

**AMERICAN MATHEMATICAL SOCIETY
EXECUTIVE COMMITTEE AND BOARD OF TRUSTEES
MAY 20-21, 2005
PROVIDENCE, RHODE ISLAND**

MINUTES

A joint meeting of the Executive Committee of the Council (EC) and the Board of Trustees (BT) was held Friday and Saturday, May 20-21, 2005, at the AMS Headquarters in Providence, Rhode Island.

The following members of the EC were present: James G. Arthur (present on Friday only), Robert J. Daverman, David Eisenbud, Robert M. Guralnick, and Paul J. Sally, Jr. Walter Craig and Hugo Rossi were unable to attend.

All members of the BT were present: James G. Arthur (present on Friday only), John B. Conway, John M. Franks, Eric M. Friedlander, Linda Keen, Donald E. McClure, Jean E. Taylor, and Carol S. Wood.

Also present were the following AMS staff members: Gary G. Brownell (Deputy Executive Director), Kevin F. Clancey (Executive Editor, Mathematical Reviews), John H. Ewing (Executive Director and Publisher), Ellen H. Heiser (Assistant to the Executive Director [and recording secretary]), Elizabeth A. Huber (Deputy Publisher), James W. Maxwell (Associate Executive Director, Meetings and Professional Services), Constance W. Pass (Chief Financial Officer), and Samuel M. Rankin (Associate Executive Director, Government Relations and Programs). Diane M. Saxe (Director of Meetings and Conferences) was present on Saturday morning from 9:00 – 10:30 AM.

President James Arthur presided over the EC and ECBT portions of the meeting (items beginning with 0, 1, or 2) that occurred on Friday. Immediate Past President David Eisenbud presided over the EC and ECBT portions of the meeting (items beginning with 0, 1, or 2) that occurred on Saturday. Board Chair Carol Wood presided over the BT portion of the meeting (items beginning with 3).

Items occur in numerical order, which is not necessarily the order in which they were discussed at the meeting.

0	CALL TO ORDER AND ANNOUNCEMENTS
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0.1 **Opening of the Meeting and Introductions.**

President Arthur convened the meeting and everyone introduced themselves.

0.2 **Housekeeping Matters.**

Executive Director Ewing informed the ECBT about several housekeeping matters related to the present meeting.

1I	EXECUTIVE COMMITTEE INFORMATION ITEMS
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1I.1 **Secretariat Business by Mail. Att. #1.**

Minutes of Secretariat business by mail during the months October 2004 – April 2005 are attached (#1).

2	EXECUTIVE COMMITTEE AND BOARD OF TRUSTEES ACTION/DISCUSSION ITEMS
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2.1 **Report on Mathematical Reviews Editorial Committee (MREC).**

The ECBT was informed that the MREC has not met since the last ECBT meeting, and there is nothing new to report at this time. The next MREC meeting is scheduled for October 1, 2005.

2.2 **Report on Committee on Publications (CPub).**

The ECBT was informed that CPub had not met since October 2004. During 2005 it is reviewing the Society's electronic-only journals, reviewing their overall scientific concept now that they are approximately a decade old. The next CPub meeting is September 23-24, 2005.

2.3 **Report on Committee on the Profession (CoProf).**

The ECBT was informed that CoProf held its most recent meeting October 2-3, 2004, and a report on that meeting was included in the November 2004 ECBT minutes. CoProf's next meeting is scheduled for September 24-25, 2005, in Chicago. The 2004 Annual Report on CoProf activities has been filed with the Council and is also posted on the AMS website (www.ams.org/ams/cprof-home.html).

2.4 Report on Committee on Education (COE).

The ECBT was informed that the next COE meeting will be held October 28-29, 2005 in Washington, DC. Recent COE activities include:

- a panel discussion at the January 2005 Joint Mathematics Meetings on “Mathematicians as Educators”
- a special session at the January 2005 Joint Mathematics Meetings, organized by COE Chair William McCallum, on “Mathematicians’ Work on Mathematics Education”
- a COE subcommittee is evaluating a Department of Education project involving what K-8 pre-service teachers should know

2.5 Report on Committee on Meetings and Conferences (COMC). Att. #2.

The ECBT received the attached report on the highlights of the April 30, 2005 COMC meeting (#2).

2.6 Report on Committee on Science Policy (CSP). Att. #3.

The ECBT received the attached report (#3) on the April 7-9, 2005 CSP meeting.

The CSP meeting included analysis of the current federal budget climate and its affect on FY2006 funding for mathematics research. There was much discussion about the best way to make the case for increased funding to Congress and it was decided that next year’s CSP meeting would include training for attendees and scheduled meetings with their representatives on Capitol Hill. CSP also passed the following resolution, which has been transmitted to the Director of the Division of Mathematical Sciences at the NSF (see the last page of Att. #3):

The AMS Committee on Science Policy recommends to DMS that it consider redirecting some NSF funds in order to increase the number of individual investigator grants, focus research grants and their equivalent.

2.7 Washington Office Report. Att. #4.

The ECBT received the attached report (#4) on recent activities of the Washington Office.

2.8 Report on Long Range Planning Committee (LRPC).

It was reported that the LRPC met on May 20, 2005, and discussed the following topics: the composition of the Council, whether re-election of Board members should be uncontested, and the Editorial Boards Committee (EBC) charge. All three topics will be discussed by the LRPC again in November. A formal proposal regarding some changes to the EBC charge is expected to be ready for the November 2005 ECBT.

2.9 2006 Journal Pages and Prices.

The ECBT approved the following numbers of pages, and the BT approved the following prices, for 2006 journal subscriptions:

	2006 pages	2006 list prices
<i>Abstracts of Papers Presented to the AMS*</i>	650*	\$127
<i>Bulletin of the AMS</i>	640	\$402
<i>Conformal Geometry and Dynamics</i>	200	\$25
<i>Current Mathematical Publications*</i>	4,759*	\$661
<i>Electronic Research Announcements</i>	200	free
<i>Journal of the AMS</i>	1,000	\$276
<i>Mathematical Reviews*</i>		
Issue pages	11,592*	
Annual index pages	CD ONLY*	
Total MR pages	11,592*	
MR Products		
Paper		\$563
MR Sections		\$161
Data Access Fee		\$7,320
MathSciDisc		\$2,140
MathSciNet		\$2,140
MathSciNet & MathSciDisc		\$2,983
<i>Mathematics of Computation</i>	2,000	\$467
<i>Memoirs of the AMS</i>	3,200	\$624
<i>Notices of the AMS</i>	1,550	\$430
<i>Proceedings of the AMS</i>	3,520	\$1,022
<i>Representation Theory</i>	500	\$25
<i>St. Petersburg Mathematical Journal*</i>	1,208*	\$1,656
<i>Sugaku Expositions</i>	240	\$185
<i>Theory of Probability and Mathematical Statistics*</i>	324*	\$634
<i>Transactions of the AMS</i>	5,500	\$1,677
<i>Transactions of the Moscow Mathematical Society*</i>	259*	\$448
*the numbers of pages for these journals are not completely within the staff's control, so they are currently the staff's best estimates and were included in the version of the 2006 budget presented at this meeting.		

2.10 2006 Individual Member Dues.

A new procedure for setting individual member dues was approved by the November 2004 ECBT and the January 2005 Council. The January 2005 Council also approved the BT's recommendation that there be no increase in individual dues rates for 2006. This means that the

rate in 2006 for Regular (formerly know as Ordinary) members in the high-income category will be \$152, and the high/low dues cutoff will remain at \$80,000.

As the last step in the new procedure, the BT ratified the Council's decision that there be no increase in the individual dues rates for 2006.

2.11 2006 Institutional Dues.

The ECBT approved an average increase in dues of 3% for North American institutional members for 2006.

2.12 Registration Fees for the January 2006 Joint Mathematics Meetings.

The ECBT reviewed budget summaries for the January 2006 San Antonio Joint Meetings and exhibits. Based on this information, the BT voted to advise the Joint Meetings Committee that the member pre-registration fee for this meeting be set at \$202.

2.13 Expanding the Number of Sectional-like Meetings. Att. #9.

The November 2004 ECBT received the final report on the focused planning effort on meetings. That report included a recommendation that the Society consider gradually expanding the number of sectional-like meetings, where the term sectional-like is interpreted very loosely to include meetings with other organizations or a meeting in conjunction with a special mathematical event or occasion. The ECBT was in favor of having staff work with the Secretariat and the Committee on Meetings and Conferences (COMC) to prepare a detailed proposal based on this recommendation.

The ECBT received the attached report (#9) which presents some options for new AMS meetings. These options were discussed at the April 29-30, 2005 meetings of the Secretariat and COMC. The ECBT was informed that COMC passed a motion to endorse exploring new types of conference on a trial basis. An ad hoc subcommittee of COMC will work to identify topics for the conferences and report their recommendations to the Secretariat for final review and approval (in consultation with staff). Members of the subcommittee are Jim Arthur, Jonathan McCammond, Joel Hass and Catherine Yan. Associate Secretaries Lesley Sibner and Matt Miller volunteered to work on helping to create the new conferences.

2.14 Report on the Book Program. Att. #10.

The ECBT received the attached report (#10) on the book program.

2.15 Report on Registration for Online Notices Access. Att. #11.

The 2003 focused planning report on membership observed that the value of *Notices* as a member benefit has been diminished by the open electronic access to *Notices*. Several

approaches to limiting access to some portion of the online *Notices* were described in the report. The April 2004 Council discussed this issue at length, and approved the intermediate step of requiring all individuals who access *Notices* online to register with the AMS. As of March 2, 2005, online access to *Notices* articles requires an AMS web account. Individuals without an AMS web account are able to quickly establish one and then proceed directly to a requested article. During the initial login, a cookie is passed to the user's web browser, which permits unlimited additional access to *Notices* articles for a period of one week. If the user does not access the *Notices* during this period (or if for some reason the cookie is disabled or deleted), the individual is prompted to log in again.

The ECBT received the attached report (#11) on the implementation of the registration requirement for online access to *Notices*.

2.16 Centennial Fellowships for 2006-2007.

The ECBT approved awarding two Centennial Fellowships for 2006-2007, each in the amount of \$64,000, and each with an expense allowance of \$3,250.

2.17 2006 ABC and ECBT Meetings. DAVERMAN/EWING.

The ECBT approved the following dates and sites for 2006 ABC and ECBT meetings:

ABC	March 17, 2006 (Friday)	by conference call
ECBT	May 19-20, 2006 (Friday-Saturday)	Ann Arbor, Michigan
ABC	October 6, 2006 (Friday)	Providence, Rhode Island
ECBT	November 17-18, 2006 (Friday-Saturday)	Providence, Rhode Island

It was noted that the members of the ABC in 2006 will be: Arthur, Daverman, Franks, McClure, and Taylor.

2C EXECUTIVE COMMITTEE AND BOARD OF TRUSTEES CONSENT ITEMS

2C.1 November 2004 ECBT Meeting. DAVERMAN.

The ECBT approved the minutes of the meeting of the Executive Committee and Board of Trustees held November 19-20, 2004, in Providence, Rhode Island, which had been distributed separately. These minutes include:

- ECBT open minutes prepared by the Secretary of the Society
- ECBT "open" executive session minutes prepared by the Secretary of the Society

See also item 3C.4.

2I EXECUTIVE COMMITTEE AND BOARD OF TRUSTEES INFORMATION ITEMS

2I.1 State of the AMS. Att. #16.

The Executive Director's annual report to the spring Council is attached (#16).

2I.2 Changes in Registration Fees for Conferences, Employment Center or Short Course. Att. #17.

Att. #17 describes the changes in registration fees approved by the Executive Director since the report in May 2004.

2I.3 AMS Presence at the Annual Meeting of SACNAS. Att. #18.

The AMS has provided \$5,000 toward support of the mathematics program at the past six national meetings of the Society for Advancement of Chicanos and Native Americans in Science (SACNAS). The first two years of AMS support came from the Program Development Fund. This outreach activity is now reviewed as a part of the regular annual budgeting process and support is built into the annual budget. Associate Executive Director Maxwell and Diane Boumenot, Manager of the Membership and Programs Department, represented the AMS at the most recent meeting held last October in Austin, Texas. A report on the mathematically related activities at this meeting is provided in Att. #18.

SACNAS is highly effective at nurturing talented undergraduates from within their target communities to successful completion of graduate degrees in science and mathematics. AMS's continuing support for and presence at the SACNAS national meetings has enabled it to build strong ties within this community of scholars committed to excellence.

2I.4 Report on Awards from the Epsilon Funds for the Young Scholars Programs. Att. #19.

The Young Scholars Awards Committee, chaired by Joe Gallian, evaluated eleven applications for support from the Society's Epsilon Fund. A total of \$80,000 was available for awards for young scholars programs in the summer of 2005, the sixth year of this AMS program. A list of the programs funded for summer 2005 is provided in Att. #19.

2I.5 Report on New Life Members. Att. #20.

A status report on the expansion of eligibility for life membership in the AMS is attached (#20). As of February 21, 227 individuals had elected to become life members as of the 2005 membership year. The report includes information on the membership background of these individuals.

2I.6 Report on Transitioning Nominees to Regular Members. Att. #21.

The 2003 focused planning report on membership emphasized the importance of enhancing our program to encourage former nominees to continue their membership with the AMS. Att. #21 provides a report on the current membership development program directed at current and former nominees.

2I.7 Report on AAAS Meeting. Att. #22.

A report on the AMS-supported activities at the 2005 annual meeting of the American Association for the Advancement of Science (AAAS) is attached (#22).

2I.8 2005-2006 AMS Centennial Fellowships.

The AMS Centennial Fellowship Committee has announced awards to Yuan-Pin Lee (University of Utah) and Mihnea Popa (Harvard University). Both have accepted. The amount of each 2005-2006 award will be \$62,000, with an additional \$3,000 expense allowance.

2I.9 Congressional Fellow.

The AMS, in conjunction with the American Association for the Advancement of Science (AAAS), will sponsor a Congressional Fellow from September 2005 through August 2006. The AMS Fellow will spend the year working on the staff of a Member of Congress or a congressional committee, working as a special legislative assistant in legislative and policy areas requiring scientific and technical input. The fellowship is designed to provide a unique public policy learning experience, to demonstrate the value of science-government interaction, and to bring a technical background and external perspective to the decision-making process in the Congress.

