CFA Institute

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Board of Governors Meeting
Open Session Minutes

18-19 July 2013
Santa Monica

Board of Governors Present:

Giuseppe Ballocchi, CFA
Beth Hamilton-Keen, CFA
James G. Jones, CFA
Attila Koksal, CFA
Mark J. Lazberger, CFA
Frederic P. Lebel, CFA
Jeffrey D. Lorenzen, CFA
Aaron Low, CFA
Colin W. McLean, FSIP
Daniel S. Meader, CFA
Alan M. Meder, CFA (Meeting Chair)
John D. Rogers, CFA
Matthew H. Scanlan, CFA
Jane Shao, CFA
Roger Urwin
Charles J. Yang, CFA

Incoming Governors Present:

Heather Brilliant, CFA
Robert Jenkins, FSIP
Sunil Singhania, CFA

PCR Representatives Present:

Jason Bell, CFA
Leah Bennett, CFA
Aaron Brown, CFA
Sharon Craggs, CFA
Daniel J. Fasciano, CFA
Marla Harkness, CFA
Tom Joski, CFA
Leyla G. Kassem, CFA
Kathy O'Connor, CFA
Arthur Thompson, CFA
Bradford S.J. Young, CFA

Incoming Governors Present:

Anne-Katrin Scherer, CFA
Christian Heuer, CFA
Ken Yee, CFA

Leadership Team Members Present:

Jeannie Anderson
John Bowman, CFA
Elaine Cheng
Raymond J. DeAngelo
Stephen Horan, CFA
Donna Marshall
Timothy G. McLaughlin, CFA
Nitin Mehta, CFA
Thomas R. Robinson, CFA
Kurt Schacht, CFA
Paul Smith, CFA
Jan Squires, CFA
Ashvin Vibhakar, CFA

Others Present:

Joe Clift
Nancy Dudley
Emily Dunbar
Rebecca Fender, CFA
Joseph P. Lange (Meeting Secretary)
Craig Lindqvist
Guy Williams

Materials Provided:

Primary Meeting Pack
Reference Meeting Pack

THURSDAY, 18 JULY 2013
1:00 P.M. TO 3:00 P.M.

WELCOME
Presenter: Mr. Alan Meder, Board of Governors Chair

The meeting was called to order, and everyone was welcomed to Santa Monica.

A summary of the day's agenda was provided that included a review of the organization's work plan and budget for FY2104 as well as a list of its major projects for FY2013, and presented the group with a valuable opportunity to compare and contrast past and future initiatives. In addition, with regards to the Future of Finance, the Board would be asked to set expectations not only for themselves but also for CFA Institute's management team.

Everyone was encouraged to share his or her opinions throughout the meeting, especially during the Future of Finance breakout sessions. These personal insights would help clarify a set of organizational norms, beliefs and values, and also shape CFA Institute's efforts in FY2014 and beyond.

CEO REPORT / FY2014 WORK PLAN AND BUDGET
Presenters: Mr. John Rogers, President and CEO at CFA Institute
Mr. Tim McLaughlin, Chief Administrative Officer and Chief Financial Officer at CFA Institute
Mr. Craig Lindqvist, Head of Global Planning and Reporting at CFA Institute
Ms. Elaine Cheng, Managing Director, Chief Information Officer at CFA Institute
Mr. Paul Smith, Managing Director of APAC Operations at CFA Institute
Mr. Kurt Schacht, Managing Director of Standards and Financial Market Integrity at CFA Institute
Mr. Stephen Horan, Managing Director and Co-Lead of Education at CFA Institute

Claritas Investment Certificate
The results of the pilot program, which included more than 3,300 candidates in 50 countries, were well received, indicating that the exam was written at a level of cognition and difficulty appropriate for the program's target population. With the lessons from the pilot phase in hand and the Claritas Investment Certificate officially launched as of 20 May 2013,CFA Institute was working to sign multiple corporate accounts in the next several months in order to meet its enrollment objectives for the first full year of operations.

Society Membership Language
Despite estimates that a language change could result in a substantial decline in society membership, it was reported that the 2014 membership renewal campaign, which had started in May, was going well. Since the revision was released, CFA Institute and its societies had experienced a higher rate of membership renewals than the same time last year.

Looking to the future, the organization would continue to seek opportunities to engage society executives, such as at the upcoming Society Leadership Conference in September, and consider pathways to enhance member value at the society level.

CFA Exam
Since the last meeting, CFA Institute had successfully administered around 150K-160K exams and completed the grading process.

Global Operations Center
Construction of the new Charlottesville facility was on budget and on schedule for occupancy by December 2013. The organization had moved forward with the historic tax credit process, closing an agreement with the tax equity investor, Nationwide, on 21 May 2013 and leaving CFA Institute in compliance with all investor and financing agreements.

Americas Operating Platform
With a team now in place, the Americas Operating Platform had launched and was beginning to engage with societies and other stakeholders in the region.

Future of Finance
The Future of Finance project continued to generate interest from members, newcomers to CFA Institute, and the global media. The organization was on target with its 2013 work plan, high-profile advisory committee, focused list of topic areas, initial work product including the Statement of Investor Rights, and awareness campaign with stakeholders and the media.

While the organization was making great progress, it recognized the challenges ahead and the need to confirm the future direction of the project.

Financials Performance
For FY2013, CFA Institute forecasted an operating margin loss of $1.8M, which compared favorably to the budgeted operating margin loss of $5.0M. It was added that CFA Program registrations were below both the FY2013 budget and FY2012 year-to-date levels, resulting in lower-than-anticipated revenue and expenses. However, recent registrations for the December 2013 exam indicated market conditions were improving slightly.

Overall, the FY2013 financial year-to-date results showed a 3% revenue increase and 2% expense decrease relative to FY2012. Revenue and expenses were 3% and 8%, respectively, below the FY2013 budget, resulting in an operating margin of $49M as of 31 May. The operating cycle generated over 90% of revenues and approximately 70% of expenses in the first nine months of the fiscal year, which meant that this operating gain would drop toward the end of the fiscal year.

New Initiatives
As CFA Institute developed its work plan and budget for FY2014, there were three important projects that centered on building franchise value through partnerships.

First, the organization planned to put more resources on the ground in China and India. While many people from these areas continued to participate in the CFA program without substantial follow up, CFA Institute wanted to deliver on its promise of providing increased local support and also raise awareness of its educational offerings in the region.

Second, in working with individual candidates for the CFA program, CFA Institute had historically focused on business to client (B2C) as opposed to business to business (B2B) sales. The Claritas Investment Certificate would change that dynamic and promote more business to business propositions, in which companies would use CFA Institute as an essential element in their learning and development programs.

