the Institutes’ new service model has not progressed far enough to need outside assistance.

• Tony indicated the skills survey data will be incorporated into the teaching resources project on the ARIA website.

• Richard applauded the faithful universities that continue to support the ARIA annual meeting and recognized local insurance companies that sponsored this year’s meeting. Companies are more inclined to sponsor an event than to simply donate money as an association sponsor.

• Two RFPs from CAS have been distributed through ARIA’s listserv and will be placed on ARIA’s website. Copies are available at the registration desk for the current meeting.

• Should ARIA have a mini-meeting in January 2011 if projected attendance to the World Congress is not high? No such activity is anticipated at this time.

• Earlier this year Richard proposed ARIA support an article written in either the SOA’s North American Actuarial Journal or the CAS’s Variance.

• Pat Brockett agreed to review articles in both journals to determine if the quality of the articles is sufficiently high to warrant ARIA sponsoring an award for the best RMI article.

• Pat noted “there are plenty of papers worthy of being considered for and possibly receiving a prize from ARIA.”

• Pat volunteered to help develop the selection criteria and offered to commit monies to begin funding the award.

• Dave Appel motioned, seconded by Mary, that ARIA act on the creation of the award and to commit funds to sponsor an actuarial award.

• The award would be given to a paper written in 2009 and announced at either the SOA or CAS meeting.

• The first winner of the actuarial will be invited to present at the August 2011 ARIA meeting.

• Richard announced in his report that he will step down as institutional relations chair after this meeting. The Board expressed its appreciation for Richard’s service to the organization.

3. Annual Meeting
• Gene reported 92 papers were accepted for a pool of 177 submissions. Accepted papers represent participants from 13 countries.

• The annual meeting program is contained in the Board packet.

• Cancellation among presenters still is a concern. The requirement that a presenter register by June 1 was not implemented.

4. JRI Editor Review
• David Sommer headed the JRI Editor Review Committee
The committee distributed surveys to all associate editors and co-editors.

16 of 37 survey were returned

After reviewing the survey results, the committee recommended that Georges Dionne be reappointed to a second three-year term as editor of the JRI.

The general consensus of the respondents is that Georges is doing an excellent job.

Suggestions and comments provided in the survey included:
- “Continue means to improve the impact factor and citations to JRI papers.”
- “Accepted articles should be made available electronically as soon as possible after acceptance.”
- “Increase the editor’s visibility at meetings.”
- “Consider more invited articles.”

Tony will provide Georges with feedback resulting from the survey.

On a motion from Dave Sommer with seconded by Laureen, the Board voted unanimously to offer Georges a second three-year term.

Tony gave Georges a copy of the previous contract for review and will talk to W-B concerning the current quarterly amount they compensate Georges.

IV Scholarship Activities

1. ARIA Journals

- JRI Editor’s Report
  - Georges Dionne serves as editor of the JRI.
  - Submissions increased to an unprecedented 234 in 2008.
  - The acceptance rate held constant below 20 percent.
  - Processing time decreased to an average of 117 days.
  - More than 50 percent of the papers are submitted from outside the USA.
  - Only 34 articles accepted before 2009 have not been published.
  - About 42 papers will be published in 2009.
  - The impact factor increased in 2006 only to go down in 2007. For 2008 the impact fact is a very good 0.914.
  - JRI is ranked 21/48 in business and finances and 83/209 in economics.
  - Abstracts of accepted but not published articles will be place on the W-B website with the intention of increasing the impact factor. George would like to see a factor of 1.0.
  - The JRI will have two special issues published in 2009. The first focused on long-term care insurance and health insurance and was published in March 2009. The second special issue covers the SROR-JRI conference on *New Forms of Risk Financing and Risk Engineering*.
  - Additional special issues are planned beyond 2009.
  - Some reviewers are unaware of the ultimate fate of articles they review. Georges will look into a means of informing reviewers about the final decision for articles they reviewed.
  - Georges graciously thanked all of those who contributed to the success of the journal.