The AMS Congressional Fellow for 2005-06 will be David Weinreich. He is currently a AAAS-NSF Fellow and formerly an assistant professor of mathematics at Gettysburg College. David received his Ph.D. in graph theory from Béla Bollobás at the University of Memphis in 2000.

2I.10 AAAS-AMS Mass Media Fellowship.

The AMS will again sponsor a Mass Media Fellow over the summer. This year's AMS Fellow is Brent Deschamp, a Ph.D. student in mathematics at the University of Wyoming. He will work for ten weeks at WOSU-AM, the Public Broadcasting Station of The Ohio State University in Columbus, Ohio.

The Mass Media Fellowship program is organized by the American Association for the Advancement of Science (AAAS) and is intended to strengthen the connections between science and the media, to improve public understanding of science, and to sharpen the ability of the

fellows to communicate complex scientific issues to non-specialists. The program is in its 31st year and has supported nearly 500 fellows.

2I.11 Fellows Proposal. Att. #23.

The January 2005 Council requested that a concrete proposal for a fellows program be assembled in order to promote informed discussion about the issue. The President appointed a small committee, chaired by Susan Friedlander, and it formulated a proposal in preparation for the April 2005 Council meeting. That proposal is attached (#23).

The proposal was discussed by the Council, and many people indicated that it was helpful. It will be discussed by the Committee on the Profession over the coming months, and that Committee is charged with formulating precise comments and/or suggested changes in preparation for the January 2006 Council meeting.

2I.12 JSTOR Amicus Curiae Filing. Att. #24.

At the May 2004 ECBT meeting, the Board was informed that the Society had joined with other societies in an *amicus curiae* filing by JSTOR. The associated suit had profound implications for copyright and the ability of publishers to digitize past material and place it on the web. One appeal had already ruled in a way that threatened all digitization projects, including JSTOR and our own current efforts to digitize the *Bulletin*.

The court has now ruled in this case and the results are entirely favorable. A description of this ruling is attached (#24). The matter is likely to proceed eventually to the Supreme Court for final settlement.

2I.13 Actions of the Agenda and Budget Committee (ABC).

At its March 18, 2005, meeting by conference call, the ABC took the following action:

The ABC set the schedule for the May 2005 ECBT meeting.

3	BOARD OF TRUSTEES ACTION/DISCUSSION ITEMS
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3.1 Budget Review.

3.1.1 Discussion of Fiscal Reports.

The BT received and discussed various fiscal reports. Approval of the 2006 budget will be requested at the November 2005 ECBT meeting.

3.1.2 Capital Expenditures - 2005 Capital Purchase Plan.

The BT received a report on the 2005 capital purchase plan.

3.1.3 Capital Expenditures - Approval of Specific Purchases.

No requests for authorization to make specific large purchases (items costing \$100,000 or more) were made at this meeting.

3.2 Audit Committee Meeting. Att. #29.

Audit Committee Chair John Franks reported that the Committee met on May 20, 2005, with representatives from the auditing firm of KPMG, Chris Brathas and Steve Caron, to hear a report on the 2004 audit and to review the audited financial statements for the years ended December 31, 2004 and 2003. Several BT and staff members attended part of the meeting, and the Committee also met privately with the auditors.

The Audit Committee also discussed a report provided by KPMG, "Strengthening Governance and Accountability in the Not-for-Profit Sector," which focused on the impact of Sarbanes-Oxley legislation on not-for-profit organizations. As a result, the Audit Committee is interested in exploring the following issues:

1. establishing a "whistleblower" procedure
2. adding a "financial expert" to the Audit Committee
3. confirming that the current charge to the Audit Committee gives the Committee the right to require a change in personnel performing the audit or a change in auditing firms

The BT was informed that issue 3 has been resolved (the current charge does give the Audit Committee this right).

The BT concurred that issues 1 and 2 should be pursued. It was agreed that an ad hoc subcommittee of the Board should be formed to study the issues and prepare a proposal for the November 2005 BT meeting. The following people were appointed by the Chair of the Board to the ad hoc subcommittee: John Franks, Jean Taylor, and Carol Wood.

The BT then approved the Audit Committee's recommendation to accept the audited financial statements for December 31, 2004 and 2003 (Att. #29).

See also the next item (3.3).

3.3 Composition of the Audit Committee. Att. #30.

Almost every organization has been affected by the recent financial scandals in the United States and the resulting Sarbanes-Oxley legislation. While non-profits are exempt from most of the new rules, they have come under increased scrutiny in recent months. The first part

of **Att. #30** is an article from the *Chronicle of Higher Education* illustrating the kinds of questions that are being asked.

The AMS reacted to these concerns by modifying its Audit Committee and audit process. The Audit Committee was expanded to include the third-year member of the Board (as well as the Treasurer, Associate Treasurer, and Chair) in order to make certain that everyone on the Committee was knowledgeable. Beginning in 2003, the Board has agreed to have the entire Board meet with the outside auditors every four years.

In one respect, however, the Audit Committee at the AMS differs from that of most other scientific societies. In general, Audit Committees for these societies consist of people who do *not* have direct financial responsibility for the organization. While the AMS is different from many of these organizations, there are some reasons to change the structure of our Audit Committee.

The BT discussed pages 4-6 of **Att. #30**, which contain background and a specific proposal for changing the structure of the Audit Committee. It was then decided to refer the matter to the ad hoc subcommittee mentioned in the previous item (3.2).

3.4 Economic Stabilization Fund (ESF) Increment.

The BT was informed that, in 2004, a total of \$3,000,000 was added to the supplemental portion of the ESF. A report was presented showing the current and projected status of the base portion of the ESF, and indicating that no additional funds are required for the base portion to meet its target. At this time, the Chief Financial Officer does not anticipate making any additions to the base or supplemental portions of the ESF in 2005.

3.5 Investment Committee Report.

Investment Committee Chair John Franks explained the function of the Investment Committee and reported briefly on its May 20, 2005 meeting, which was routine and did not require any actions of the Committee.

3.6 Short-term Investments. Att. #26.

The BT received the attached report (**#26**) summarizing the Society's cash management policies and short-term investment performance during 2004. The report includes a recommendation to remove the limit on investments in money market funds (currently \$5,500,000) during the period December 1, through April 30. This is a time period when the short-term investment balance is at its peak, and it may not always be prudent to tie up the excess funds in certificates of deposit or government bonds (such as when a large known capital purchase or addition to the Economic Stabilization Fund will/may be made in the near future, or the type of treasury notes desired come up for auction in April or a later month).

The BT approved the Investment Committee's recommendation that the limit on investments in money market funds be 50% of the current operating portfolio at any given time.

3.7 Reclassification of Two Board-designated Funds. Att. #27.

The Friends of Mathematics Fund was created by the Board of Trustees to hold unrestricted contributions that were not needed for the general operations of the Society when received. The Russian Royalties Fund was created by the Board of Trustees to hold money designated for payment to Russian authors prior to those payments being legally required under international copyright conventions and contractual arrangements. Background information is provided in Att. #27.

There has been no activity in these funds for many years, and any return on the underlying investments has been added to the Economic Stabilization Fund for many years. Also, the minutes indicate that the Russian Royalties Fund should have been dissolved in the early 1970's, but this was not done by staff.

Since there is no further need for the Russian Royalties Fund, and no current need to use any monies specifically accreted in the Friends of Mathematics Fund, the BT approved the Chief Financial Officer's recommendation that the balances in the Board-designated Russian Royalties and Friends of Mathematics Funds be transferred to the supplemental portion of the Economic Stabilization Fund.

3.8 Trustee Reports on Divisions.

Section VI (Report on Projects and Activities) of the 2004 Operating Plan had been sent to the BT separately, and each Trustee reported on the Division(s) with which he or she has liaison. The Trustees were favorably impressed with the activities of every division and were in agreement that things are going very smoothly.

Now that the 2004 Operating Plan is complete, a copy of it is attached to the record copies of these minutes (Att. #33).

3.9 Meeting of MR, Inc.

In 1983, when the building that currently houses Mathematical Reviews was purchased, a Michigan non-profit corporation was formed in order to obtain exemption from local property taxes in Ann Arbor and from sales and use taxes in Michigan. In order to maintain these exemptions, the corporation (MR, Inc.) must be maintained by holding an annual meeting at which the Officers and Directors of the corporation are elected.

The AMS Board of Trustees meeting was therefore temporarily adjourned, and the AMS Trustees convened as the Board of Directors of MR, Inc.

The Board of Directors of MR, Inc. elected the following officers:

President of the Corporation	Carol S. Wood
Treasurer of the Corporation	John M. Franks
Secretary of the Corporation	Donald E. McClure
Directors of the Corporation	James G. Arthur
	John B. Conway
	Eric M. Friedlander
	Linda Keen
	Jean E. Taylor

The meeting of the Board of Directors of MR, Inc. adjourned and the meeting of the AMS Board of Trustees reconvened.

3C BOARD OF TRUSTEES CONSENT ITEMS

3C.1 Procedures for the Appeals for Discounted Subscriptions.

The BT approved the continued use of the following guidelines, for 2006, which staff follow in responding to appeals for discounted subscriptions. It was noted that, over the years, this method of obtaining discounts has been used less and less. In addition to the appeals process, the Society offers a National *Mathematical Reviews* Subscription Program (described at www.ams.org/bookstore/mathsciprice#NMRSP) for institutions in the poorest countries. Institutions that do appeal are usually directed to a MathSci consortium if one is available; this is usually the best way for such institutions to meet their needs.

- Minimum price for MR Data Access Fee (DAF) of \$200 applicable to institutions in countries found in the two poorest World Bank country listing. Staff can provide this level of discount even if the country does not have a national DAF.
- The discounted price for MR DAF for domestic institutions would not be lower than the greater of 40% of a list price DAF or 40% of the institution's mathematical sciences serials budget, not to exceed regular list price for a DAF.
- The discounted price for MR DAF for non-domestic institutions not included in the first category above would not be lower than 40% of a DAF. To the extent possible, information about serials budgets would also be collected, and, if desired, staff would provide information on publishing activity at the institution.
- For MR derived products, allowable prices would be regular list price for paper, 50% of list for MathSciDisc (provided SilverPlatter goes along), and lowest published price for MathSciNet.
- For other AMS journals, the lowest allowable price would be marginal cost, applicable to the most desperate cases.

3C.2 Restatement of Retirement Plans. Att. #31.

The AMS has amended its retirement plans several times in order to comply with various technical requirements required by law or regulation. Each amendment was approved by the BT at the time it was made. The plans have now been officially restated to incorporate these changes, and, as a formality, the BT approved the attached restatements (#31).

3C.3 Resolution for Retiree.

The BT approved the following resolution:

Be it resolved that the Trustees accept the retirement of Joan Shelly with deep appreciation for her faithful service for a period of over twenty years. The Board expresses its profound gratitude for this long record of faithful service. It is through the dedication and service of its employees that the Society is able to effectively serve its members and the greater mathematical community. The Trustees offer Joan their special thanks and heartfelt good wishes for a happy and well-deserved retirement.

3C.4 November 2004 BT Closed Executive Session Meeting.

The BT approved the minutes of the closed executive session meeting of the Board of Trustees held November 20, 2004, in Providence, Rhode Island, which had been distributed separately.

3I BOARD OF TRUSTEES INFORMATION ITEMS

3I.1 Transfer from Temporarily Restricted Net Assets to Operations.

In 2004 the long-term investment portfolio again recovered a portion of the losses suffered in 2001 and 2002. In those prior years, transfers from operations to the long-term investment portfolio were necessary in order to maintain some of the more recently created true endowment funds at their original gift amount. The total so transferred was approximately \$230,800. With the positive investment performance in 2003 and 2004, operations has recouped approximately \$205,900 of those prior years' transfers.

3I.2 Focused Planning for Infrastructure. Att. #28.

The focused planning area selected for 2005 is *Data Collection and Information Delivery*, which staff usually refer to as "Infrastructure." This project is focusing on AMS business practices (not so much what is done, but how it is done) and a technology review. When the five focused planning areas were originally discussed with the ECBT, it was felt that this area should be done mainly by staff. Although this work is being done with the same vigor and intensity as the other focused planning areas, volunteers will not be asked to commit their

time to it. Of course, any issues involving large financial commitments will come before the BT as appropriate. A status report is attached (#28).

3I.3 Changes in Fringe Benefits.

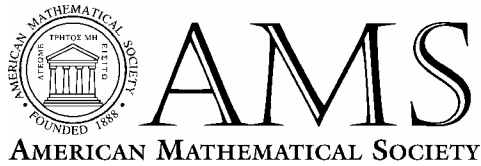
The November 1996 BT authorized the Executive Director to approve changes in benefit plans (except for those changes which would significantly enhance or degrade the Society's financial health or relations with its employees) and asked that these changes be reported to the Board of Trustees when appropriate.

The Society's health and dental plans renew on March 1 of each year. The plan costs continue to be high, and in RI increases were again in the double digits. Furthermore, it was necessary to increase out of network deductibles. In order to lessen the impact of these increases on the most costly options, the AMS is covering an additional 5% of the cost of family coverage as of March 1, 2005. The AMS share of premiums is now 85% for individual coverage, 70% for two-person coverage, and 70% for family coverage.

Respectfully submitted,



*Robert J. Daverman, Secretary
Knoxville, Tennessee
June 17, 2005*



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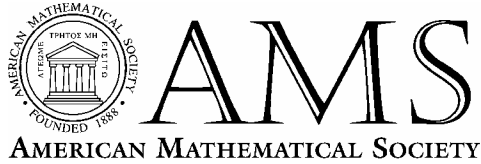
**SECRETARIAT
Business by Mail
October 1, 2004**

**MINUTES
from the Ballot dated September 1, 2004**

There were **three** votes cast by John Bryant, Robert Daverman, Susan Friedlander, Michel L. Lapidus and Lesley Sibner.