Third, there would be a continued emphasis on accentuating the value and importance of the CFA charter as part of a professional career in finance and investment. Through various initiatives, including targeted marketing campaigns and other program enhancements, the organization would work to attract more people and make it easier for candidates who have passed all three levels of the exam and met the work experience requirements to obtain the charter.

Partnership was at the core of these new initiatives for next year, and the organization had found that by creating cross functional teams internally, job satisfaction and motivation were greatly enhanced.

With CFA Institute operating beyond its 100% capacity in FY2013, management had decided to remove or reduce certain items in the work plan and budget for next year in order to break even from a net operating standpoint.

FY2014 Proposed Operating Plan
It was announced that Mr. Craig Lindqvist, the Head of Global Planning and Reporting at CFA Institute, was the new liaison to the Planning Committee.

The proposed operating plan for FY2014 was structured into five categories: strategic priorities, key assumptions, the level of investment, mission alignment and member value enhancement.

Strategic Priorities
A matrix showing management's perception of where the FY2014 strategic priorities fell in terms of risk (broad organization implications) vs. return (on mission) was presented to the group. The initiatives at the higher end of the risk and return spectrum were 'continued' or 'new' priorities from FY2013, and included adding resources in China and India, operationalizing Claritas and promoting a B2B strategy. In contrast, the projects at the lower end of the risk and return spectrum were farther along in their development and included implementing the Global Operating Model, attracting a bigger community and increasing market opportunities for educational products.

Key Assumptions
Several key assumptions impacting the financials were incorporated into the operating plan. While a 6% decline in New Level I candidates and total registrations was expected in FY2014, CFA program pricing changes would largely offset the volume decline. Other sources of revenue would come from a new eBook for the CFA program curriculum, 3% increase in membership, 20% principles growth for the CIPM program, 31% paid attendee conference and event growth, and from an anticipated 10K Claritas registrations. Furthermore, revenue would be supported by no significant financial impact from the additional society membership language.

Level of Investment
A high level summary of the overall budget for FY2014 showed a 9% increase in revenue and an 8% increase in expenses, leaving the organization with a slightly positive operating margin for the year. Breaking even seemed appropriate to management given the desire to simultaneously manage risk and invest in the mission. With around $244M in reserves, CFA Institute felt confident in its secure financial position.

Excluding six possible additions to support member services, outreach and brand development in China and India, the proposed operating plan had no net change in headcount as five existing vacancies were eliminated in favor of five newly created positions.

It was noted that typical capital investments in any given year revolved around IT investments and the development of the curriculum readings. For FY2014, there were also small amounts set aside for the China and India initiative as well as the new Charlottesville facility.

Mission Alignment – Education
With regards to major shifts in education moving CFA Institute towards its future state, the organization was moving from a single product to a portfolio of education offerings, maintaining a "gold standard" for all products developed and delivered, and expanding continuing education and continuing education tools to advance professional excellence in the investment industry. These areas of transition had seen success in FY2013 and would continue to develop over time.

In terms of areas of investment for FY2014, the organization sought to enhance the candidate experience and further engage people interested in the CFA program, ensure Claritas operations had the right focus and were well executed, and continue its progress in strengthening exam security.

In order to make these investments, the Education department had been restructured to create a Program Management office to oversee the portfolio vs. single product side of the business. Furthermore, this new group would be responsible for unifying numerous efforts, working across the organization to start an ongoing, systematic look at its programs and ultimately improve its ability to meet market demands.

Mission Alignment – Engagement
With regards to major shifts in engagement moving CFA Institute towards its future state, the organization had several initiatives planned to build its franchise value through partnership.

The largest amount of engagement funding would go toward China and India operations to promote the brand, develop membership value through continuing education tools, involve more people in the CFA Institute community, and form institutional relationships with local industries and employers. In addition, for relatively new and small societies, the organization intended to provide additional support.

The second largest amount of funding would go toward the B2B strategy to implement the people and technology required to develop the processes behind Claritas. These activities would largely speak to the organizational shift in establishing deeper employer relationships and more content connections.

Modest funding would also be allocated Industry Outreach, the Bigger Community Project, Society Funding and Strategic Adoption and Americas Member Engagement Initiatives.

Mission Alignment – Ethics
With regards to major shifts in ethics moving CFA Institute towards its future state, the organization sought to lead as an agent of change, generate relevant debates and dialogues, influence its constituents to take on a more active role and ultimately amplify the ethics message around the world. Perhaps most importantly, CFA Institute wanted to strengthen its global enforcement of ethics, and be recognized as a capable and credible source in Brussels, the most significant policy development area beyond Washington, DC.

It was noted that ethics consisted of 7-8% of the budget and 10% of headcount for FY2014. The team had removed several expensive outreach activities, specialized events, volunteer meetings and unfilled positions to redesign the budget to focus more on higher impact initiatives. For example, the bolder voice associated with the Future of Finance was considered to have both great import and potential for change. Additionally, the Global Market Sentiment Survey results showed that the issues of market fraud and improper selling were worthy of addressing.

The Professional Conduct Program would receive funding to modify its internal infrastructure, create more efficient work streams, follow up on leads for ethical breaches and administer cases more capably and expeditiously. The organization would also continue to promote the Asset Manager Code of professional conduct.

Mission Alignment – Enablers
With regards to major shifts in enablers moving CFA Institute towards its future state, the organization was focusing on three major strategic priorities for FY2014.

For the China and India plan, enablers would be involved in the second phase of development, building out the legal, human resources, risk management and IT infrastructure necessary for implementation.

For the B2B strategy, enablers would be involved in building the IT infrastructure and processes around customer service fulfillment. The organization wanted to make the client relationship management system more user friendly for its internal stakeholders by adding more mobile platforms, developing outreach and offering training programs.

For the CFA program candidate experience, enablers would help shift the organization's mindset from a single product to a varied portfolio of educational offerings. The lessons learned from launching the Claritas Investment Certificate would be applied to the CFA program, and to the CIPM program to some extent, in terms of streamlining the enrollment process, creating a mobile app and having sample exam questions included in the registration price.

In addition, enablers would be used to improve the society portal, establish processes around the Global Operating Model, continue and extend global talent development efforts, and protect member resources in the budget.

Member Value Enhancement
Members felt that CFA Institute could enhance membership value by increasing the awareness and recognition of the CFA charter, holding more events and meetings to foster networking opportunities, and having an effective presence in advancing ethics and standards. As a result, half of the organization's increased expenses for FY2014 would go directly toward member value added activities.