- RMIR Editor’s Report
  - Mary Weiss edits The Risk Management and Insurance Review.
  - Her report noted the types of articles that appeared in the spring 2009 issue and reported the number of articles that will be published in the fall.
  - The ARIA plenary session, “Florida Homeowners Insurance: How Big is the Availability Problem and Is There a Fair Solution?” from the 2008 Annual Meeting will be published in the fall.
• A session on Healthcare Reform from 2008 will be published in a future issue.
• During the last 12 months, 47 articles received. Sixteen articles were new submissions and 31 were resubmissions.
• All back issues of RMIR have been sent to Wiley-Blackwell for scanning so they can be posted on their website.
• While RMIR’s electronic database has some shortcomings, the low number of submissions does not make improvement a priority.
• RMIR would like to develop a separate web page from Wiley-Blackwell in which older volumes of RMIR could be posted, article winners listed, and the editor’s report posted.
• Mary wants to work with W-B to list accepted articles on their website.

2. **Report from Wiley-Blackwell (Year Ending 2008).**

- Matt Barsamian, journal publishing manager, serves as the organization’s representative from Wiley-Blackwell.
- Wiley-Blackwell’s Publisher Report 2008 was copied and placed in the Board packet.
- Renewal of ARIA’s journals among institutional subscribers was a very strong 97 percent. Matt noted selling new journals is tougher than keeping current customers.
- RMIR is available to institutions separate of JRI. RMIR’s 2008 year over subscriptions increased from 51 to 65.
- The transition from print to online access continues. From 2007 to 2008, the percentage increased from 27 percent on-line only to 35 percent by the end of 2008.
- Matt was questioned about revenue share as a result of a greater number of electronic subscriptions. He noted that production cost savings are being used to improve technology.
- JRI is part of the Science, Technology, Medicine, Scholarly collection package that is sold to libraries.
- Marketing of ARIA’s journals continues through various means. As a result, more than 2,300 libraries globally have access to the current content of ARIA’s journals. This is an increase of 150 libraries compared to 2007.
- ARIA journals are made available in developing countries through the International Network for the Availability of Scientific Publications (INASP). Journals are provided to these participating countries at a reduced rate.
- Dated journals are provided to small libraries that do not have funds to invest in full subscriptions through a program called EBSCO. The USA and China were the largest recipients of EBSCO-supported journals.
- Membership for 2008 totaled 511, a drop from 550 in 2007. The largest loss occurred among regular members, dropping from 461 to 435.
- Article download continues to be robust. In 2008 JRI articles were downloaded 121,984 times and RMIR articles had a total of 13,913 downloads.
- The W-B report showed a lowered impact factor for 2007, but ARIA was informed the factor for 2008 was a much improved 0.914 compared to 0.305 in 2007.
- Publication in the Journal of Risk in Insurance most frequently cites article in JRI, and the JRI cites articles in the Journal of Risk in Insurance more than any other.
- JRI volume 75 published 1135 pages.
- RMIR volume 11 had a page budget of 320 pages but actually published 426 pages.
- The report noted ARIA income as a result of ARIA journal and membership activities.
- The amount of royalty paid to ARIA in April was $77,526. However, the executive office earlier pointed out to W-B that ARIA did not receive its usual advancement of $42,000 in January 2009. Rather it received $38,013. Therefore, additional funds approximating $4,000 are due to ARIA.
- Matt will edit the 2008 W-B report for circulation to the membership.