1. Approved electing to membership the individuals named on the list dated August 20, 2004.
2. Approved holding a Central Section meeting at Miami University in Oxford, Ohio, on March 16-17, 2007.
3. Approve the minutes of the Secretariat Business by Mail from the ballot dated August 1, 2004.

Robert J. Daverman



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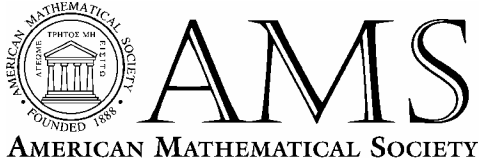
**SECRETARIAT
Business by Mail
November 1, 2004**

**MINUTES
from the Ballot dated October 1, 2004**

There were **five** votes cast by John Bryant, Robert Daverman, Susan Friedlander, Michel L. Lapidus and Lesley Sibner.

1. Approved electing to membership the individuals named on the list dated September 20, 2004.
2. Approved holding a Southeastern Sectional meeting at Florida International University in Miami, FL, on April 1-2, 2006.
3. Approved the minutes of the Secretariat Business by Mail from the ballot dated September 1, 2004.

Robert J. Daverman



312D Ayres Hall, University of Tennessee
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Robert J. Daverman, Secretary
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**SECRETARIAT
Business by Mail
December 1, 2004**

**MINUTES
from the Ballot dated November 1, 2004**

There were **five** votes cast by John Bryant, Robert Daverman, Susan Friedlander, Michel L. Lapidus and Lesley Sibner.

1. Approved electing to membership the individuals named on the list dated October 20, 2004.
2. Approved holding a Central Sectional meeting at the University of Notre Dame in Notre Dame, Indiana, on April 8-9, 2006.
3. Approved the minutes of the Secretariat Business by Mail from the ballot dated October 1, 2004.

Robert J. Daverman



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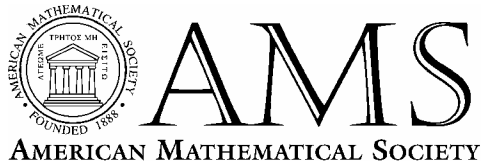
**SECRETARIAT
Business by Mail
January 3, 2005**

**MINUTES
from the Ballot dated December 1, 2004**

There were **four** votes cast by John Bryant, Robert Daverman, Susan Friedlander, and Michel L. Lapidus.

1. Approved electing to membership the individuals named on the list dated November 20, 2004.
2. Approved holding a Central Sectional meeting at the University of Cincinnati, Ohio, on October 21-22, 2006.
3. Approved the minutes of the Secretariat Business by Mail from the ballot dated November 1, 2004.

Robert J. Daverman



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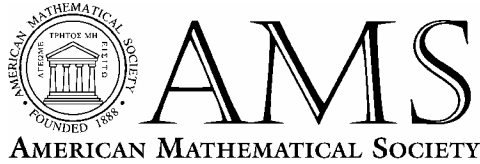
**SECRETARIAT
Business by Mail
February 1, 2005**

**MINUTES
from the Ballot dated January 3, 2005**

There were **five** votes cast by John Bryant, Robert Daverman, Susan Friedlander, Michel L. Lapidus, and Lesley M. Sibner.

1. Approved electing to membership the individuals named on the list dated December 20, 2004.
2. Approved the minutes of the Secretariat Business by Mail from the ballot dated December 1, 2004.

Robert J. Daverman



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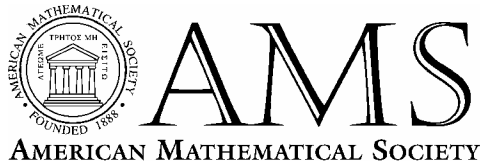
**SECRETARIAT
Business by Mail
March 1, 2005**

**MINUTES
from the Ballot February 1, 2005**

There were **four** votes cast by John Bryant, Robert Daverman, Susan Friedlander, and Michel L. Lapidus.

1. Approved electing to membership the individuals named on the list dated January 20, 2005.
2. Approved holding a Northeast Sectional Meeting on October 28-29, 2006, at the University of Connecticut in Storrs, Connecticut.
3. Approved holding a Western Sectional Meeting at the University of Utah in Salt Lake City, Utah, on October 7-8, 2006.
4. Approved the Graz University of Technology, in Graz, Austria, as an International Institutional Member for 2005
5. Approved the University of Linz, in Linz, Austria, as an International Institutional Member for 2005.
6. Approved the minutes of the Secretariat Business by Mail from the ballot dated January 3, 2005.

Robert J. Daverman



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**SECRETARIAT
Business by Mail
April 1, 2005**

**MINUTES
from the Ballot March 1, 2005**

There were four votes cast by John Bryant, Robert Daverman, Susan Friedlander, and Lesley Sibner.

1. Approved electing to membership the individuals named on the list dated February 20, 2005.
2. Approved holding a Southeastern Sectional Meeting at Davidson College in Davidson, North Carolina, on March 3-4, 2007.
3. Approved holding a Central Section meeting at Indiana University, Bloomington, Indiana, on April 4-6, 2008.
4. Approved the draft minutes from the January 7, 2005, meeting of the Secretariat in Atlanta.
5. Approved the minutes of the Secretariat Business by Mail from the ballot dated February 1, 2005.

Robert J. Daverman

Committee on Meetings and Conferences Highlights of April 30, 2005 Meeting

Report of the Secretariat. AMS Secretary Robert Daverman gave a report on the April 29 Secretariat meeting:

- The Secretariat reviewed International Meetings through 2008 with Taiwan at the end of 2005. Other meetings being looked at are Poland in the summer of 2007, New Zealand at the end of 2007 and Brazil in the summer of 2008.
- The new Special Public Lecture that will be delivered at a sectional meeting once a year will be held on a trial basis at the fall 2005 sectional meeting in Nebraska with Michael Atiyah as the speaker and at the western sectional in spring 2006 with Benoit Mandelbrot as the speaker. The (working) name of the lecture will be the Einstein Public Lecture on Mathematics (in celebration of the Einstein Centennial).
- At the request of CoMC, the Secretariat is now sending a letter to the Colloquium Lecturer with a note that CoMC encourages the Colloquium Lecturer to help organize a special session related to the Colloquium.

Report on the Subcommittee to Review the Scientific Program at National Meetings. This subcommittee was composed of Paul Zorn, Susan Friedlander and Irena Peeva. The subcommittee reported that overall they found that meetings ran well. The subcommittee reported on the following:

- The scientific content of the meetings definitely meet the needs of the membership.
- The Special Session on Current Events, organized by David Eisenbud, was well received and should continue.
- The Colloquium Lecturer in Atlanta was well attended, especially in comparison to some other recent Colloquium Lectures. It was felt that attendance might be improved even more with catchier titles. CoMC endorsed having the Secretary talk to the Lecturer about the value of choosing titles that pique the interest of general meeting attendees.
- There needs to be a way to streamline the Prize Reception to make it shorter. CoMC endorsed in principal keeping the Prize Session joint and shortening the length of the prize recipients' acceptance speech. CoMC suggested that the Secretary and President talk to the leaders of the other Societies about keeping the acceptance speeches shorter.

Report on Focus Planning. There was discussion on the recommendation from the Focus Planning Report that the AMS create a new type of conference program. CoMC passed a motion to endorse exploring new types of conference on a trial basis. A subcommittee of CoMC will work to identify topics for the conference and report their recommendations to the Secretariat for final review and approval. Associate Secretaries Leslie Sibner and Matt Miller volunteered to work with the new conferences.

Special Session on Current Events. CoMC endorsed continuing the Special Session on Current Events at the Joint Meeting as long as possible.

Report on the Atlanta Focus Group. Jean Taylor moderated the CoMC Focus Group discussion in Atlanta. The comments and suggestions from the Focus Group were discussed

during Taylor's oral report. Overall focus group members were very satisfied with the Annual meeting. They also felt that they did not want programming during the lunch hour and wanted to keep it open. They also were happy with the type of Invited Addresses (IA's) offered and had no suggestions for different types of A's. No formal action was taken by CoMC.

Other informational items. CoMC's topic for annual review for 2006 is to be the Review of the National Meeting (overall program including governance meetings). A subcommittee consisting of Gregory Smith, Chair, Gail Ratcliff and Joel Hass will prepare a report on this topic for the next meeting.

CoMC will host a focus group at the San Antonio meeting on Friday, January 13, at 7 am. Joel Hass will chair the focus group.

*Jim Maxwell, Associate Exec. Director
Diane Saxe, Director of Meetings
May 2, 2005*

**American Mathematical Society
Committee on Science Policy Meeting
April 7-9, 2005
Washington, DC**

Summary Report

This year's Committee on Science Policy meeting followed the same format as last year. Organized as a Forum, the meeting was designed to allow for free flowing discussion on issues of policy and funding for the mathematical sciences, as well as discussion of overall federal funding for science. The Forum provided an opportunity for participants to interact with Capitol Hill and federal agency staff.

The meeting was held immediately preceding the AMS Council meeting so Council members were invited to attend the Forum. In addition, as in past years, chairs of mathematics departments were also invited to participate in the Forum. The meeting was well attended with over eighty participants and consisted of presentations from Administration and Congressional officials and federal agency representatives in addition to some open discussion on Saturday morning.

Highlights from presentations given by Administration, Congressional and federal agency officials:

***Kei Koizumi – Director, R&D Budget and Policy Program
American Association for the Advancement of Science (AAAS)***

Kei Koizumi began his presentation on the FY2006 federal budget request by examining the current deficit situation. He reported that the FY2005 budget deficit could be a record \$427 billion. Policy makers want to reduce this deficit by half over the next five years. This means that any increases in federal R&D investments will stall in the near term as discretionary spending, from which these investments are made, will bear the brunt of any deficit reduction.

Koizumi went on to present statistical data related to the FY2006 R&D budget request, including total outlays, trends in discretionary spending, total R&D by agency, and trends in defense and non-defense R&D spending. He explained that the FY2006 budget request represents a downward shift from recent trends in overall R&D spending, with funds declining for most R&D programs, stagnant defense R&D spending and only moderate increases in R&D for space exploration and homeland security.

***Arden Bement, Director
National Science Foundation***

Dr. Arden Bement discussed the FY2006 NSF budget request of \$5.605 billion, which represents a 2.4% increase over FY2005. This request includes a sustained level of \$200 million for the Division of Mathematical Sciences. It also includes funds for interdisciplinary programs that involve mathematics through other directorates.

Dr. Bement went on to talk about the importance of mathematics to scientific knowledge and how strengthening support for mathematics through programs like the Vertical Integration of Research and Education (VIGRE) program has helped enhance workforce preparation. Since VIGRE's inception in 1999, the number of U.S. graduate students receiving research support has more than doubled.

***Raymond Orbach, Director, Office of Science
U.S. Department of Energy***

Ray Orbach started his presentation by giving some background on the Office of Science at DOE. He pointed out that at 42%, the Office of Science is the single largest federal supporter of basic research in the physical sciences in the U.S. It maintains a diverse research portfolio, managing programs in basic energy sciences, biological and environmental sciences and computational science. It also supports materials and chemical sciences and U.S. research in climate change, geophysics, genomics, life sciences and science education.

Orbach discussed current funding for the Office of Science noting that the FY2006 budget request of \$3.462 billion is 3.8% below the FY2005 appropriation – only 0.9% above the FY2005 request. Although it will be a difficult budget year, the Office of Science will make major investments in the areas of fusion, leadership class computing, spallation neutron source, nanotechnology, x-ray free electron lasers, high energy physics, nuclear physics, climate change and genomics.

***William Bonvillian, Legislative Director
Office of Senator Joseph Lieberman***

Bill Bonvillian explained that funding for research and development remains relatively flat as a result of unprecedented budget deficits that the nation is experiencing. He suggested that current deficits will preclude the federal government from making investments in research and development in the future. In fact, he cited studies that show that there will be no other revenues available for any other part of government beyond entitlement programs and defense and homeland security spending by as early as 2013 if the current tax structure is not altered.

Bonvillian stressed that the future of federal R&D investments is in real trouble. He encouraged the broader science community to take a lesson from the life sciences and integrate business and industry into its advocacy efforts, in addition to mustering a groundswell of support through grassroots initiatives. He also suggested developing collaborative relationships with the White House, including the Office of Management and Budget and the Office of Science and Technology Policy.

***James Turner, Chief Counsel, Minority
House Science Committee***

Jim Turner began his presentation by noting that in a second term of any Administration, legislation may be harder to pass because the White House and the Congress often have different agendas – the President wants to leave a legacy and the Congress has their own interests in mind. Currently, our nation has a very large budget deficit. It also has some large long-term solvency problems that must be addressed (i.e. Social Security and Medicare). All of these things put real

pressure on the budget process. With so many different interests battling for the same limited amount of discretionary spending dollars, the competition is fierce.

Turner encouraged mathematicians to use their large institutional employers to give them the clout they need to make their voices heard. Universities are often the largest employer in a given Congressional district – this is an advantage that should be utilized when lobbying for those scarce R&D investment dollars. Additionally, Turner encouraged mathematicians to form partnerships and to highlight the mathematics contributing to the success of other projects in their arguments for increased R&D funding.

***David Attis, Deputy Director, National Innovation Initiative
Council on Competitiveness***

David Attis gave attendees some background information on the Council on Competitiveness. It's mission is to set a public policy action agenda to drive U.S. productivity growth, higher living standards and success in global markets. He noted that there have been numerous articles published in recent years that describe the decline of U.S. competitiveness in the world market. Of course, the U.S. still dominates in many fields, but the case can be made that things will change in the future.

Innovation has historically been a U.S. advantage and it will be the single most important factor in determining its success through the 21st century. However, the nature of global competition is changing. Corporate strategies are becoming more global in nature, new markets are opening, and the world is becoming more competitive and more collaborative. These changes bring new challenges to the U.S.

The National Innovation Initiative has brought together over 600 leaders from industry, academia, labor and government to identify a policy agenda that will address these challenges. Their recommendations have been published in a report entitled *Innovate America*, and are based on three platforms: talent, investment and infrastructure. The Council on Competitiveness has begun work on implementing this agenda by meeting with federal policy makers on proposed legislation, by building constituencies, by collaborating on a regional and global level through innovation summits, and by researching innovation metrics.