Conclusion
Management spent a great deal of time considering the resources allocated to the FY2014 Proposed Operating Plan and decided to redeploy, eliminate, reduce or defer some in favor of higher mission return initiatives. The organization had worked diligently to create a plan that moved CFA Institute forward in terms of its three-year strategy, one that would increase member value while also addressing key business risks and capabilities. Moreover, with a flat operating margin anticipated and sufficient financial contingency reserves in place for FY2014, the organization had the flexibility to handle new developments as needed.

It was reported that the Planning Committee had unanimously approved of the FY2014 Proposed Operating Plan.

Questions, Comments and Resulting Discussions from the Board:

Mission Alignment – Engagement
It was clarified that the organization would hire roughly the same number of new staff members in China and India over the coming year. The first four to five months of the fiscal year would be spent determining the actual form of CFA Institute's presence in as well as its three-year work plan for both countries. Before executing the initial phase of this cross divisional project, the overall strategy and budget structure would be presented to the Board. While the plan for each market was fairly similar, there would initially be an emphasis on Claritas in India and the CFA program in China. Both markets were important from an advocacy perspective in strengthening relationships with industry partners and adding value to local society support. Based on the response, there was the potential for investments in China and India operations to increase with time.

While the Bigger Community initiative did not seem important from the financial perspective, it would receive a great deal of attention in terms of decision making and implementation. The project team was reorienting its thinking around the notion of a bigger community and focusing on resulting membership ramifications. By the end of FY2014, the plan was to refine existing opportunities, attract interested parties and then find a way to formalize these relationships into memberships.

It was anticipated that the return on investment for these projects would be high as the organization endeavored to drive candidate activity, grow membership, and engage employers. An outside consultant would help identify capabilities of the B2B program and refine the customer service model to create an overall positive experience.

Mission Alignment – Ethics
It was felt that the Standards and Financial Market Integrity division and the Future of Finance complemented each other well. Based on the Board's feedback in Santa Monica, changes could be made to the Future of Finance's direction and budget for FY2014.

The ethics funding for the Future of Finance did not include personnel costs and was particularly for commissioning research, working with and traveling to societies, sponsorships and essentially everything outside of the human resources budget.

Mission Alignment – Enablers
It was clarified that there would be a review of the executive function in FY2014. Guided by the organization's three- and ten-year plans, the goal would be to assess the structure of the leadership team and determine if its current roles and objectives would still make sense in five years. An outside consultant with experience in organizational design would assist in the process and ensure that the executive function was heading in the right direction from a future state mindset.

Key Assumptions
There was particular uncertainty around the forecasted revenue for the Claritas program, mainly because it had not fully been proven in the market place yet.
It was explained that the focus on increasing the number of paid conference attendees was largely driven by the fact that the Annual Conference would take place in North America in FY2014.

Member Value Enhancement
As the membership survey results did not alter much on an annual basis, management decided to conduct the survey every two years instead. Doing so not only saved the organization staff time and money, but also presented them with a better chance of detecting noticeable change and responding more effectively.

Strategic Priorities
To better illustrate progress in terms of risk vs. return, it was recommended that the organization compare its strategic priorities' matrix from one year to the next. For example, the Claritas Investment Certificate was new to the matrix for FY2014, and it would be interesting to see its expected evolution in the FY2015 plan. Furthermore, the Board was eager to see the relative success of certain projects currently not listed on the matrix.

The Board considered stress test scenarios extremely important to the planning process and requested hearing more discussion on these cases in the future. A brief overview of the organization's financial responses to various scenarios in FY2014 was then provided to the group.

The distinction between candidate, direct member and mission related expenses were clarified. In a worst case scenario, the organization could reduce mission related initiatives without compromising direct member value.

The following resolution was approved unanimously:

RESOLVED, that the Board of Governors accept and approve the fiscal year 2014 CFA Institute Operating and Capital Budget substantially in the form presented.

FUTURE OF FINANCE

Presenters: Mr. Ashvin Vibhakar, Managing Director, Senior Advisor at CFA Institute
Ms. Rebecca Fender, Director and Project Leader for Future of Finance at CFA Institute

The Future of Finance project had launched in March 2013 and accomplished much already in FY2013. The breakout session materials included the Future of Finance mission statement, – to shape a trustworthy, forward looking financial industry that better serves society – framework of its six primary themes and work plan summary through FY2014. However, prior to the meeting, the discussion leaders had recommended that additional information be provided to supplement the breakout sessions.

It was reported that the collaboration of two Wisconsin societies had led their governor to declare May 31st (the day before the CFA exam) as Investors First Day, a day when all investors should be put first. A website was constructed to both highlight the Statement of Investors Rights and talk about CFA Institute in general. Alternatively, some societies had started to incorporate the Future of Finance into their preexisting structure. For example, at the CFA Society Luxemburg's 10th anniversary event, the Finance Minister was invited to speak about the Future of Finance and how CFA Institute played an important leadership role in the investment profession.

In addition, there were private conversations being held with local thought leaders to advance the Future of Finance project. Operating within the framework of smaller, confidential gatherings, CFA Society Netherlands, for instance, recognized the opportunity to discuss the pension space while the CFA Society Switzerland wanted to discuss how best to change errant business practice. There were also online platforms to host these more intimate dialogues, such as a blog examining the difference between investing and speculation and a virtual conference session with four panelists debating a topic and receiving member feedback.

With regards to education, the curriculum team determined the Future of Finance could be used to benefit candidates preparing for the exam, and the Education Advisory Board had commissioned work to look at why studying financial history helped people plan ahead. The first of many roundtable discussions had been held in London with the Cass Business School.

The Future of Finance metrics showed that the project was moving in a good direction. Engagement numbers reported that 500K people (300K just in the last month) had clicked through on tweets from #Future Finance, and Twitter revealed that compared to other financial firms using social media, twice as many people were responding to CFA Institute. The organization was being efficient and effective from a cost standpoint.

It was noted that the Statement of Investor Rights had been translated into Spanish and included on the Alliance of Investor Education's list of recommended tools for investors, used as inspiration for a South African company's own promise to its clients, and assigned to all the brokerage houses and investment banks in Turkey.

Overall, the organization was receiving constructive feedback and developing a picture of what the Future of Finance looked like on the ground. With a full summary provided, the group was asked to break into teams and consider specific questions to clarify expectations and set goals for the Future of Finance work effort.

FRIDAY, 19 JULY 2013
8:30 A.M. TO 10:00 A.M.

FUTURE OF FINANCE
Presenter: Mr. Aaron Low, Board of Governors

A summary of the Future of Finance breakout sessions was presented to the group.

Question 1: Do you expect that the Future of Finance is best considered a 'project' that sunsets at the end of FY2014 or should it live on within CFA Institute or in some other form?