3. **ARIA Awards Reports**

- **Hedges Undergraduate Student Award**
  - Bill Ferguson heads the Hedges Award Committee.
  - This year’s winner is Mariya Skovardanova from Georgia State University.
- **Strickler Award**
- David Cather chairs the Strickler Award Committee.
- The recipients of this year’s award are Bill and Tamela Ferguson, University of Louisiana at Lafayette for “Strategic Market Entry Project.”
- Only three submissions were received by the February 27, 2009 deadline.
- Based on the response rate, the committee offered suggestions for future committees:
  - The first call for papers should be made in November or even earlier in order to give candidates time to prepare.
  - Post the list of Strickler winners on the web and reference the web location in the announcement.
  - Change the announcement wording to ensure all required elements are provided in the submission.
- Dave offered some suggestions to improve the award submission process.
- The newly formed Teaching Resources Committee should generate greater visibility for the Strickler Award.
- **Hagen Family Travel Award**
  - Andreas Richter chaired the committee.
  - The committee received three applications.
  - All three candidates were very strong and each deserved support. Still in order to emphasize the competitive nature of the award, the committee felt it highly important that there be only one awardee.
  - The recipient of this year’s award is Jing Ai from the University of Hawaii at Manoa.
- **Witt Award**
  - The committee was chaired by Helmut Grundl.
  - The winner of this year’s Witt award is Pierre Picard, Ecole Polytechnique for his article “Natural Disaster Insurance and the Equity-Efficiency Trade-off.”
  - Based on the response rate, the committee offered suggestions for future committees:
    - The first call for papers should be made in November or even earlier in order to give candidates time to prepare.
    - Post the list of Strickler winners on the web and reference the web location in the announcement.
  - Change the announcement wording to ensure all required elements are provided in the submission.
- **Mehr Award**
  - Georges Dionne, JRI editor, chairs the committee.
- **RMIR Best Feature Article Award**
  - Laureen Regan chairs the committee.
  - Articles were ranked according to cumulative score with the preferred articles receiving a higher score.
  - The first round of voting established a preference for two articles.
  - As a result of a second round of voting the winners were Tong Yu, Bingxuan Lin, and Henry Oppenheimer, from the University of Rhode Island, and Xuanjuan Chen from Kansas State for their article, “Intangible Risk Taking: An Analysis of Property and Liability Insurance Firms.”
- **RMIR Best Perspectives Article**
  - Committee chair Nicos Scordis reported the absence of any perspectives articles in the 2008 RMIR.
  - “Thus, there is no need for a selection committee.”
- **Kulp-Wright Book Award**
  - Etti Baranoff is committee chair.
  - 18 books were reviewed.
• The winners were Harold Skipper, Georgia State, and W Jean Kwon, St John’s University, for their text, *Risk Management and Insurance: Perspectives in a Global Economy*.

**Excellence in Teaching Award**
• Lisa Gardner heads the Excellence in Teaching Award Committee.
• The recipient of this year’s award was Jim Garven, Baylor University.

**Early Achievement Award**
• Dick Butler chairs this committee.
• The committee could not provide a majority vote in favor of the one candidate for the award.
• Because there was no majority vote and there is no requirement to select a recipient each year, there was no Early Career Scholarly Achievement Award this year.
• In the future all votes should be presented to the Board for ratification.

**Casualty Actuarial Society Award**
• Robert Finger coordinates the CAS Award.
  • The selection committee chose Pierre Picard, Ecole Polytechnique for his article “Natural Disaster Insurance and the Equity-Efficiency Trade-off.”

V Membership Services

1. Membership
• Cassandra Cole chairs the membership committee.
• The goals for this year’s committee are:
  • analyze member data
  • organize the First-Time Attendee Program
  • continue to monitor non-renewing members
  • assist ARIA in instituting some of the potential value-enhancement ideas identified in the non-renewing member survey
• The committee is in the process of updating ARIA files with 2009 membership data as well as membership in SRIA, WRIA, and RTS.
• These data will continue to be collected with the intention of preparing a Final report in 2013.
• Plans for the First Time Attendee program were finalized and a survey was developed for mentors and first time attendees to gauge reactions to the First-Time Attendee Program.

2. Teaching Resources Project
• Kathleen McCullough is spearheading this project.
• The purpose of the resource project is to promote teaching and sharing of resources among ARIA members.
• The intention is to establish a password-protected repository of teaching materials on ARIA’s website.
• Initially the repository will contain pedagogical pieces such as former Strickler Award presentations and articles written in the RMIR Educational Insights section.
• Money was allocated within the 2009 budget to fund website development activities for this project.
• The Board supported the committee’s initiative. Kathleen will be invited to speak about the project at Monday’s general business meeting.

3. Website Strategy Committee
• Ryan Lee chairs the Web Strategy Committee.
• Interestingly, his committee consists of the webmasters from both WRIA, Randy Dumm and SRIA, Thomas Berry-Stoelze.
• The committee would like the website menu options made more user friendly for non-members and those unfamiliar with the site’s layout.
• Ryan’s increased job responsibilities will force him to give up his position as chair of the committee. He still is willing to provide assistance.
• Randy Dumm, Florida State, was recommended to fill the void.
• The committee developed a short open-ended survey for distribution to the membership in order to get a better handle on the utility of ARIA’s website.

4. **Webmaster Report**
• Chad Garven is retained as ARIA’s webmaster.
• Chad reported that he regularly archives ARIA documents, such as listserv messages, to the website.
• Maintenance operations, including the removal of dated materials, are performed regularly.