***Penrose Albright, Assistant Secretary and Principal Deputy, Office of Science and Technology
U.S. Department of Homeland Security***

Dr. Albright began his presentation by discussing the Department of Homeland Security's (DHS) vision, mission and goals. He then turned to the Science and Technology Directorate and outlined its organizational structure, mission and objectives. There are four divisions within the S&T Directorate. Dr. Albright heads the Programs, Plans & Budget (PPB) division, which provides strategic and technical vision for the Directorate. He also discussed the work of the other three divisions: the Office of Research and Development; the Advanced Research Projects Agency; and the Systems Engineering and Development division.

The Office of Science and Technology's budget request for FY 2006 is \$1.368 billion and its activities are grouped into three portfolios: Countermeasure Portfolios – which includes biological, chemical, explosives and radiological and nuclear countermeasures; Support to DHS Component Portfolios – which includes critical infrastructure protection, cyber security, the U.S. Coast Guard and U.S. Secret Service; and Cross Cutting Portfolios – which includes rapid prototyping, standards, and university and fellowship programs.

Dr. Albright presented more detail on a few of these portfolios discussing their missions, strategic objectives and Homeland Security impact. He also provided a summary of budget estimates for the DHS Office of Science and Technology for FY 2004 – FY 2006.

***David Trinkle, Staff Specialist
Office of Management and Budget***

David Trinkle noted that the budget priorities reflected in the FY 2006 budget request are not very different from last year's, which focused on the war on terrorism and economic recovery. Spending in these areas will prohibit real growth in other areas of the budget, including funding for basic research. In fact, research and development funding as a whole in the FY 2006 budget request is up only slightly over FY 2005.

Trinkle spoke in broad terms about support on Capitol Hill for basic research and noted that it is generally recognized as an investment in the future. However, since funding for basic research must be balanced with other funding priorities, the argument for increasing its share must be articulated more effectively. Trinkle also spoke briefly about the federal budget process timeline and noted that the federal agencies are already working on the FY 2007 budget request.

***Deborah Lockhart, Executive Officer, Division of Mathematical Sciences
National Science Foundation***

Deborah Lockhart began with a brief outline of the structure of the National Science Foundation (NSF), the Mathematical and Physical Sciences (MPS) Directorate and the Division of Mathematical Sciences (DMS), which has a number of program areas. She also gave an update on the budget of the DMS with a look at FY 2004 – FY 2006. She noted that the FY 2006 request of \$200.38 million reflects no change from FY 2005.

The budget priorities for FY2006 include what DMS calls “core” programs, broadening participation, and cyber infrastructure. There are four budget areas: connections (investments in institutes, workshops, etc); workforce (targeted programs like VIGRE, Research Training Groups, etc.); interdisciplinary interactions (focused competitions); and the “core” (individual investigator grants, plus small group projects).

Lockhart briefly described some of the training activities in DMS, including Enhancing the Mathematical Sciences Workforce in the 21st Century (EMSW21), Research Training Groups (RTG), Mentoring Through Critical Path Transition Points in the Mathematical Sciences (MCTP), and Interdisciplinary Training for Undergraduates in Biological and Mathematical Sciences (UBM). She also reported on the number of awards for 2004 in each of these areas.

The DMS solicited input from the mathematics community and found broad support for the idea of building networks among mathematicians on a long-term and large-scale basis. As a result of this input, the DMS has created new “special” meetings which will reach out to a broader range of mathematicians and help them to develop the connections they need to participate more fully in the community. These meetings will have an award size in the range of \$50-150K per year with duration of up to three years.

CSP Activities at Joint Mathematics Meetings, San Antonio 2006

After some discussion on suggested topics for CSP activities at the Joint Meetings in San Antonio in January 2006, the committee decided it would host a panel on visas. The panel will include representatives from departments of mathematics with experience on the issues surrounding visas in today’s national security climate.

In addition, much discussion centered on who the AMS-MAA government speaker should be for the 2006 Joint Meetings. Senator Kay Bailey Hutchinson (R-TX) was suggested as an appropriate person to invite since she is a member of the Senate Appropriations Committee Subcommittee on Commerce, Justice and Science ... and a Texan.

Report from the Washington Office

Sam Rankin gave a brief report on the activities of the Washington Office. He reported on AMS participation in several coalitions and collaborative efforts, including the Task Force for Innovation, which supports the idea of innovation as the basic component of America’s future success in the world marketplace. The AMS is also involved in the Bridging the Sciences Coalition, which employs a lobbyist to push for funding of interdisciplinary work at the National Institutes of Health (NIH).

Rankin, along with others in the science community, has been meeting with Congressional representatives to discuss the need for increased funding for the NSF in the FY 2006 budget. The budget committees in the House and Senate develop a budget resolution each year and the science community has been able to have language on the NSF inserted into the FY 2006 Senate Budget Resolution.

The AMS will again participate in Congressional Visits Day this year in mid-May where 200-300 scientists from academia and industry to go to Capitol Hill and talk about science, including mathematics. Sam is also chair of a group called the Coalition for National Science Funding, which is an advocacy group for NSF funding. The coalition hosts an annual exhibition on Capitol Hill to highlight NSF-funded projects. Last year’s exhibition drew over 300 attendees, including Members of Congress, the Science Advisor to the President, and the Director of NSF. The AMS is one of the 30-35 exhibitors each year.

The Washington Office is currently working with others in the science community on a Dear Colleague letter penned by Rep. Vernon Ehlers (R-MI) and Rep. Rush Holt (D-NJ), which asks for support for a funding level of \$6.1 billion for the NSF in FY 2006. The idea is to garner as much support as possible via signatures of House Members on a letter that will be sent to the chair and minority of the appropriations subcommittee with jurisdiction over the NSF.

The AMS, in conjunction with the AAAS, will sponsor a Congressional Fellow from September 2005 through August 2006. The AMS Fellow will spend the year working on the staff of a Member of Congress or a congressional committee, working as a special legislative assistant in legislative and policy areas requiring scientific and technical input. The selection process is ongoing and a decision will be made by May 1.

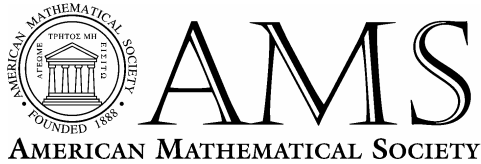
Open Discussion

The open discussion centered on the concern that not enough mathematicians receive federal research support and that this is having an affect on morale. Since over 70% of federally funded academic research support for mathematics comes from the NSF, it was decided that a letter would be sent to the Division of Mathematical Science recommending that it redirect some NSF funds in order to increase the number of individual investigator grants, focus research grants and their equivalent.

Date of Next Meeting

The next meeting of the AMS Committee on Science Policy was scheduled for Tuesday-Thursday, April 25-27, 2006 in Washington, DC. These dates represent a change in the usual timing of the meeting and its format so that it may include meetings on Capitol Hill during the week when Congress is in town.

*Submitted by Anita Benjamin
Assistant to the Director of the AMS Washington Office
April 28, 2005*



Committee on Science Policy
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April 13, 2005

Dr. William Rundell
Director
Division of Mathematical Sciences
National Science Foundation
Room 1025
4201 Wilson Boulevard
Arlington, VA 22230

Dear Bill:

The American Mathematical Society's (AMS) Committee on Science Policy (CSP) met April 7-9, 2005 in Washington, DC. During the meeting, a lengthy discussion took place concerning the number of mathematicians supported by federal research grants. The CSP feels that not enough mathematicians receive federal research support. Since the NSF now provides approximately 77 percent of the total federal support for academic research in mathematics, the Committee decided to issue the following unanimously approved resolution.

The AMS Committee on Science Policy recommends to DMS that it consider redirecting some NSF funds in order to increase the number of individual investigator grants, focus research grants and their equivalent.

We would appreciate your consideration of this resolution as you plan for DMS activities.
Thank you.

Sincerely,

Robert Olin
Chair
AMS Committee on Science Policy

Washington Office
Report to ECBT
May 20-21, 2005

On February 7, 2005, the President presented his FY 2006 budget request to Congress. Federal support for Research and Development came in at \$132.3 billion, a .56 percent increase over current fiscal year (FY 2005) amount. Within this R&D amount, basic research decreases by 1.2 percent from FY 2005.

The National Science Foundation is increased by 2.4 percent over FY 2005 to \$5.605 billion. This amount is \$47 million under the NSF FY 2004 budget of \$5.652 billion. The Research and Related Activities budget is up 2.7 percent with basic research up 1.4 percent. The Education and Human Resources budget is down 12.4 percent while the Major Research and Equipment and Facilities Construction account is up by 44 percent.

Total federal funding for the mathematical sciences is up only 1.8 percent, with DOD up 4.7 percent, Department of Energy Applied Mathematics Program up 9.8 percent. The DOD increase can be attributed to the Defense Advanced Projects Agency with a 13.5 percent increase, while the armed services' science budgets are flat (Air Force Office of Scientific Research, Army Research Office, and the Naval Research Office).

The Division of Mathematical Sciences (DMS) Budget is level at \$200.38 million. If this FY 2006 budget request holds, the DMS will have had the same budget since FY 2004. This is very disappointing given that the mathematical sciences has been designated a priority area for the NSF from FY 2002 through FY 2007.

With the new Congress, the House and Senate have reconfigured the appropriations committees that have jurisdiction over discretionary spending. Recall that in the past the House and Senate Appropriations Committees each had 13 matching appropriations subcommittees. Now, the House has ten and the Senate has twelve. In the old scheme the House and Senate VA-HUD and Independent Agencies Subcommittees had jurisdiction over the NSF. The NSF will now be under the jurisdiction of the Science, State, Justice, and Commerce, and Related Agencies Appropriations Subcommittee in the House, and the State, Justice, and Science Appropriations Subcommittee in the Senate. Frank Wolf (R-VA) is the chair of the House subcommittee and Richard Shelby (R-AL) is the chair of the Senate subcommittee. At this time, it is not clear what kind of support the NSF will receive in these new committees. Each of these committees also has jurisdiction over NASA, NIST, and NOAA, as well as the FBI and other parts of Justice.

Science organizations with staff in Washington are watching the activities of these new subcommittees very closely and are setting up meetings with committee staff. This includes the AMS. During February and March, the Director of the Washington Office, along with other science society colleagues, made visits to the staff of the House and Senate Budget Committee members, as well as with the Legislative Director of Senator Shelby (R-AL), chair of the new State, Justice, and Science Appropriations Subcommittee. Our visit with the Senate Budget Committee staff resulted in language regarding the budgets of the NSF and the Office of Science

of the Department of Energy being inserted in the Senate Budget Resolution. Having favorable budget language is a plus, but may not result in increases since budget resolutions are not binding.

In April, the Director of the Washington Office arranged Hill and Administration visits for AMS President Jim Arthur, AMS Executive Director John Ewing, and AMS Committee on Science Policy chair Robert Olin. These visits included meetings with staff of the House Science, State, Justice, and Commerce, and Related Agencies Appropriations Subcommittee; staff of the Senate State, Justice, and Science Appropriations Subcommittee; John Marburger, Science Advisor to the President; Kathie Olsen, Associate Director of the Office of Science and Technology Policy; staff of Senator Jack Reed (D-RI); Senator Richard Shelby; and Congressman Patrick Kennedy (D-RI). At our meeting, we advocated for the NSF budget and expressed our concern that as a priority area the DMS was not receiving any increases.

An outcome of the last several years of inadequate budgets for basic research is that major technology based industries are beginning to publicly advocate for more federal support for basic research. Intel has been very aggressive and has initiated activities aimed at increasing the federal budget for basic research. One such activity is the formation of the Task Force on the Future of American Innovation. The AMS has participated in this task force, which has produced a document titled *Benchmarks of Our Innovation Future* (www.futureofinnovation.org). A press conference was recently held at the National Press Club introducing the *Benchmarks* document. Craig Barrett, CEO of Intel, was a main speaker along with former Michigan governor and current president of the National Association of Manufacturers, John Engler. The theme of this press conference has resonated with the media as several articles in major publications, including the *New York Times*, have been published.

Industry speaking on behalf of federal funding for basic research can have greater impact on the current Administration and Congress than the research community. All of us involved with advocating for basic research are appreciative of industry help.

The Director of the Washington Office continues to chair the Coalition for National Science Funding (CNSF). The CNSF has completed its annual budget statement on behalf of the NSF and has collected endorsements of the statement – 86 Coalition members have endorsed the statement. The Eleventh Annual CNSF Congressional Exhibition is planned for June 21. The AMS Washington office is again handling the details of the event. We have already received more requests from CNSF members to exhibit than we can accommodate. This event is usually very popular with congressional offices. Last year over three hundred people attended, including eight Members of Congress, Science Advisor John Marburger, and NSF Director Arden Bement.

On December 3-4, 2004 the Washington Office organized an NSF funded workshop on Mentoring and Nurturing Students. Sam Rankin is PI on the NSF grant supporting the workshop and the organizing committee was made up of Sylvia Bozeman, Spelman College; Rhonda Hughes, Bryn Mawr College; Raymond Johnson, University of Maryland; David Manderschied, University of Iowa; William Veles, University of Arizona; and Sylvia Wiegand, University of Nebraska. The workshop, held in Tucson, AZ, was well-attended with fifty-three enthusiastic

participants. The workshop was designed to provide participants with ideas and methods that can aid mathematical sciences departments in the development of nurturing environments for students. The workshop addressed both undergraduate and graduate students.

Early this spring, the AMS Washington Office organized the April 7-9 Committee on Science Policy (CSP) Forum and Meeting. Over eighty people attended the meeting, including twenty-four department chairs and sixteen AMS Council members. More on the CSP meeting is provided elsewhere in the ECBT Agenda.

In January, the Director of the Washington Office met in Chicago with representatives of the Mathematicians and Education Reform Forum (MER) to discuss continuing collaboration with the AMS, particularly the upcoming fall NSF funded workshop on undergraduate mathematics education. The AMS has had a long history of collaborating with MER on education based projects, most recently on Excellence in Undergraduate Mathematics: Confronting Diverse Student Interests.