- Consensus that it should be a long-term undertaking.
- Discussed whether it should be a permanent or finite project, which seemed contingent on how long it stayed relevant to the mission.
- Considered possibility of eventually integrating it into the Standards and Financial Market Integrity division.
- Most felt it was closely aligned with CFA Institute's mission and that any or all of the six global themes could evolve as needed to stay relevant.
- Agreed it was a great marketing tool.
- Pleasantly surprised by its popularity and wide appeal with the membership and broader community, especially across all geographic regions and various age cohorts.
- Found that despite different regions being in different phases of the business cycle, the Future of Finance was broadly appealing in markets experiencing financial growth.

Question 2: Do you believe the Future of Finance effort is best considered a content engine or engagement platform, or both? If both, what sort of mix would you suggest?

- Consensus that while it should include both a content engine and engagement platform, the latter generally seemed more important.
- Debated the significance of content vs. engagement – some thought it should be weighted as 70% engagement and 30% content focus and others thought it should be an even split – and ultimately concluded that the proportions would likely be dynamic over time.
- Felt the effort needed to identify the stakeholders and how best to reach them.
- Determined the nature of content should be locally relevant and high quality, offer valuable research or dialogue, be delivered through a simple communication style, and explore content scalability through partnerships.

Question 3: For the Future of Finance, how would you define success for that project? How would you measure success for the Future of Finance initiative? What are some good evaluation metrics?

- Consensus that key performance indicators should be broad enough to measure the breadth of engagement of members, societies, regulators, universities and others.
- Decided it should have a targeted approach to discovering relevant local needs and thought leadership.
- Recognized the structure could be measured from a short-term (activity based) vs. long-term (responses and beliefs) as well as qualitative (scope) vs. quantitative (quotations and social statistics) perspective.
- Identified some specific metrics, including the membership survey, creation of standards (i.e. Statement of Investor Rights) and changes in levels of awareness, and wondered what other metrics could measure the project's success.

Question 4: What are you greatest fears for the Future of Finance initiative? What are we overlooking? Any suggestions for creative ideas?

- Discussed the concerns and questions that still needed to be asked.
  - *Risk Factors:* What were the risks that could arise? Could the project meet expectations?
  - *Costs:* Would cost be a concern? Could the organization tangibly measure the direct and indirect costs?
  - *Conflicts:* Could CFA Institute be conflicted?
  - *Leverage*: Could the organization work with trustees, asset owners, etc.? How would doing so impact CFA Institute's reputation?

Questions, Comments and Resulting Discussions from the Board:
Everyone was thanked for their input. It was reported that management would work with the Planning Committee to appropriately incorporate these findings into the organization's work plan and strategy to further clarify the vision of the Future of Finance.

COMMITTEE REPORTS

Presenters: Mr. Giuseppe Ballocchi, Audit and Risk Committee Chair
Ms. Beth Hamilton-Keen, External Relations and Volunteer Involvement Committee Chair
Mr. Jim Jones, Planning Committee Chair
Mr. Alan Meder, Executive Committee Chair
Mr. Dan Meader, Awards Committee Chair

The committee chairs for FY2013 were thanked for their efforts.

The Audit and Risk Committee Report

In its final meeting for FY2013, the Audit and Risk Committee (ARC) completed its goals and finalized the review of its guidelines in lieu of the Global Operating Model. It was also noted that the increasing charter pending numbers posed a risk to the organization and needed to be addressed. Finally, the recommendation that Claritas revenue and funding be reported to ARC and the Board in a consistent manner over time was reaffirmed.

Given the organizational changes implemented in FY2013, particularly the bolder voice initiative, ARC was inspired to evolve and answer the call for increased scrutiny of the execution risk associated with the strategy. There were two main points of emphasis that informed ARC's work in FY2013.

First, ARC focused on risk beyond usual, particularly reputational risk. Concerned primarily with protecting the organization's brand and charter, the committee tried to move away from scripted meetings toward more open discussions.

Second, ARC felt that the organization's culture of leadership courage, partnership mindset and servant leadership would be key determinants of good risk management. Since risk could arise unexpectedly, the committee encouraged everyone at CFA Institute to remain vigilant. The importance of raising concerns and being transparent was emphasized.

As the ARC chair for FY2014 would remain the same, the transition would be simpler and guided by an experienced hand. The committee would continue to seek process improvements, such as providing more narrative and context to its members, especially on items unfamiliar to non-US members (i.e. IRS tax returns).

The ARC members for FY2013 were thanked for their vibrant discussions.

The External Relations and Volunteer Involvement Committee Report

The External Relations and Volunteer Involvement Committee (ERVIC) reported that CFA Society Portugal had been approved and welcomed as the organization's 139th society. Furthermore, an update on the membership renewal process revealed a 2.1% decline in society membership, a slightly higher rate than the same period last year.

In terms of process adjustments, the committee had reviewed and recommended no changes to its existing TORs, approved a biannual membership survey and started receiving regional updates from management, the membership group and the PCRs in order to align better with the Global Operating Model.

Looking forward, ERVIC would work to improve the Awards Committee process and follow up on several outstanding charter pending recommendations.

It was announced that Ms. Nancy Dudley, Head of Key Stakeholder Services at CFA Institute, would be the new staff liaison for ERVIC in FY2014.

Planning Committee Report
The Planning Committee received an update on the implementation of the Americas Operating Platform and asked the PCRs to offer feedback on its progression going forward. The committee also discussed CFA Institute conferences with regards to their place in the overall strategy and opportunities for further development next year.

In addition to reviewing the budget, work plan and CEO report, the group agreed upon a framework for metrics that would help the organization develop and utilize more specific measurements in FY2014.

In looking at membership dues, the committee considered the next step with a focus on creating the forms of affiliation from a planning and budgetary standpoint.

It was highlighted that the Planning Committee had devised some operational and design features to fulfill all of its duties for FY2013 and beyond, and made progress in analyzing the CFA Institute business model.

Questions, Comments and Resulting Discussions from the Board:
It was explained that the Planning Committee had developed a framework for three different levels of metrics: 1) the work plan (one-year planning stage); 2) shift chart (intermediate planning stage); and, 3) strategy map (long-term outcomes). The Future of Finance was used as an example to show how a new initiative could start as a short-term metric and ultimately become more significant to the organization's long-term goals.

Executive Committee Report
It was commented that the Executive Committee's primary responsibilities were to act on behalf of the full Board between board meetings pursuant to the authority granted in the bylaws and to promote guidance and governance for matters involving the Board, board meetings, board committees, or other operations of the Board.

In FY2009, segments of the Executive Committee's roles pertaining to compensation were removed and assigned to the newly created Compensation Committee. In FY2013, the Board had discussed governance and effectiveness at great lengths and decided to incorporate these objectives into a strategically designed Compensation Governance Committee (CGC). Beyond looking at compensation matters, the goal of this committee would be to look at governance from three perspectives.