5. **ARIA News Editor’s Report**
• Diana Lee’s is the editor of ARIA’s newsletter.
• The spring 2009 issue of the newsletter was posted on the website.
• Preparations for the fall issue are underway. The newsletter will be released in September or October.
• The fall issue will contain an article about the RMI program at the University of Wisconsin-Madison and a message from ARIA’s new president, Vickie Bajtelismit. Information about some retirees, 2009 award winners, and the 2010 World Congress will be published in the newsletter.
• Human interest articles will focus on a profile of Etti Baranoff and an obituary on John Bickley by Bill Rabel.
• Articles will focus on two new programs, the recently formed hurricane center at Florida State University and the Center for Economic Analysis of Risk at Georgia State University.

6. **Placement**
• Nat Pope serves as placement committee chair.
• Nat reported receiving one new resume since January 2009. Three resumes continue to be posted.
• Fourteen academic/research positions and eight actuarial science positions were posted on the website since the January report.
• Four non-research/academic jobs were not approved for posting since they did not meet requirements.
• Nat mentioned that the position of placement chair is not defined in the By-laws and presumes “such responsibilities are presently under the executive director’s umbrella of responsibility.” The Board agreed with this position. Not all committees and initiatives will be memorialized in the By-laws.

7. **Nominations and Elections**
• Mary Weiss serves as chair of the nomination committee.
• Mary reviewed the results from the spring election.
• A question from the floor brought up the question, again, of an international member serving on the Board.
• Terri suggested the Board look at international members who are attending this year’s meeting and to possibly consider one of them as an ad hoc member of the Board.

V **Administrative Reports**

1. **Strategic Planning**
• The Board reviewed the plan and noted they are addressing the initiatives. Still, the Board is asked to review the Strategic Plan and to provide input to Vickie prior to the January meeting. At that time the Strategic Plan will be placed on the agenda.
• In addition, Bill Rabel submitted a note to the Board in January relative to strategic planning. The message encouraged the Board to maintain a current strategic plan and to report progress to the membership.
• Bill encouraged marketing ARIA to the industry, to other regions of the world, and to other disciplines.

2. **Executive Director’s Report**
• Many of the items in Tony’s report were addressed in the Board’s agenda.
• As a follow up to the report by W-B, the Board asked Tony to investigate the rationale for the price differential between USA and international membership fees. Members outside the USA pay a higher fee.
• In addition, Vickie, will convene a committee to review the W-B contract which comes due in December 2011.

VII Corporate Governance
1. No activity

VIII Special Projects
1. ASSA
• Marty Grace spearheaded efforts to secure a session at the 2010 Allied Social Science Association meeting in Atlanta. The dates are January 3-5, 2010.
• The session will allow for only three or four ARIA papers.
• The call for papers was made in January with a due date of April 15.
• Marty Grace, Jeff Brown, and Scott Harrington served as a referee committee to market and review ARIA papers for presentation at the ASSA meeting.
• Three papers were selected.
• ARIA SESSION at the 2010 ASSA Meeting Jan 3-5, 2010 Atlanta Georgia
  Time: TBA
  Place: TBA
  Moderator: Martin F. Grace, Georgia State University

  Genetic Adverse Selection in Life and Long Term Care Insurance: Evidence from Huntington Disease
  Emily Oster, University of Chicago and NBER
  Ray Dorsey, University of Rochester
  Kimberly Quaid, IUPUI
  Ira Shoulson, University of Rochester

  On the Paradoxical Relation between Group Support and Subsidiary Insolvency in the Insurance Industry
  George Zanjani, Georgia State University

  Point-Record Incentives, Asymmetric Information and Dynamic Data
  Georges Dionne, HEC Montréal
  Jean Pinquet, Université Paris X-Nanterre and Ecole Polytechnique, Paris
  Mathieu Maurice, HEC Montréal
  Charles Vanasse, TD Asset Management

  Discussants: Richard D. Phillips, Georgia State University
  James Hilliard, University of Georgia
  TBA

• Marty suggested ARIA’s President or a representative from the Board should be present in Atlanta. Marty further suggested that ARIA should sponsor a party. He will talk to his department chair about sponsoring the party since the meeting is in Atlanta.

IX Other Business
1. SIR Collaboration
• Howard Goldstein came to the Board meeting with an offer for the Society of Insurance Research to post an academic’s need for data. In turn industry, representatives could note their need for research activities.
• The SIR only would serve as the platform to connect the two parties. All arrangements would be made between the involved parties.
• Howard indicated SIR would get started quickly.
• The availability of the service can be announced to the membership via a listserv.