Also in January, the Washington Office organized the annual workshop for mathematical sciences department chairs at the 2005 Joint Mathematics Meetings in Atlanta, Georgia. This year's workshop focused on a number of areas of importance to department chairs including faculty evaluations, strategic planning, effective use of resources and accountability. Over thirty department chairs and leaders came together to share their ideas and experiences.

The AMS participated in a breakfast to honor the Presidential Awardees for Excellence in Mathematics Teaching as part of recognition week activities held in Washington, DC in April for mathematics and science teacher awardees from across the country. In addition, the AMS provided one of the many booths at the Information Exchange, which gave these outstanding teachers valuable resources. The Presidential Awards for Mathematics and Science Teaching (PAEMST) program is administered for the White House by the National Science Foundation and annually chooses one outstanding teacher in both mathematics and science from each state and territory.

The Washington Office will also participate in Congressional Visits Day (CVD) in mid-May 2005. CVD is a joint effort by a coalition of scientific societies to advocate the importance of broad federal support for scientific research. The AMS has invited mathematicians whose Congressional representatives are influential to the federal appropriations process to participate in this annual event.

Finally, the Director of the Washington Office has again written his annual chapter on federal funding for the mathematical sciences for the AAAS Annual Research and Development Report.

Samuel M. Rankin III
Associate Executive Director
April 26, 2005

Experimenting with New Forms of Meetings

BACKGROUND

At the April 2004 meeting of the Committee on Meetings and Conferences (CoMC), there was discussion of the interim report on the focused planning effort on AMS meetings. After discussion CoMC passed a motion in support of the concept of having more sectional-style meetings and supported continuing to discuss the best way to achieve this, including the possibility of a fifth Associate Secretary who would serve "At Large" without an assigned geographic area. The discussion also supported holding sectionals with other societies.

At the November 2004 meeting of the Executive Committee and Board of Trustees (ECBT), the final report on focused planning for meetings was presented and discussed. Following discussion of the report, there was support for further exploration of the concept of a new type of meeting similar to a sectional. The Meetings and Conferences Department (MCD) staff was asked to put together a concrete proposal for how this would work and bring it forward for discussion at CoMC and at a future ECBT.

Some of the comments on the idea of new meetings at the ECBT included:

- Sam Rankin felt the concept was a good one as AMS would benefit from the interaction with other groups.
- Walter Craig liked the International flavor that could be a part of such a concept. He felt it was innovative and could involve meetings with physicists, biologists and ecologists.
- Jim Arthur thought that it should be tried as a three-year experiment.
- John Ewing felt it was a way to try new meetings.
- Rankin thought that it could be a conference on math with the NIH with hour talks where biologist and mathematicians discuss the same problems, each group directing their presentations to the other.

In the early part of January, 2005, AMS and SIAM learned that the Division of Mathematical Sciences at NSF was making significant changes to the program solicitation under which the Summer Research Conferences (SRC's) have been funded in the past. The current grant supporting the SRC's will end with the 2005 conferences. A proposal for support of four one-week conferences in the summer of 2006 is being submitted, and options for securing funding for future summer conferences under the new program solicitation will be explored in the coming year.

Regardless of the long term outcome of NSF funding for conferences, additional forms of AMS meetings will serve to enrich the core constituency of the AMS, research mathematicians.

A STARTING POINT FOR DISCUSSION

Taking the ideas of CoMC and the ECBT into consideration, the MCD staff has brought forward the following ideas for a conference program that would expand AMS meeting presence within the mathematical research community. What follows is an outline of the key aspects of a new conference activity, and reflects both the suggestions from previous discussions among the volunteer leadership of the Society and the thinking of the MCD Staff.

Meeting Scope: These conferences would be national in scope.

Programmatic Structure: The topics and ideas for the conferences would come from a Call For Proposals that would have been posted on the web and published in *Notices*.

Initially, an Associate Secretary would be involved in the development of the program until a conference organizing committee was up and running. The organizing committee would work with the Associate Secretary in moving the conference forward, including generating the program, recruiting key invited speakers, and working with the Meetings and Conferences Department on the logistics.

Eventually, a committee could be formed with the specific charge of recruiting and evaluating proposals for conferences. This committee would be similar in function to the current Short Course Committee.

Location: It should be held at a college or university, but it could also be held at a conference center. Consideration can be given to holding the conference at a location where the conference topic has a substantial mathematical following in that geographical area.

Finances: The AMS would cover staff labor and expenses similar to what is covered in sectionals. A registration fee would be charged sufficient to cover most of the other direct expenses. Depending upon the type of conference, the AMS may have to cover some expenses for the Invited Addresses.

Timing: The most likely timing would be during the academic year or in the period immediately after the end of the academic year. Holding it over the

summer months might be possible, although this will put the meeting in competition with the already heavy summer schedule of many research mathematicians.

Models: The following examples are provided to make more concrete the types of meetings that might fit into this new arrangement. The topics described in these models are (more or less) fictional and provided for illustrative purposes only.

Any resemblance to actual active areas of mathematically-related research is purely coincidental.

Model 1

2.5 days. The first half-day would be plenary, and the next two days would be special sessions based on the plenary talks.

This type of conference could start at noon with two Invited Addresses. There could be a social at night. On the next two days, there would be all special sessions.

Example: *Mathematics and Biology*

- | | |
|-----------|--|
| Day one | Invited Addresses (afternoon) |
| | <ul style="list-style-type: none">▪ Mathematical biology: From molecules to ecosystems, the legacy of Lee Segel.▪ Partial differential equations and mathematical biology. |
| Day two | Special Sessions |
| | <ul style="list-style-type: none">▪ Molecular Biology▪ Cellular Slime Molds▪ Derivation of Reaction Diffusion Equations▪ Diffusion Equations on a Mounded Domain▪ Diffusion with Point Source▪ Mathematical Models for Biological Invasions▪ Advancement in the Myth Analysis of Invasive Problems |
| Day three | Special Sessions |
| | <ul style="list-style-type: none">▪ Nonlinear Scalar Reaction Diffusion Equations▪ Reaction Diffusion Systems▪ Advances in the Application to Real Ecosystems▪ Multivariable Calculus▪ Spatial Epidemic Models▪ From Pattern Formation to Development |

Model 2

Two days with a program similar to the current AMS Short Course, with three or four speakers each giving two talks spread over two days. The talks on day one would be introductory in nature with the day-two topics more advanced.

This type of meeting could be held prior to or immediately following a sectional meeting.

Example: Algebraic Geometry

- Day one Invited Addresses
- Geometric invariant theory and projective toric varieties.
 - Multiplier ideals in algebraic geometry.
 - Rationally connected varieties and a theorem by Graber, Harris and Starr.
 - Why Hochschild? An algebraic geometer's point of view.
- Day two Invited Addresses
- Real algebraic curves and amoebas.
 - The arithmetic and the geometry of Kobayashi hyperbolicity.
 - Moduli of curves and the Fulton-Macpherson configuration space.
 - Group actions and degeneration.

Model 3

Two, three, or four days in length with the plenary talks each morning and Special Sessions in the afternoon linking to the plenary topics from the morning.

Example: *Spatial Ecology: The Interplay between Theory and Data*

- Day one Invited Addresses (morning)
- Mathematical ecology.
 - Ecology: What's bad about promoting technology rather than predicting its consequences?
- Special Sessions (afternoon)
- Simulating Interconnected Networks of Organisms Across Different Scales of Time, Size and Space
 - Perspectives in Theoretical Ecology

- Competitive and Adaptive Dynamics in Ecology
- Applied Mathematical Ecology

Day two Invited Addresses (morning)

- Mathematics and empirical ecology.
- EcoMath: A computer-based teaching initiative in integrated ecology and mathematics.

Special Sessions (afternoon)

- Hydrology and Ecology
- Asymptotic and Approximate Analytical Methods in Combustion Problems
- Levy Processes
- Models in Population Ecology

Day three Invited Addresses (morning)

- Mathematical challenges in spatial ecology.
- Mathematical models in spatial ecology.

Special Sessions (afternoon)

- Mathematical Challenges in the Role of Space in Population Dynamics
- Spatial Ecology Via Reaction Differentials Equations
- Ecological Models, Permeance and Spatial Heterogeneity
- Nonlinear Dynamic Systems and Spatial Statistics
- The Role of Space in Population Dynamics

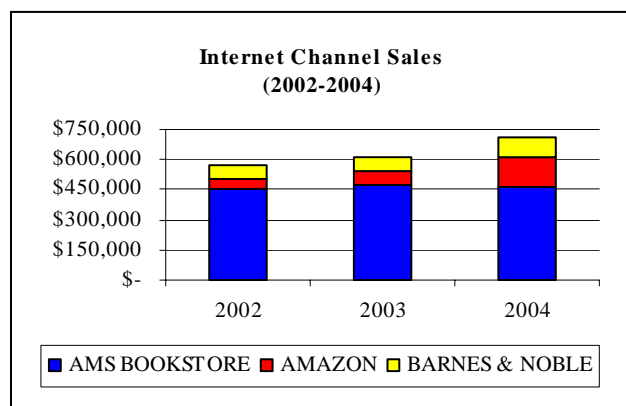
*Jim Maxwell, Associate Exec. Director
Diane Saxe, Director of Meetings
April, 2005*

REPORT ON THE BOOK PROGRAM

The American Mathematical Society book program performed better than the overall professional and scholarly market in 2004. According to figures from the Association of American Publishers, net sales for scholarly books were up only 2% from 2003 to 2004. The AMS book sales revenue increased by over 13%. This growth is attributed to increases in two major geographic regions -- the Americas, with an increase of \$310,838 (18%) and Europe, with an increase of \$95,459 (14.5%). Offsetting these gains were declining sales in the Middle and Far East (-1.6%), Trans Pacific (-4.1%), and rest of the world (-4.1%).

	2002	2003	2004
Americas	\$1,860,837	\$1,718,695	\$2,029,533
Europe	\$608,606	\$656,079	\$751,538
Middle/Far East	\$504,172	\$426,103	\$419,126
Trans Pacific	\$140,111	\$141,961	\$136,093
Rest of World	\$40,491	\$38,623	\$37,041
	\$ 3,154,217	\$ 2,981,461	\$ 3,373,331

The direct online retail sales or sales to internet resellers accounted for over 20% of total book revenue in 2004. This distribution channel recorded the largest market segment increase with sales increasing by 17% or \$104,000. AMS bookstore sales declined 3.28%, the first decrease in sales since the bookstore came online in 1996. This decline was offset by a 125% increase in sales to Amazon over the prior year. Amazon's sales increase is attributed to two factors, a greater number of titles stocked by Amazon ensuring quick delivery to customers and the addition of AMS titles to the Amazon "Search Inside the Book" program.

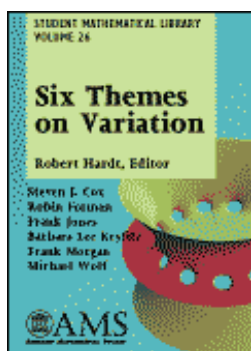
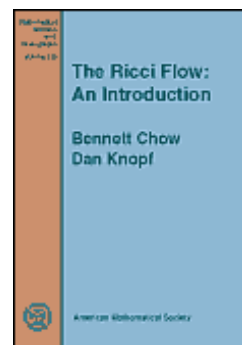


The Society published 85 new books in 2004, the lowest number of new publications since 1996. According to the preliminary 2004 information released by the leading bibliographic services company R.R. Bowker, overall US book production was down significantly in 2004 with the Science category down by over 50 percent. Preliminary information from MathSciNet indicates that the number of new mathematics books published was down as well. We are trying to understand the factors that have brought about this downturn.

Revenue from active AMS and Co-Publications series accounted for 89% of total book revenue in 2004. Over 50% of total revenue was derived from 5 series, *Contemporary Mathematics* ("CONM"), Mathematical Surveys and Monographs ("Surveys"), Graduate Studies in Mathematics ("GSM"), Translations of Mathematical Monographs ("MMONO") and Chelsea.

Series	Revenue	% of Total Revenue
CONM	\$ 560,718	16.62%
Surveys	\$ 393,489	11.66%
GSM	\$ 392,540	11.64%
MMONO	\$ 195,400	5.79%
Chelsea	\$ 160,901	4.77%

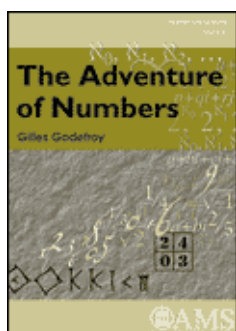
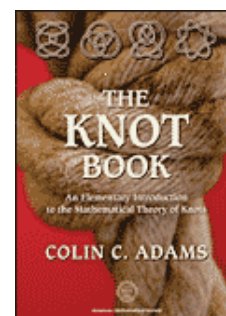
The book program continues to produce first-quality monographs and textbooks. Our primary research monograph series, *Surveys*, published its 100th volume in 2004: *Bergman Spaces* by Peter Duren and Alexander Schuster. Also in the *Surveys* series, *The Ricci Flow: An Introduction*, by Bennett Chow and Dan Knopf, is a timely introduction to the techniques that go into Hamilton's program and Perelman's work on Thurston's geometrization conjecture (and the 3-dimensional Poincaré conjecture). It is a finalist for a book prize to be awarded by the University of Texas later this year. The *Colloquium Series*, which is perhaps our most selective series, published four volumes, more than any other year in the series' history, all from leaders in their fields.



Among the titles published in the *GSM* series were two texts by seasoned masters describing their life-long contributions to their fields: Kirillov's *Lectures on the Orbit Method* and Ramanan's *Global Calculus*. The *Student Mathematical Library* published several books in 2004, including a beautiful book from Rice University on the calculus of variations, *Six Themes on Variation*. The series, now in its sixth year of publication, has a total of 27 titles.


Four new titles were added to the Chelsea series in 2004, including John Hempel's *3-manifolds* and Barry Simon's *Functional Integration and Quantum Physics*.