First, the CGC would consider the effectiveness of board members and think of ways to nurture their development, provide adequate training and relay constructive feedback. Second, the CGC would consider the effectiveness of the Board by assessing its work and ensuring it activities were attending to matters of the organization, particularly in terms of strategy and oversight. Third, the CGC would consider the effectiveness of CFA Institute's overall governance structure.

The FY2014 Board assignments were then announced:

ARC	ERVIC	PC
Giuseppe Ballocchi, CFA (Chair)	Colin McLean, FSIP (Chair)	Frederic Lebel, CFA (Chair)
James Jones, CFA	Heather Brilliant, CFA	Saeed Al-Hajeri, CFA
Attila Koksal, CFA	Beth Hamilton-Keen, CFA	Robert Jenkins, FSIP
Mark Lazberger, CFA	Alan Meder, CFA	Aaron Low, CFA
Matthew Scanlan, CFA	John Rogers, CFA	John Rogers, CFA
	Jane Shao, CFA	Roger Urwin
	Sunil Singhania, CFA	Charles Yang, CFA

It was explained that mentors had historically been assigned to the incoming governors. For FY2014, Mr. James Jones, CFA would mentor Ms. Heather Brilliant, CFA; Ms. Beth Hamilton-Keen would mentor Mr. Robert Jenkins, FSIP; and, Mr. Aaron Low, CFA would mentor Mr. Sunil Singhania, CFA.

The Nominating Committee Guidance from the Executive Committee was briefly reviewed.

Questions, Comments and Resulting Discussions from the Board:
The CGC members would include the chair, vice-chair and past chair, because it was felt that all three should work in tandem to nurture the leadership role of the Board. There would be two other governors serving on the CGC, each serving staggered two-year terms.

To foster added knowledge, the Executive Committee terms of reference had been explicitly changed to include the oversight committee chairs as members.

The governors were encouraged to personally consider what it meant to be on the Board and to nominate individuals eager to contribute, suited to the group's chemistry and geographically diverse.

Compensation Committee Report
The Compensation Committee would continue to make certain matters more transparent to the full Board, such as the CEO's goals for FY2014 and beyond.

The committee members were thanked for their diligent oversight and attention to the compensation-related processes.

RESEARCH FOUNDATION

Presenter: Mr. Daniel Meader, Board of Governors Immediate Past Chair

It was explained that approximately four years ago, there were some fundamental concerns about the Research Foundation, which led to the recruitment of an outside consultant to conduct an overview and discussion of how the group worked with and connected to both CFA Institute and its Board of Governors. While the findings were unfavorable, they led to a series of events and questions that helped solve a number of issues, allowing the Research Foundation to continue to be an important component of the organization.

Most recently, the Research Foundation held a meeting at the beginning of June, which was attended by a few governors who now wanted to share their impressions with the rest of the Board.

It was highlighted that strong leadership from the existing chair, Mr. Jeff Bailey, CFA, had much improved board functionality in the past two years and expanded the Research Foundation's global composition. Recruitment of new board members was a key focus and suggestions from the Board were welcomed.

A unique structure, the Research Foundation was an independent body with a separate charter and culture that very much depended on CFA Institute for its operational framework. It was noted that CFA Institute directly supported over $993K and the Research Foundation endowment covered nearly $444K of annual expenses. With a $10.9M endowment and $42K in annual donations last year, the spending rate for FY2013 was 4.5% of overall funding.

The Executive Director, Mr. Walter(Bud) Haslett, CFA, was working well to expand the interaction of the Research Foundation and CFA Institute, and the recent member dues statement donation options showed strong early results.

Along with the current debate of expanding research monographs from four to six per year, the Research Foundation had expressed a general desire to increase the overall depth and breadth of its content. More focus on timelessness over timeliness, the group had established a three-year pipeline for new monographs and a 1-year pipeline for literature reviews.

With regards to near term opportunities and challenges, the Research Foundation was working to raise awareness of its products, expand interactivity with societies, contribute to the Future of Finance initiative, grow the digital marketing and web presence for its content, and consider the annual guidance from the CFA Institute Board on improved collaboration between the two organizations. Furthermore, the Board felt it could give the ex-officio more direction on ways to strengthen its relationship with the Research Foundation.

Questions, Comments and Resulting Discussions from the Board:
The Research Foundation's substantial development over the years was recognized.

Though there seemed to be a natural synergy between the Research Foundation and several initiatives and projects at CFA Institute, it was felt that the Research Foundation needed to make further progress before engaging in these types of opportunities. Increasing the diversity of its board composition, for example, would represent a large step in the right direction.

Looking forward, the organization faced a real challenge in finding an appropriate place for the Research Foundation's output that impacted the industry globally, and all governors were encouraged to offer their feedback.

There was a comment that since the Research Foundation was likely protective of its research integrity, it would take time for the group to evolve and change.

PRESIDENTS COUNCIL REPRESENTATIVES REPORT

Presenter: Ms. Marla Harkness, Presidents Council Chair

Partnership – Society Growth Support
For most societies, it was currently a time of transition as new presidents and officers came into the fold. It was remarked that the society changes were occurring simultaneously with those of the Society Relations staff

at CFA Institute. The PCRs were eager to welcome the additional support, which would help advance and continue to build an atmosphere of partnership.

While the Principles of Partnership was useful from a high level and strategic standpoint, the PCRs were now considering how to translate this information into a daily interaction with various partners. Building relationships would involve more flexibility on the part of many PCRs and society leaders as well as increased learning opportunities and collaboration efforts with CFA Institute staff.

Washington D.C. Society Leadership Conference
The Society Leadership Conference would take place in September in Washington, DC, and all Board members were invited to attend. It was noted that society leaders enjoyed interacting with the participating governors and felt more connected to the organization as a result.

It was added that there were currently two Presidents Council work groups – one focused on governance and the other on business continuity – that would be prepared to present their findings at the meeting in September.

Presidents Council Nominating Committee
Since Ms. Marla Harkness' last year as Presidents Council Chair would start on 1 September 2013, there was a project underway to review internal governance procedures and ultimately create a comprehensive and effective process for the chair nominations.

Incoming PCRs
The new PCRs were then welcomed and introduced:

<u>Southeastern US and Caribbean Region</u>
Christian Heuer, CFA
**CFA Society Nashville*

<u>EMEA West Region</u>
Anne-Katrin Scherer, CFA
**CFA Society Switzerland*

<u>Western US Region</u>
Ken Yee, CFA
**CFA Society Los Angeles*

Questions, Comments and Resulting Discussions from the Board:
It was clarified that the governance work group would conduct a review of the nominations process for the PCR and PC Chair elections. The appropriate candidate qualifications would be addressed and redefined.