2. **RIMS Collaboration**
• Robert Cartwright, a representative from RIMS, spoke about a new initiative called the Student Advisory Council (SAC) Mandate.
• The SAC wants students to be aware of RM employment opportunities and to pursue employment in risk management areas.
• As part of that initiative, RIMS would like to maintain an ongoing relationship with academic organizations through attendance at meeting and speaking engagements.
• RIMS would like a member of ARIA to serve on the Council. Vickie will serve in this capacity.
• ARIA will seek out members who regularly attend RIMS meetings.

3. **Griffith Foundation**
• Don Rebele attended the Board meeting and talked about the Foundation’s activities that followed the merger with the Insurance Education Institute.
• Of particular interest were new programs that have been developed or updated.
• Don reviewed Griffith’s Strategic Plan from 2006 and many of these initiatives are still applicable today.
• The Board expressed its appreciation for the continued collaboration with Griffith.

4. **January 2010 Mid-Year Board Meeting**
• The Board most likely will meet in Denver during the third week in January.

5. **RMI Program Development Committee**
• Debbie Babcock chairs the committee. Her report updated the Board concerning committee activities.
• The intent is to send the e-mail survey under the ARIA President’s signature.
• The hope is to update the information annually.
• Initially the survey will only be distributed in the United States and Canada.

6. **2011 Annual Meeting**
• After considering several locations, the Board narrowed the choices to Minneapolis and San Diego.
• The two choices will be brought up at Monday’s general membership meeting for a member reaction and vote.

7. **Adjournment**
• With no further business, the meeting adjourned at 3:35 PM with Anne making the motion and George Zanjani offering a second.
Appendix A

Investment Policy Statement for the American Risk and Insurance Association

Introduction

The American Risk and Insurance Association (ARIA) is a non-profit association of insurance scholars and other risk management professionals. The mission of ARIA is to 1) advance knowledge in Risk Management and Insurance and 2) enhance the career development of its members.

In the course of its operations, ARIA may accumulate funds beyond its current needs for cash. ARIA also accepts donations for specific purposes—for example, to endow a pecuniary award or scholarship. Donated funds are held in restricted accounts to respect their earmarking for specific purposes.

It is the responsibility of the Investment Committee (“the Committee”) of the Board of Directors of ARIA (“the Board”) to oversee and monitor the investment of ARIA’s funds. Specifically, it is the responsibility of the Committee to:

1. Select target allocation for ARIA’s funds across asset classes.
2. Approve investments.
3. Periodically review the performance of investments in ARIA’s portfolio.
4. Recommend changes to the investment policy statement as conditions warrant.

Asset Classes and Target Allocations

Possible asset classes eligible for the investment of ARIA’s funds include (but are not necessarily limited to) U.S. and foreign equities, U.S. and foreign corporate debt, U.S. and foreign government debt, and cash. It is the responsibility of the Committee to decide on a target allocation across available asset classes for both unrestricted funds and for the various restricted accounts.

In selecting target allocations for unrestricted funds, the Committee will consider:

1. The mission and long-term goals of ARIA.
2. The short-term cash needs of ARIA.
3. Benefits of diversification, where appropriate.

In selecting target allocations for restricted funds, the Committee will consider

1. Donor-specified restrictions, if applicable.
2. Projected cash outlays from the fund.
3. Benefits of diversification, where appropriate.

Selection of Investments

In general, appropriate investments for ARIA are:

1. Treasury securities
2. Individual debt issues of government agencies or private corporations fully guaranteed by the U.S. government or by the FDIC.
3. Money market mutual funds
4. Open-ended mutual funds regulated by the SEC
5. Cash

In approving investments, the Committee will consider:

1. How the investment contributes to the target allocation
2. Transaction costs, fees, and investment expenses
3. Historical risk and return performance of investments relative to appropriate benchmarks, where applicable.
4. Availability of alternatives

As a general rule for selecting mutual funds, the Board indicates a preference for passively managed (e.g., index) funds as opposed to actively managed funds, based on the preponderance of academic research suggesting that, as a whole, actively managed funds tend to underperform their benchmarks due to higher fees.

**Performance Evaluation**

The Board recognizes that investment success is usually best measured over a long time horizon. With this in mind, the Board directs that the Committee revisit investment choices at time intervals sufficiently long enough over which to evaluate performance, but, in any case, no less frequently than once every ten years. In evaluating investments, the Committee shall consider:

1. Expenses and fees
2. Risk and return performance with reference to peers and with reference to suitable benchmarks