Noteworthy non series publications in 2004 included *The Knot Book: An Elementary Introduction to the Mathematical Theory of Knots* by Colin Adams. Adams comfortably escorts the readers of all levels through the marvelous world of knot theory. Another interesting publication is the *The Number Pi* by Pierre Eymard and Jean-Pierre Lafon, a book in which the authors trace the thread of Pi through the long history of mathematics



Translated books remain a significant component of the AMS book program. In 2004 we entered into an agreement with the Real Sociedad Matematica Espanola (Royal Society of Spain) which will lead to the publication of advanced textbooks and monographs from Spanish authors. Translations from French and German continue to be a source of projects for other AMS series. The Society published the English translation of *The Adventure of Numbers*, by Gilles Godefroy, in the *Mathematical World* series. This translation was subsidized by a grant from the French Ministry for Culture. Continuing the tradition of fine books from Iwanami, the sub-series of *Translations of Math Monographs* published *Stochastic Analysis*, by Ichiro Shigekawa.

Fine tuning of our various distribution agreements continues. Areas of particular focus in 2004 were Australia, China, Southeast Asia and India. We have broken away from exclusive product representation agreements in Australia and Southeast Asia which have not proven profitable in recent years. Going forward we will market our products directly to institutions, commercial booksellers and individuals in these regions.

Several new initiatives were undertaken to expand the reach of the book program including a new advertising campaign in Europe and the Pacific Rim. We were selected by  to be one of the first participants in a new program, Google Print. Under this new program the AMS is partnering with Google to make our books discoverable and partially viewable through the internet. All AMS back list titles have been scanned at Google's expense and all new books will be added upon publications. A limited display of book content is made available through Google search and links to purchase the book at the AMS Bookstore and other venues are provided on the search result page. To date over 22,000 pages of AMS books have been reviewed by users of Google Print.

We are optimistic that Google Print will draw increased attention to the AMS backlist where our promise to keep all monographs in print in perpetuity can bring financial reward. At a time when deep backlist material is drawing new attention we are increasingly relying on print-on-demand ("POD") to fulfill orders on backlist titles where it is more economical to carry little to no inventory. The capabilities of our Printing Department were expanded in 2004 to address on demand printing of perfect bound books in house.

Beth Huber
Deputy Publisher
3/05

Initial Experience with New Procedure for Access to Online *Notices*

Under the new requirement that online readers of *Notices* articles identify themselves via their AMS user accounts, some basic information on access by these readers is being collected. The data collected between March 2, the start of the new procedures, and March 31 show that there were 3,374 distinct users who accessed over 16,200 articles in *Notices*. Of these users, 77% were not AMS members, and a total of 873 established a user account after March 1.

The AMS Providence office received a very small number of complaints (less than ten) about the new access requirements. Most of the complaints were received from librarians who thought, mistakenly, that their library's previous access to *Notices* had been via IP address tied to their *Notices* subscription, as it is with the AMS research journal to which they subscribe. Naturally, they much prefer IP-based access for their library's users. Several librarians were sent the following response:

Dear XX:

Online access to the Notices of the AMS is free to all readers, whether they are AMS members or not. To remind readers that the Notices is paid for by member dues, the Council of the AMS requested that each reader log on using a free username/password in order to access the full text of articles. This is similar to the mechanism used by many publications that provide free online access. It also allows the Society to track readership of the Notices. Online access to Notices of the American Mathematical Society has never been covered by the AMS license agreement for access to its electronic (research) journals.

We have tried to implement this policy as unobtrusively as possible. When a reader logs on, a cookie is created on the reader's computer allowing access to the Notices for a week. Creating a web account is a simple process requiring less than a minute of time. Access to the ALL online issues of the Notices (not merely the current ones) is provided without charge.

Both the policy and its implementation will be reviewed at regular intervals in the future. We recognize that free access to the Notices is valuable to all mathematicians, and we have made a commitment to provide that free access in ways that serve both the community's and the Society's needs.

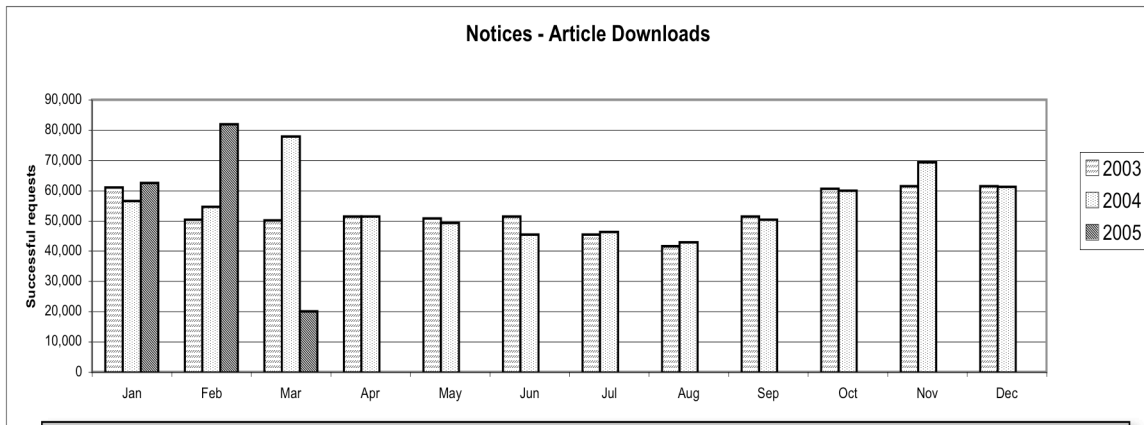
John Ewing

Beyond the complaints, there was a short-lived spike in calls and emails to Member and Customer Services staff from librarians, primarily, seeking clarification on the requirements for establishing a user account.

The chart on the following page shows that coincident with the new access requirements, there was a significant drop off in article downloads in March compared to past months. The requirement that one have a user account to access *Notices* articles has probably come close to eliminating the use of automated downloading of *Notices* articles, an

activity that appears to have accounted for between 20% and 25% of overall monthly activity in the past. But there is no doubt that the short term effect of the change in access has been to reduce the total amount of *Notices* access. These figures will be tracked going forward to determine if access returns to a level more in line with the past as users become accustomed to the new access procedures.

Jim Maxwell
Associate Executive Director
April 11, 2005



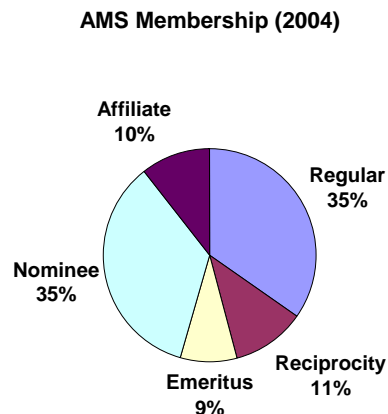
Recognized automated downloading accounts for a portion of the overall activity.
Approximately 25% in Feb/2005
Approximately 20% in Mar/2004

State of AMS 2005

When I report on the AMS each spring, I try to examine the Society from one particular perspective—publishing, public awareness, Mathematical Reviews, etc. This year, I want to look at the Society from several perspectives at once, to understand how various groups of members see the AMS, each in a slightly different way. In many respects, seeing the Society through different eyes is the very best way to see it.

Overview

It is easy to forget that the AMS is a complicated mosaic. In 2004, there were 29,538 members of the AMS. But only 10,300 of these were "regular" members (we used to call them "ordinary" members but renamed them this year). More than 3,200 were reciprocity members; nearly 3,100 were affiliate ("Category-S" from developing countries); over 10,300 were nominee or student members; and 2,600 were emeritus or life.



Our members come from all over the world—31% are from outside the U.S. They hold many different types of jobs (only 55% are Assistant, Associate, or Full Professor). And the percentage of members who are women now exceeds 17%. Of our regular members, about 21% are under 40, 49% are in the range 40-60, and 30% are older than 60. (In 1987, the corresponding percentages were 32%, 58%, and 10%—we are getting older!)

People often ask questions about an "AMS member": What does a member want? How does a member feel about some program? Why does a member react in some way? There are no simple answers to these questions ... because there is no such thing as an "AMS member".

Common Views

How does an AMS member view the Society? While there is no single answer, there are some views that are shared by nearly every member. Our member publications, the *Notices* and the *Bulletin*, are circulated to more mathematicians than any other mathematics journal in the world. They communicate mathematical news, professional information, high-level exposition, as well as a record of the Society's governance. They tie together all parts of the Society, and more broadly the mathematical community itself.

Notices

of the American Mathematical Society

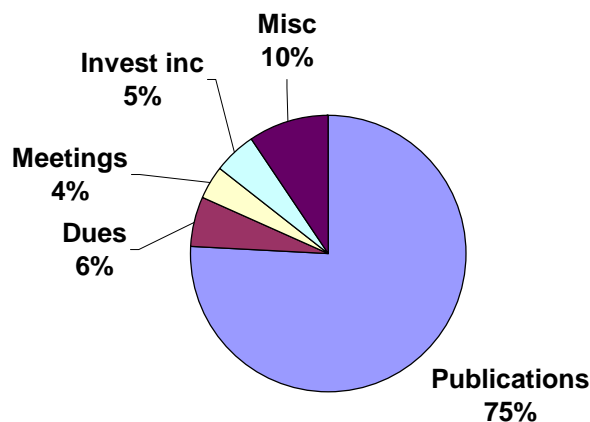


Almost all members view the Society as a publisher. The AMS publishes a dozen of its own journals and distributes others. It has more than 3,000 books in print, including research monographs, proceedings, history, and textbooks. And the AMS maintains the Mathematical Reviews database, along with sophisticated software for accessing that database online. In 2004, we added more than 85,000 new items to that database, compiled and selected by more than 70 staff in our Ann Arbor office.

As part of its publishing program, the Society maintains its own warehouse and printing plant. It has a large staff to develop electronic products (and to maintain them!). It has editors and graphics specialists and bibliographic experts and TeX specialists—all these to produce its many publications, both print and electronic.

Producing the products is only half of publishing, however. We have to market and promote our products, and we have greatly expanded our efforts at every level in recent years. For Math Reviews, marketing *MathSciNet* to consortia has been remarkably successful: In 10 years, the number of institutions with access to Math Reviews has more than doubled. We have greatly extended our marketing for books as well, and we reach more markets in more parts of the world than ever before. In recent years, about half of our publishing revenue comes from North America; the rest comes from Europe (20%), Asia (20%), and the rest of the world.

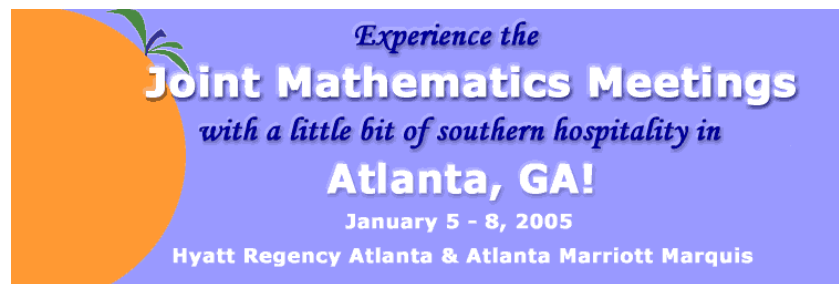
AMS Operating Revenue (2004)



Our publishing program makes a profit. We use that profit to fund our other programs—everything from support for mathematicians in the developing world to public awareness. In that sense, even when members aren't using our publications, they are benefiting from them.

Regular Members

How do regular members see the Society? Of course, for many members, meetings play a big role in their mathematical life. The 2005 Joint Meeting in Atlanta was the third largest in history (counting mathematicians in attendance). The number of special sessions was unusually large. The general level of activity at the Joint Meeting continues to increase, year by year. Our eight sectional meetings attract many attendees (almost 2500), including many young mathematicians and graduate students. Few members attend meetings every year, but for nearly all, meetings have played a role in their professional lives.



Summer research conferences, which are funded by NSF and carried out jointly with the Society for Industrial and Applied Mathematics and the Institute for Mathematical Statistics, have also been important for many members. During the past five years, there have been 28 conferences, each one or two weeks long, on everything from string theory to fast algorithms to Radon transforms. These have attracted mathematicians from every part of mathematics, and many have focused on young mathematicians at the beginning of their careers. There will be six more conferences in 2005 (but beyond this year, the program of research conferences may end because of a lack of funding).



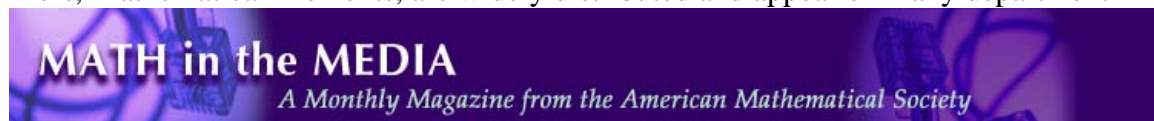
In addition to our regular research conferences, the Society holds larger and longer "institutes" from time to time. One that has become a tradition, in Algebraic Geometry, will take place during the summer of 2005.

Regular members of the Society also may see the Society through its Washington Office, which is headed by Sam Rankin. Over the past ten years, the AMS presence in Washington has become more visible and more effective. The annual meetings of the Committee on Science Policy and Committee on Education



have become forums in which policy makers and mathematicians can learn from each other. Many department chairs now attend one or the other of these meetings. We administer various programs through our Washington office, including the Chairs Workshop at the Joint Meeting and the Mass Media Fellows Program (in which we support a graduate student who works at a media outlet for a summer). During the coming year, we will also support a Congressional Fellow—a mathematician who will work for a year, most likely in a congressional office, learning about policy and helping others to learn about scientific research. Most importantly, our Washington presence allows mathematicians to be part of the policy discussions that take place regularly in Washington, not at the highest levels of government but among the representatives of scientific societies.

Public awareness is an area that is often important to regular members. In recent years, the AMS has been much more active in public awareness. Our public awareness website (www.ams.org/public-awareness) has become a valuable resource for many, and the Math in the Media feature has much first-rate exposition. The sequence of one-page fliers, Mathematical Moments, are widely distributed and appear on many department



walls, as well as in high schools. The game show Who Wants to be a Mathematician has engaged groups of high school students and their teachers throughout the country. Increasingly, members seem to comment about all these things and recognize the value of public awareness in their own mathematical lives. That's one of the main goals of the effort.

None of these things are exclusive to *regular* members, of course, but they may be more important to regular members, and they seem to be the ways in which regular members most often interact with the Society.