<u>INCOMING CHAIR REMARKS</u>
Presenter: Mr. Charles Yang, Board of Governors Vice Chair

In order to share more about himself and his direction for the Board in FY2014, Mr. Charles Yang showed the beginning of the movie, *Moneyball*, largely because it reminded him of the CFA Institute team, particularly with regards to the Mickey Mantle quote: *It's unbelievable how much you don't know about the game you've been playing all your life.* Similarly, whether someone was a new or longstanding volunteer at CFA Institute, he or she would never know everything he or she needed to know about the organization. It was therefore essential that the governors rely on each other to bring his or her own strengths to the table to continue to be and efficient and effective Board going forward.

Furthermore, the scene from *Moneyball* exemplified the dangers of complacency. CFA Institute was currently dealing with heavy topics, and it would be important for the Chair to remain alert in recognizing other issues to avoid the trap of complacency at the Board and management levels.

Lastly, Mr. Yang stated that being an optimizer was part of his role for next year, and he looked forward to maximizing the talent at CFA Institute. He was thankful for the opportunity to serve as chair and was eager for FY2014 to start.

Outgoing Governor Remarks

Presenters: Mr. Daniel Meader, Board of Governors Immediate Past Chair
Mr. Jeffrey Lorenzen, Board of Governor

The chair thanked the two outgoing governors – Mr. Daniel Meader, CFA and Mr. Jeffrey Lorenzen, CFA – for their leadership efforts and years of service to the CFA Institute Board of Governors. The two governors were then invited to give their outgoing remarks. Both shared lessons on what it meant to be an effective board member, such as learning to communicate well with others, speak your mind, listen, respect other cultures, evolve, remain open to new ideas, have humility and live the mission. Overall, they were grateful to have served the organization and looked forward to seeing its development and success. With great admiration, they commended staff, management and their fellow Board members for all their patience and hard work.

Mrs. Marla Harkness, CFA was also given the opportunity to thank the three outgoing PCRs – Mr. Jason Bell, CFA, Mr. Tom Joski, CFA, and Mr. Bradford Young, CFA – for consistently and effectively serving their respective regions over the years. Their individual efforts to engage, counsel and collaborate with societies were highlighted.

Consent / Reference Items

Presenter: Mr. Alan Meder, Board of Governors Chair

Consent items consist of recurring and procedural matters that come before the Board. These matters require Board action. A single request for approving all the consent items was provided to the Board for ease of handling.

The following resolutions were approved unanimously:

FY2014 CFO and Secretary Appointments

RESOLVED, that pursuant to Article 6, section 6.6(a)(ii) of the CFA Institute Bylaws, Timothy G. McLaughlin, CFA, and Joseph P. Lange are elected CFO and Secretary, respectively, to each serve a one year term commencing 1 September 2013 and until their successors are chosen and qualified.

Research Foundation Alternate Ex Officio Appointment

RESOLVED, that the Board of Governors appoint Alan M. Meder, CFA, to serve in place of the Chair of CFA Institute as an Ex Officio Trustee on the Research Foundation assuming all responsibilities and duties of that position through fiscal year 2014.

Research Foundation Board of Trustee Appointments

RESOLVED, that Alan M. Meder, CFA, is authorized to vote on the behalf of CFA Institute as the sole Voting Member of the Research Foundation at its annual meeting of members;
FURTHER RESOLVED, that Alan M. Meder, CFA, is authorized to vote for the approval of Jeffery Bailey, CFA, Manu Bhaskaran, CFA, Diane Garnick, John Grier, CFA, and George Hoguet, CFA, to serve as Elected Trustees for a three year term commencing 1 September 2013;

FURTHER RESOLVED, that Alan M. Meder, CFA, is authorized to vote for the approval of Arnold Wood to serve as Emeritus Trustee for a three year term commencing 1 September 2013; and

FURTHER RESOLVED, that Alan M. Meder, CFA, is authorized to vote on such other matters that may be presented at the above noted meeting, and to waive any notice of meeting requirements.

Bios

Jeffery V. Bailey, CFA, is Senior Director, Financial Benefits & Analysis at Target Corporation, where he supervises the investment programs, plan design, and administration of the company's defined benefit and defined contribution plans as well as the funding of its non-qualified retirement plans and health and welfare plans. Formerly, Mr. Bailey was a Managing Partner of Richards & Tierney, Inc., a Chicago- based pension consulting firm specializing in quantitative risk control techniques. Prior to that, he was Assistant Director of the Minnesota State Board of Investment. Mr. Bailey has published numerous articles regarding pension management. He also co-authored the textbooks *Investments* and *Fundamentals of Investments* with William Sharpe and Gordon Alexander and co-authored the CFA Institute Research Foundation publications *Controlling Misfit Risk in Multiple-Manager Investment Programs* and *A Primer for Investment Trustees*. He currently serves as chair of the Investment Advisory Council of the Minnesota State Board of Investment and the Board of Trustees of the Research Foundation of CFA Institute, and is a director on the boards of the University of Minnesota Foundation Investment Advisors Board and Baxter Credit Union. He was also elected to the Shorewood City Council. Mr. Bailey received a B.A. in Economics from Oakland University and a M.A. in Economics and a M.B.A. in Finance from the University of Minnesota.

Manu Bhaskaran, CFA, is a Partner of the Centennial Group, a strategic advisory firm headquartered in Washington DC and Founding CEO of its Singapore subsidiary Centennial Asia Advisors. He co-ordinates the Asian business of the Group and leads the Group's economic research practice which provides in- depth analysis of macro trends in Asia for investment institutions, government agencies and companies with interests in Asia. Prior to this, Mr. Bhaskaran held senior positions at Societe Generale's Asian investment banking division where supervised Asian economic and investment strategy analysis and was a member of the Executive Committee, in charge of Asian equity research. In 12 years with the firm, Mr. Bhaskaran helped to establish its business presence in Southeast Asia and in South Asia while also helping to develop the firm's highly-rated equity and economic research. Prior to that, Mr. Bhaskaran worked for the Singapore government, supervising a team that prepared strategic political and economic assessments of Asia for senior Singapore government officials. Mr. Bhaskaran is also Adjunct Senior Research Fellow at the Institute of Policy Studies in Singapore where his main interests are in analyzing macro-economic policy frameworks in Singapore. In addition, Mr. Bhaskaran is a Member of the Competition Appeals Board, Singapore; Member of the Board of Advisors, School of Economics, Singapore Management University; Council Member, Singapore Institute of International Affairs (SIIA); and Vice-President, Economics Society of Singapore. Mr. Bhaskaran also serves as a director of several companies including one that is listed on the Singapore stock exchange. Mr. Bhaskaran was educated at Magdalene College, Cambridge University where he earned an MA (Cantab) and at the John F Kennedy School of Government at Harvard University where he obtained a Masters in Public Administration.

Diane Garnick is the CEO of Clear Alternatives, an asset management firm specializing in Behavioral Economics, which happens to be owned and operated by women. She oversees the firm's research and investment activities and brings over 17 years investment experience to the firm. Ms. Garnick also serves as a Trustee on the Investment Committee of CHRISTUS Health, a health system providing faith- based care in Arkansas, Louisiana, Oklahoma, Texas, and in Mexico, through more than 40 hospitals and clinics. Diane has authored hundreds of reports that focus on portfolio construction, volatility, corporate actions, equity indices, exchange traded funds ("ETFs"), futures, options, accounting and taxation. Ms. Garnick's writing style has been described as "translating math into English" by Pensions & Investments. She brings complex investment theories into the reach of many decision makers. Her tireless efforts have helped improve the risk-return profile of thousands of pension plans. Diane has spent her career focused on pensions, foundations and endowments in a variety of roles. She began her career as an Equity Derivative Strategist at Merrill Lynch where she spearheaded the firm's global pension initiative and provided valuable insight to plans considering various investment strategies. She moved on to become the Global Investment Strategist at State Street Global Advisors, where she focused on developing their enhanced, ETF, and fiduciary businesses. More recently Diane was the Investment Strategist at Invesco, one of the world's largest entirely active asset management firms. Ms. Garnick holds an MBA from the University of Chicago Booth School of Business, a BBA in Accounting from Hofstra University, and is a Certified Public Accountant.

"J.T." John T. Grier, CFA, is the Director of Internal Equity Management for the Virginia Retirement System where his responsibilities include managing the program's overall structure, risk exposures, portfolio implementation, trading, and research efforts. He has over 18 years of experience developing portfolio strategies, asset allocation tools, risk analytics, and a high performing professional staff. JT expanded VRS' capabilities from being large cap domestically focused to include small cap investing, a specialized REIT strategy, low volatility US and international strategies, large cap non-US active and passive mandates, and derivative-based hedges and strategic tilts. In addition, he is a member of the VRS Investment Management Committee, which provides oversight for all major fund decisions. Prior to joining the Virginia Retirement System in 1995, he was an Investment Officer with Crestar Securities Corporation consulting downstream correspondent banks on their investment portfolios, asset/liability management, and strategic marketing position. JT earned an MA in Financial Economics from Virginia Commonwealth University, a BS in Economics from James Madison University, and is a Chartered Financial Analyst charterholder. He frequently attends Q-Group seminars, is a member of the Chicago Quantitative Alliance, and serves on several volunteer boards.

George Hoguet, CFA, FRM is a Managing Director and Global Investment Strategist in the Investment Solutions Group at State Street Global Advisors. Previously at SSgA, for several years he was Head of Active Emerging Markets. George spent the first part of his career in emerging market and domestic corporate finance at Bankers Trust Company. From 1981-1985 he served at the U.S. Treasury Department, first as U.S. Alternate Executive Director World Bank and, subsequently, as Principal Deputy Assistant Secretary of the Treasury for International Affairs. He has also worked as a consultant at the Frank Russell Company, Tacoma, WA. His prior and current affiliations/directorships include: Executive Committee Boston Society of Security Analysts, Bretton Woods Committee, Chinese Finance Association, President – Boston Economic Club, Executive Committee of the Boston Committee on Foreign Relations, Visiting Committee Weatherhead Center for International Affairs at Harvard, Council on Foreign Relations, and Executive Committee Middle East Institute. George has spoken on behalf of the CFA Institute at local societies all over the world and has published in both industry publications and academic journals, including *Emerging Markets Review* and *Bank for International Settlements* occasional papers. George is a graduate of Harvard College and Harvard Business School.

Volunteer Committee Chair Appointments

RESOLVED, that the following individuals are appointed to serve as committee chairs for the terms indicated commencing 1 September 2013 and until their successors are chosen and qualified:

- **Asset Manager Code Advisory Committee (one year term)**
  - **Michael Trotsky, CFA**
- **Council of Examiners Chair (one year term)**
  - **George Spentzos, CFA**
- **Standards of Practice Council Chair (one year term)**
  - **James Hollis CFA**
- **Corporate Disclosure Policy Council (one year term)**
  - **Ashwinpaul C. Sondhi**
- **Capital Markets Policy Council (one year term)**
  - **Christopher Addy, CFA**
- **United States Investment Performance Committee (one year term)**
  - **David Yuska**

- **Claritas Advisory Committee (one year term)**
    - **Jennifer Johnson**

Bios

Michael Trotsky, CFA, is an investment management professional with over 20 years of experience. Prior to joining PRIM as its Executive Director, he was the Executive Director of the Massachusetts Health Care Security Trust ("HCST"), the state government agency charged with the dual responsibility of 1) managing and investing payments Massachusetts receives from the tobacco litigation settlement, and 2) managing and investing the State Retiree Benefits Trust Fund ("SRBTF"), the fund that invests assets allocated by state and local government agencies to fund the health care benefits of retired government employees.

Prior to joining the HCST, Mr. Trotsky was a Senior Vice President and Portfolio Manager for 5 years at PAR Capital Management, a Boston-based absolute return strategy fund, where he was directly responsible for investment decisions, research, trading, and administration of an investment fund. Before that, He spent nearly 5 years at Greenberg-Summit Partners in Boston, serving as Senior Analyst responsible for technology investments. Before that, that Mike spent over 7 years as Principal and Senior Vice President at Independence Investment Associates in Boston, where he served as both a portfolio manager and senior analyst, and also served on the firm's valuation committee.

Mr. Trotsky has served on the Dean's Advisory Committee at the University of Pennsylvania's College of Engineering and Applied Sciences since 2007. His community activities support local institutions including the Dana Farber Cancer Institute and the Friends of Titus Sparrow Park. Mr. Trotsky also serves on the Finance Committee at the Shady Hill School in Cambridge.

George Spentzos, CFA, is currently serving as COE Vice-Chair leading the volunteer efforts in CFA Level III essay exam development. He is a Managing Director at Societe Generale (SG) in London, UK, responsible for SG's asset management, insurance and hedge fund businesses with EMEA clients. Before SG, George spent 15 years working for investment firms in areas including investment policy and strategy, asset management, trading and client relations. His specialty areas are credit analysis and fixed income portfolio management.