Reciprocity Members

Reciprocity members also value all the things mentioned above, but they are likely to interact with the Society's programs in slightly different ways as well. These are members who belong *first* to another society—one outside the U.S.—and they most likely have an international focus that is most influenced by certain of our programs.



Each year, the AMS holds a joint international meeting with one or more mathematics societies outside of the U.S. In the past five years, we've held meetings in Denmark, Hong Kong, France, Italy, Spain, and India. We will have a joint meeting in Germany the summer of 2005, and there will be a meeting in Taiwan in December. In addition to these, the AMS holds joint meetings with the Mexican Mathematics

Society every three years—events that have become a regular part of mathematical life for the two countries.

For many years, the AMS has supported the International Mathematical Union and the quadrennial international congress in various ways. We have administered a system of travel grants, funded by NSF, for young American mathematicians and invited speakers to attend the congress. We have indicated our willingness to continue this practice for the next congress (provided NSF makes an award). The Society has recently become an affiliate member of another international organization, the International Council for Industrial and Applied Mathematics (ICIAM), in order to support international mathematics of every kind.



The international nature of many AMS programs can be seen by sampling just two. Our Math in Moscow program is funded by NSF, and supports about five undergraduates each semester who spend the time at the Independent University of Moscow, working in an intense mathematical environment (in English). This academic year, we were able to support 13 students (4 of them female) who continue to rave about the experience. The Ky Fan China program fosters exchanges between mathematics departments in China and the U.S. The exchanges go both ways, bringing Chinese mathematicians (especially young ones) for visits to the U.S. and funding trips for American mathematicians to visit Chinese departments. In 2004 there were four such exchanges; for the coming year, the number of applications has increased dramatically. This is funded through a gift of Professor Ky Fan to the Society, made in 1999.

Of course, our publishing program is still the way in which members, international or not, interact with the Society—and not merely by reading our publications. During the past five years, more than half the papers published in our journals had no U.S. author. That's a remarkable fact, which those who debate the future of journals often ignore. Our books too come from authors throughout the world, and beginning next year we will have an acquisitions editor specializing in acquisitions in Europe.



Affiliate Members

Affiliate members (the name used to be "Category-S") are mathematicians in certain developing countries who are eligible to join the Society at a special rate—\$16 per year. They can subscribe to either the *Notices* or the *Bulletin*, and otherwise receive full benefits. Most of these members see the AMS through the *Notices* (the choice of almost all), and indeed the *Notices* is often their primary contact with the broader mathematical world.

For many years, the Society has supported the International Mathematical Union by soliciting donations from members. In the past five years, we have collected nearly

\$110,000. That money helps to support young mathematicians from the developing world to attend the International Congress, and it represents an important commitment from thousands of AMS members.

The AMS Book and Journal Donation Program is supported by donations from the Alan and Katherine Stroock Fund. It matches donors of certain kinds of journals and books with recipient institutions or libraries in developing countries, and then pays for shipping. In recent years, the Society has brokered donations to Argentina, Armenia, Bulgaria, China, Colombia, Cuba, the Czech Republic, Egypt, Georgia, Hungary, India, Iran, Morocco, Romania, Russia, South Africa, Turkey, Uzbekistan, and Vietnam. This is a modest but extremely effective program.

The Society has recently considered various programs for making journals more available to mathematicians in the developing world. One of the most effective of these programs is carried out through the Abdus Salam International Centre for Theoretical Physics in Italy, making it possible for individual mathematicians in developing countries to request specific journal articles, and to receive them by e-mail (which is the only feasible method of receipt in locales with minimal bandwidth). The AMS now participates in this program, along with several other societies.

Eligible Countries

Albania, Algeria, Angola, Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Bolivia, Bosnia-Herzegovina, Botswana, Brazil, Bulgaria, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Chile, Colombia, Comoros Islands, Costa Rica, Croatia, Cuba, Czech Rep, Djibouti, Dominica, Dominican Rep, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, Gabon, Gambia, Ghana, Greece, Guatemala, Guinea-Bissau, Guyana, Honduras, Hungary, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kazakhstan, Kenya, Korea, Kyrgyzstan, Laos, Latvia, Lebanon, Lesotho, Liberia, Libya, Lithuania, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mauritius, Mexico, Moldova, Mongolia, Morocco, Mozambique, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peoples Rep of Benin, Peoples Rep of China, Peoples Rep of Congo, Peru, Philippines, Poland, Portugal, Rep of Cape Verde, Rep of Georgia, Rep of Macedonia, Rep of Yemen, Romania, Russia, Rwanda, Sao Tome & Principe, Saudi Arabia, Senegal, Serbia, Sierra Leone, Slovak Rep, Slovenia, So Africa, Somalia, Sri-Lanka, Sudan, Surinam, Swaziland, Syria, Tajikistan, Tanzania, Thailand, Trinidad & Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, Uruguay, Uzbekistan, Venezuela, Vietnam, Zaire, Zambia, Zimbabwe



Perhaps the most important way for the AMS to reach out to mathematicians in the developing world is through Mathematical Reviews. The National Data Access program

was established more than five years ago. For each developing country, the program establishes a fee, which depends on various economic factors and makes it possible for institutions to gain access to Mathematical Reviews in its various formats. The National DAF is now in place for nearly 100 institutions in some 25 countries around the world. Publicizing this program and establishing consortia in the developing world has taken time, but the program is steadily growing.

Nominee Members

There are more nominee members than regular, and in some ways that's a hopeful sign. Almost all are graduate students and they are potentially life-long members of the AMS.

We should care how these future members perceive the Society. We do.



Many nominee members use the Employment Center, which has changed dramatically in recent years. The old scheduling system is used by fewer than half those using the system. For many, the Employment Center is merely a collection of services, making it easier for applicants to find employers and for

institutions to carry out the difficult process of interviewing. At the January 2005 Joint Meeting, there were 539 applicants and 113 employers.

In addition to the Employment Center, the Society now runs another service in cooperation with the Mathematics Department at Duke University. Mathjobs is a computer service that allows applicants, departments, and referees to interact through the web by exchanging documents and making them available to authorized people. The service has grown slowly but steadily over the past several years. This past year there were 50 employers using Mathjobs, with 3,881 applicants submitting materials. This produces some impressive numbers—21,058 documents uploaded by applicants; 5,186 letters of reference uploaded by writers (and another 7,538 scanned in by departments); and a total of more than 22GB of data now in the system.



Employment Center
Resource Tables



For many nominee members, the annual survey from the Society is crucial. It provides information about the state of the profession, especially for young mathematicians. And reading through reports from several years provides an accurate view of the profession that nominees very much need.

Many of the programs carried out by the Society affect students, often before they ever become nominee members. Our Young Scholars Program continues to provide grants to summer programs for talented high school students. The goal of a 2 million dollar endowment is about 75% completed. The Arnold Ross Lectures provide an opportunity for high school students to interact with a research mathematician each year, normally at a science museum. The Trjitzinsky scholarships (6-8 each year) are awarded to undergraduate mathematics majors. And most recently, the Society has begun an effort to help departments collect profiles of their mathematics majors and post them on the web. So far, 25 departments are participating, supported by small awards from a Sloan Foundation grant. The AMS will link together all sites in a searchable database. These and many more programs and resources are found at the employment website, www.ams.org/employment.

**Early Career Profiles:
Recent bachelors-level graduates in the mathematical sciences**

The Real AMS

News, exposition, journals, books, *MathSciNet*, advocacy, awareness, exchanges, jobs, surveys, scholarships, prizes, ... Which is most important? Of course, none is. Each is just one perspective of a complicated organization; each emphasizes some parts of the Society and values certain of its parts; each presents the Society in a special way to special people. Which is the real AMS? They all are, and that's what makes the AMS a healthy organization—the fact that it can be many things to many people.

John Ewing

The following increases in fees for the Employment Center at the January 2006 meeting have been approved:

	Jan 2006 fee	Jan 2005 fee	Jan 2004 fee
Employers			
Advanced Registration			
First Table	\$230	\$225	\$220
Second Table	\$ 80	\$ 75	\$ 65
Employers			
On-site Registration			
First table	\$310	\$305	\$300
Second table	\$110	\$105	\$100
	Jan 2006 fee	Jan 2005 fee	Jan 2004 fee
Applicants			
Advanced Registration	\$ 42	\$ 42	\$ 40
Advanced Registration for Winter List w/Message Center Only	\$ 21	\$ 21	\$ 20
Applicants			
On-site Registration	\$ 80	\$ 80	\$ 75
On-site Registration for Winter List w/Message Center Only	\$ 21	\$ 21	\$ 20

The following increases in fees for the Short Course at the January 2006 meeting have been approved:

	Jan 2006 fee	Jan 2005 fee	Jan 2004 fee
Advanced Registration			
Member	\$ 87	\$ 85	\$ 80
Non-member	\$115	\$108	\$100
Student/Unempl./Emeritus	\$ 38	\$ 37	\$ 35
On-site Registration			
Member	\$118	\$115	\$110
Non-member	\$148	\$140	\$130
Student/Unempl./Emeritus	\$ 57	\$ 55	\$ 50

A registration fee of \$40 has been approved for the Summer Institute on Algebraic Geometry, to be held at the University of Washington, Seattle, July 25, August 12, 2005.

*Jim Maxwell, Associate Executive Director
April 13, 2005*

**American Mathematical Society
2004 SACNAS National Conference
Sponsorship Report**

Conference Attendance, SACNAS 2004

Participant Type (there is a slight overlap since many attendees come in more than one capacity):

Undergraduate Students	731
Graduate Students	292
Post-docs	48
K-12 Educators	199
Professionals (Faculty, Researcher)	887
Staff Members	24
Total number of conference attendees	2109

Total number of poster presenters: 525

Total number of oral presenters: 45

Mathematics Participants

Numbers are based on self-reported data from participants who have provided information on their field of study - approximately 80% of all participants.

Total Mathematics participants	134
General Mathematics	66
Pure Mathematics	18
Applied Mathematics	50
Physics	65
Engineering and computer science	193

Mathematics poster presenters: 17

Computer science poster presenters: 13

Allocation of AMS Sponsorship Funds:

Total amount of sponsorship applied to speaker lodging, airfare and registration (meals) costs for one scientific symposia session.

Name	Field	Lodging	Registration	Travel
Ricardo Cortez	Mathematics	\$0.00	\$250.00	\$0.00
Reinhard Laubenbacher	Mathematics	\$486.00	\$365.00	\$0.00
John Little	Mathematics	\$649.00	\$250.00	\$325.00
Edward Mosteig	Mathematics	\$649.00	\$250.00	\$288.00
Javier Rojo	Statistics	\$486.00	\$250.00	\$0.00
Ivelisse Rubio	Mathematics	\$149.00	\$0.00	\$603.00
Subtotal		\$2,419.00	\$1,365.00	\$1,216.00
			TOTAL =	\$5,000.00

Mathematics-related sessions offered:

Scientific Symposia Sessions

Shapes, Images and Deformations

The goal is to present various applications of mathematics in which geometry, shape deformation and shape identification play important roles. The participants will be exposed to connections between these aspects of mathematics and areas of material science, DNA and more. One key goal is to let the audience discover that some of these connections may be unexpected but natural.

Ricardo Cortez, Ph.D., Chair

Associate Professor, Mathematics Department
 Tulane University

Estela Gavosto, Ph.D.

Professor, Mathematics Department
 University of Kansas

Pablo Negron, Ph.D.

Professor, Mathematics Department
 University of Puerto Rico at Humacao

Oscar Gonzalez, Ph.D.

Assistant Professor, Mathematics Department
 University of Texas at Austin

Helen Moore, Ph.D.

Associate Director, American Institute of Mathematics Research Conference Center
Palo Alto, CA.

Got Statistics? I think so...

Session sponsored by the Committee on Minorities

This session will enlighten the audience with varied application of statistical sciences to a range of social and behavioral problems. We want the audience to come away with the notion that you can still adhere to a substantive discipline (Health, Sociology, Economics, Engineering) and yet embrace and thrive in statistics, statistical theory and statistical applications to real world problems.

Robert Santos, Ph.D., Chair

Executive Vice President
NuStats

Javier Rojo, Ph.D.

Professor, Statistics Department
Rice University

Bioinformatics

Sponsored in part by the W.M. Keck Center for Computational and Structural Biology at Rice University

Bioinformatics is the development and application of mathematical and computational methods for the analysis of genomic data. Many of the problems in the area are biologically complex and, therefore, mathematics, statistics and computation are needed to make progress. This session will present various problems being addressed by mathematical scientists, including microarray studies, genetic networks, and proteomics.

Rudy Guerra, Ph.D., Chair

Professor, Statistics Department
Rice University

Mathematics Institutes (mini-courses)

The purpose of each mini-course is to expose a large number of advanced undergraduate and graduate students to a topic in applied or pure mathematics with particular emphasis on diverse approaches to problems, and connections to other areas of mathematics or other disciplines. The idea is to make the students feel encouraged to continue on to graduate school and boost their confidence by making them realize that even at this stage they are able to understand where the motivating questions come from. The mini-courses

help the students understand that graduate research can be in their future and have an idea of the type of advanced techniques that this would require.

Mini-course A: Coding Theory

Coding theory continues to thrive both as a field of great theoretical interest to mathematicians as well as a field of tremendous importance in terms of its applications, including digital communications such as telephony and satellites, compact disk players, and data storage such as hard disk drives. For this mini-course we will concentrate on the simplest case of binary linear codes in which the alphabet has only two symbols, the binary digits 0 and 1. This is the one best adapted to electronic hardware; in fact, it is a model for applications such as the transfer of digital information within computer systems or for storing information on compact disks and retrieving it for use at a later time.

John Little, Ph.D.

Associate Professor, Mathematics Department
College of the Holy Cross

Edward Mosteig, Ph.D.

Assistant Professor, Mathematics Department
Loyola Marymount University

Mini-course B: Mathematical Methods in Bioinformatics

The course will highlight mathematical tools necessary for analyzing data from biological and medical sciences. The SACNAS membership includes a large number of students and professionals from biological and chemical sciences. The interdisciplinary nature of bioinformatics will be attractive not only to mathematics scholars but also to other scientists and students who understand the importance of mathematics in their sciences.