George would be the first COE Chair from the EMEA region. George was raised in Canada and has lived and worked in the UK since 1998. George has been an active volunteer in CFA Institute and CFA-UK activities, including Chair of CFA-UK in 2010-11. He received his charter in 2000. He has served on the CFA Exam Team as a writer and editor of exam questions since 2001.

James Hollis, CFA, has more than 25 years' experience in the asset management business as a portfolio manager, investment analyst, Director of Operations & Technology, and senior executive in mutual fund and brokerage operations, combining extensive knowledge of the investment industry and investment systems and operations. Mr. Hollis's recent consulting engagements for Cutter clients include portfolio manufacturing and relationship management system search and evaluation assignments as well as research on portfolio accounting, manufacturing, and performance measurement systems.
Prior to joining Cutter, Mr. Hollis was a Partner at Standish, Ayer & Wood, Inc. where he served in a number of capacities in his 22 years there including Executive Vice President of Standish Mutual Funds and Director of Operations and Technology.

At Standish he created and managed the operations infrastructure to support Standish's complex investment products as assets under management grew by a factor of 22. He was instrumental in designing and managing the development of sophisticated portfolio accounting and performance systems that were developed and deployed in the 1980s and is still in use today.

Mr. Hollis was active in CFA Institute for many years, on the CFA Institute Board of Governors and as the Chairman of the Global Investment Performance Standards ("GIPS") Council. He has spoken at numerous conferences in America, Asia, and Europe on Performance Measurement and Reporting. He is former President of Investment Council Association of America ("ICAA"), now known as The Investment Advisors Association ("IAA").

Mr. Hollis received a BA from St. Lawrence University. He also completed his CFA certification.

Ashwinpaul "Tony" C. Sondhi is currently a member of the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB). He has been a member of the Global Financial Reporting Advocacy Committee of the CFA Institute; the Accounting Standards Executive Committee (AcSEC) of the AICPA and the Planning Subcommittee of the AcSEC; the Financial Accounting Policy Committee of the CFA Institute; the FASB Task Force on Accounting for Impairments of Long-lived Assets; and the Statement of Cash Flows Steering Committee of the International Accounting Standards Committee. Tony was also an advisor to the FASB on its' project comparing U.S. and International Financial Reporting Standards.

Tony is a co-author of the 2006 - 2009 editions of the CCH *Revenue Recognition Guide*, and *The Analysis and Use of Financial Statements*, Third Edition, which was a recommended text for the Chartered Financial Analysts (CFA) program. Mr. Sondhi has also edited *Credit Analysis of Nontraditional Debt Securities*, co-authored *Impairments and Write-offs of Long-Lived Assets*, and co-edited *CFA Readings in Financial Statement Analysis*, & *Off-Balance Sheet Financing Techniques*.

Tony serves on the Board of Directors of an investment advisory services firm and one charitable foundation. He is also an advisor to several U.S. and foreign companies. His consulting activities include revenue recognition practices in the software and contracting industries, revenue arrangements with multiple deliverables, consolidation policy issues related to variable interest entities, financial reporting requirements for foreign operations, securitizations and transfers of financial assets, credit analysis, and the analysis of company-wide financial reporting decisions.

Christopher Addy, CFA, has served as an active member of the CMPC since 2010. He was a member of the CFA societies of Bermuda and Montreal. Since January 2006, Mr. Addy has served as president and CEO of Enterprise Castle Hall Alternatives of Montreal, Quebec, which provides operational due diligence to hedge fund investors.. Previously, he was a principal and co-founder of Amber Partners Ltd. of Bermuda, where he created Amber's due diligence process for hedge funds and funds of hedge funds. Mr. Addy began his career as in the United Kingdom and Bermuda and remains a member of the Institute of Chartered Accountants in England and Wales. He also is currently a member of the Ordre des comptables agréés du Québec.

Mr. Addy graduated with a BA in Economics and History from the University of Durham, England, with Upper Second Class Honours.

David Yuska is the founder and president of CAPS, Inc., a software company exclusively focused on GIPS® composite management and reporting. He started the company in 1996 and developed one of the first stand-alone composite management and reporting systems for GIPS®. In the past 15 years, he has worked with over 100 investment management firms in their quest to become compliant and maintain compliance with GIPS®. This unique experience has helped David understand many differences between accounting systems, especially in composite construction and reporting.

Prior to CAPS, David worked as a verifier of AIMR-PPS® at Ashland Accounting Services from 1993 to 1996. In this role as verifier, he helped review and verify approximately 25 different investment management firms.

This experience required a detailed knowledge of the AIMR-PPS® and a solid understanding of investment management operations. It also required education/consulting to the client in many areas of the standards.

From 1992 to 1993 David worked as a software developer for Anderson & Loe, a small, west-coast consulting firm. Here, David engineered and developed risk and trend analysis software to help identify style drift.

David holds a Bachelor of Science degree in Business Administration and Chemistry from the University of Oregon. He has spoken at many industry conferences on performance measurement and GIPS®.

CFA Society: Boston Security Analysts Society

Jennifer Johnson is an Executive Vice President and Chief Operating Officer for Franklin Resources, Inc. In this role, Ms. Johnson oversees the Global Transfer Agency operations, Investment Management Services, Franklin's banking subsidiaries, Global HR and Compensation, and has global responsibilities for software development and infrastructure/systems support. She is an officer of Franklin Resources, Inc. and serves as a director of Fiduciary Trust Company International, Franklin Capital Corporation, Franklin Templeton Bank & Trust, and additionally serves as a director for several subsidiaries of Franklin Resources, Inc. Ms. Johnson was named "E-commerce Executive of the Year" in 2002 by mutual fund industry newsletter, Fund Action. Ms. Johnson is a graduate of the American Banker's Association's Stonier Graduate School of Banking. She earned her B.A.s in economics and physical education from the University of California at Davis. Ms. Johnson is a board member of Riva Financial Systems and Keynote Systems, Inc. She is also a board member of the Juvenile Diabetes Research Foundation.

Recognition of Retiring Governors and PCRs

RESOLVED, that the Board of Governors for CFA Institute expresses its most sincere appreciation to Jeffrey D. Lorenzen, CFA, and Daniel S. Meader, CFA, for outstanding leadership, significant sacrifice of time and effort, and exemplary spirit of dedication and purpose in advancing the profession during their terms as governors on the CFA Institute Board.

RESOLVED, that the Board of Governors for CFA Institute expresses its most sincere appreciation to Jason Bell, CFA, Tom Joski, CFA, and Bradford S.J. Young, CFA, for outstanding leadership, significant sacrifice of time and effort, and exemplary spirit of dedication and purpose in advancing the profession during their terms as Presidents Council Representatives.

The Board went into a scheduled Executive Session with and without the CEO.

Meeting adjourned.