Reinhard Laubenbacher, Ph.D.

Professor, Virginia Bioinformatics Institute
Virginia Tech

Karen Duca, Ph.D.

Research Assistant Professor, Virginia Bioinformatics Institute
Virginia Tech

*Ricardo Cortez
Department of Mathematics
Tulane University
March 6, 2005*

Epsilon Awards to Mathcamps, 2005

Ross Mathematics Program	The Ohio State University, Columbus, OH	\$14,000
Texas State Honors Summer Math Camp	Texas State University, San Marcos, TX	\$14,000
Michigan Math and Science Scholars Program	University of Michigan, Ann Arbor, MI	\$2,500
PROMYS	Boston University, Boston, MA	\$14,000
Canada/USA Mathcamp	Reed College, Portland, OR	\$9,000
Hampshire College Summer Studies in Mathematics (HCSSiM)	Hampshire College, Amherst, MA	\$14,000
All Girls/All Math Summer Camp for High School Girls	University of Nebraska, Lincoln, NE	\$2,500
University of Chicago Young Scholars Program	University of Chicago, Chicago, IL	\$5,000
MathPath	Colorado College, Colorado Springs, CO	\$5,000
Grand Total		\$80,000

Jim Maxwell
Associate Executive Director
April 22, 2005

Status Report on 2005 Life Memberships

Expanded eligibility criteria for life membership went into effect with membership renewals for 2005 (see below). The new criteria were featured prominently in the cover letter from President Eisenbud that accompanied the 2005 dues renewals mailed in late July, 2004. The letter was also available via link on the dues renewal website.

As of March 31, 2005, a total of 239 individuals have joined as life members with their renewal for 2005, accounting for a total of \$209,344 in dues payments.¹ A profile of these new life members for 2005 is provided in Table 1. Under the previous rules governing eligibility for life membership (age 62 or older and at least 20 years of previous membership in the Society), the number of new life members ranged between 25 and 30 per year.

Table 1: Crosstabulation of New Life Members by their 2005 Life Dues Category and their Dues Category in 2004

Dues Category in 2004	2005 Life Dues Category			Total
	\$2280/\$1140 Age 40-49	\$1520/\$760 Age 50-59	\$760/\$380 Age 60 & Above	
Ordinary High	7	23	83	113
Reciprocity	9	13	50	72
Ordinary Low	2	7	33	42
Ordinary Entry	2		4	6
Other	2		4	6
Total	22	43	174	239

New Life Membership Criteria

A person may become a life member by making a single payment of dues determined by age at the start of the membership year according to the following:

- Age 60 or above: five times ordinary high dues,*
- Age 50 through 59: ten times ordinary high dues,*
- Age 40 through 49: fifteen times ordinary dues.*

A life member is subsequently relieved of the obligation of paying dues. The status and privileges are those of ordinary members.

An exception to the above would be made for a person who is currently a member by reciprocity, has been a member by reciprocity for the previous two years and asserts the intention of continuing to be a member by reciprocity. Such a person may purchase life membership by a single payment of dues determined by the formula above but with ordinary high dues replaced with reciprocity dues.

*Jim Maxwell
 Associate Executive Director
 April 11, 2005*

ⁱ In the past, AMS has immediately recognized into revenue the entire amount of a life member's payment of life dues. This was acceptable under generally accepted accounting principles (GAAP) as the annual amount received for life dues was small and the difference between this method of accounting for the dues revenue and one that amortized the life dues payment over the expected life of the member was negligible. Under the expanded eligibility rules, this is likely to be no longer the case. This is because of the increased numbers of members expected to elect this option each year compared to the past, the related increase in life member dollars received each year and the longer time period over which services are likely to be rendered to 'average' life member as compared to the old policy. Accordingly, as noted in the proposal for the change, commencing in 2005 life membership dues will be amortized into revenue over the approximate life span (to age 70) of the new members. To keep the process simple while still adhering to GAAP, it will be assumed that life members in each category start at the youngest eligible age and their life dues payment will be recognized into revenue each year using the straight line method. For example, a new 2005 life member from the U.S. in the 40-49 age group will pay \$2280. This payment will be amortized over thirty years (age 40 to 70), resulting in dues revenue recognized in 2005 and each of the succeeding 29 years of \$79.00.

Nominee Member Plan, 2005

The AMS allows its institutional member departments to “nominate” all full time graduate students for membership in the AMS. The AMS currently has 9,600 Nominee members, who pay no dues and receive all benefits of membership. The goal is to welcome them into what we hope will be a lifetime of membership in the Society. Currently, about 31% of new doctorate recipients in mathematics become paying members of the Society during the first year after graduate school.

There are a number of new efforts being implemented in 2005 for the purpose of improving communication with our Nominee members, and, ultimately, promoting their transition into Regular membership when they leave graduate school. We will attempt to make all Nominees more aware of what the AMS has to offer them, and how Nominee membership works. Additionally, we will give Nominees reasons to keep their address updated with the AMS, thus making it easier to offer membership to them when they are no longer covered by Nominee membership. The key to success, however, is to reach Nominees while they are still in graduate school, and not to wait until they complete their degrees.

Efforts planned are:

- **Annual mailings.** Replace the annual dues bill currently sent to graduate student Nominees (a confusing practice) with a special mailing each Fall. The mailing should include a Nominee membership flyer, a message from the AMS, and a return postcard which can be used to give an address change or request a dues bill. The new Nominee flyer should be an attractive, colorful piece featuring photos of young people; it should explain what the AMS has to offer to graduate students.
- **Special mailing to drops.** We will continue our practice of mailing to Nominees in the month they are dropped by their nominating institutions, however, the package will be more informative and attractive. We will also design a follow up to the mailing, where needed.
- **Special mailing to PhDs.** We have begun an annual membership promotion to new doctorates, based on our Annual Survey records (this same information is used similarly by MAA each year). The personalized package (sent in February) contained a message from the AMS President and a free gift – the Notices calendar.
- **Refund first-year dues.** We will institute an automatic award of AMS “points” in the amount of Regular-Entry (half-rate) dues to any Nominee who moves directly from Nominee status into Regular membership. A thank-you email will explain the award.
- **Targeted web page.** We plan to create a new web page for Nominee members containing specific information about the benefits of membership and links to AMS programs and resources of interest to graduate students. The web site will be widely promoted.

- **Using the Notices.** We will have filler ads developed for the Notices pointing to the Nominee web page, and promoting the half-rate dues level available to new members. It will also remind Nominees to update their address with the AMS as needed.

The printed materials and web page will utilize consistent design features suitable for the audience.

It should be noted that only the portion of Nominees who are graduate students will be a part of this new program. Faculty, undergraduate and foreign nominees (who make up a very small percentage of the Nominee population) will continue to receive a dues bill, which gives them an opportunity to pay dues if they are about to be dropped as Nominees.

*Diane Boumenot
Manager, Membership & Programs
April 13, 2005*

Date: March 25, 2005
To: ECBT
From: Warren Page, Secretary, Section A (Mathematics),
American Association for the Advancement of Science (AAAS)
Subject: AMS-support at the 2005 AAAS Annual Meeting

Overview The AAAS annual meeting, considered by many to be the showcase of science, features a variety of presentation formats. In addition to more than one hundred 3-hour symposia on themes of contemporary interest, there are individual topical area lectures and plenary lectures. Because Section A's budget is too meager to support speakers, the generous annual support of the AMS has been centrally important in enabling Section A to offer programs and speakers that effectively communicate to general scientific audiences and the press (ergo, the public at large) the nature, excitement, and usefulness of mathematics. Recently this support has been complemented by a contribution from SIAM dedicated to increasing media awareness of the mathematics events at AAAS.

February 13 – 17, 2005 AAAS Annual Meeting in Washington D. C. Summarized below are Section A's sponsored symposia and talks presented at this meeting.

Interactions of Noise and Signal in Complex Systems. Organized by Rachel Kuske
Effects of Noise on Bursting Oscillators, Arthur Sherman
Estimating the Impact of Randomness in Optical Fiber Communications, Gino Biondini
Seismic Imaging Within Noise, Felix Hermann
Noise Sensitivity Through Delayed Feedback: Machine Tool and Biology, Rachel Kuske
Noisy Surfaces and the Geometry of Turbulent Flows, Jane Kondev

Scientists often find it difficult to separate the noise of random effects from the behavior that may be the result of complex but deterministic features. This symposium related research from diverse applications where the interplay between noise and dynamics is of central importance. Arthur Sherman began the session by discussing the effects of noise on biological bursting systems, and on insulin-secreting pancreatic beta cells in particular. Bursting is a ubiquitous form of oscillation in biology (especially in neural and endocrine cells) that consists of alternating periods of rapid oscillation and silence driven by slow negative feedback onto a fast spike generating system. Next, Gino Biondini described semi-analytical and variation reduction techniques that have been proposed to study the effects of noise in optical fiber communications systems. These systems are required to operate at a very high reliability rate (one error or less per trillion bits) and this makes it difficult to accurately estimate their performance using analytical or computational methods. The system behavior is affected not only by nonlinearity and complexity but by various sources of randomness the most prominent of which are amplifier noise, birefringence, and interactions among pseudo-random data streams. Felix Hermann described how to construct images for seismic data with very poor signal-to-noise ratios. The recently developed modeling tool Curvelets (nonseparable Wavelets) is being used to separate the random effects from the underlying dynamics of the system. Rachel Kuske described several new approaches that are being used to separate the random effects from the underlying dynamics of delayed feedback systems prone to vibrations. Jane Kondev described how aspects of phase transitions can be used for the new ability to "see" fluctuations in turbulent flows and related systems. The talks were followed by a panel discussion, where each speaker discussed advantages or disadvantages of noise in one's field. There was active participation from the audience, which numbered roughly 25 throughout the symposium. Rachel Kuske/Warren Page

Finding and Keeping Graduate Students in the Mathematical Sciences, organized by Amy Cohen
Who Belongs in Graduate Education in Mathematics?, Abbe Herzig
Workforce Issues at the Biology and Mathematics Interface, Carlos Castillo-Chavez
Recruiting and Mentoring Women in Computer Science, Lenore Blum
Successful Doctoral Programs for African-Americans: The Maryland Experience, Raymond Johnson

Abbe Herzig reported on research that influence graduate student s' persistence to the PH.D. In mathematics. Persistence is best when students take part in a true apprenticeship experience, doing authentic work in the craft as they increase their skills, working closely with master practitioners, and acquiring a sense of membership in the profession. Carlos Castillo-Chavez described how a multiyear sequence of REU's at Los Alamos and IGERT-supported graduate study has developed a stream of successful minority scholars in biomathematics across the country. Lenore Blum described the challenges of recruiting and mentoring female graduate students in computer science, given the relatively small fraction (under 10%) of females graduating with undergraduate majors in CS. She also described the intentional and serendipitous methods of recruiting for CS at CMU and the mentoring and community building activities that have led to high completion rates. Raymond Johnson discussed the persistence required for successful recruitment of African-American doctoral students and the way his department addressed the needs of those students for flexible departmental support and an ongoing supportive community. Amy Cohen

The Pervasiveness of Extreme Events in Science, Economics, and Engineering, organized by Bart Selman and Carla Gomez
Competition-Induced, Heavy-Tailed Phenomena in Networks, Jennifer Tour Chayes & Christian Borgs
Extreme Movements in Economics and Finance: Finance and Theories, Xavier Gabaix
Extreme Phenomena in the Internet: The Role of Design Versus Chance, Carla Gomez
Exploiting Heavy-Tailed Phenomena in Computation, Walter Willinger

Extreme events (power blackouts, stock market crashes, massive communication failures) are best modeled using "heavy-tailed" probability distributions, which have long, thick tails (indicating that events very far from the norm have a significant probability of occurring). Jennifer Chayes and Christian Borgs began the session by discussing heavy-tail phenomena in networks. They presented a model of network growth based on competition between local connection and transmission costs (equivalent to the known preferential attachment model) and compared their model's behavior with measured results for the Internet and social and biological networks. Xavier Gabaix described, and proposed theories that model, unexpected regularities of extreme behavior in different economic quantities. Walter Willinger showed how the Internet's topology results from very structured and highly optimized tradeoffs between economic and technological objectives and constraints. Carla Gomez concluded the symposium by illustrating how heavy-tailed distributions are used in combinatorial searches for solutions to computational problems. The symposium was well received by the approximately 80 people who stayed and participated throughout the session. Warren Page

Mathematical Oncology: Bridging the Scientific Divide, organized by Kristin Swanson
Modeling Cancer Development and Evolution, Robert Gatenby
The Tumor Microenvironment: Modeling and Experimental Validation, Lance Munn
Integration of Macroscopic Tumor Growth Modeling with Clinical Data, Kristin Swanson

This symposium summarized state-of-the-art mathematical modeling of every stage of tumor growth and the interdisciplinary approaches of scientists working in this area. Robert Gatenby discussed the development and evolution of a small number of tumor cells that lead to cancerous growth. The acidity consonant with cancerous growth kills noncancerous cells but allows cancer cells to survive and, therefore, spread like a traveling wave. Lance

Munn described the use of transplanting transparent windows to study tumors in animals. Kristin Swanson described a clinical course for cancer patients that involved diagnostics (serum markers, ultrasound, biopsy), treatments, and amount of treatment. It was interesting to learn that faster growing prostate tumors produce less PSA levels and are therefore not good markers for this type of cancer (whereas, slow growing prostate tumors produce increased PSA levels). There was very good audience participation (which ran beyond the symposia's time constraint) for the approximately 25 - 30 people who stayed throughout the session. Warren Page

Media Awareness Project: Press releases of these symposia were created for the Press CD (and members of the press attended several sessions). We anticipate that several general-interest articles on the topics of the symposia will be written and submitted.

February 16 – 21, 2006 AAAS Annual Meeting in St. Louis Section A's Committee is currently working to produce an informative blend of mathematically-related symposia for this meeting. Potential proposals, based on current efforts, include the following.

Is It a Proof (organized by Keith Devlin)
Million Dollar Problems in Mathematics (organized by John Ewing)
The Interplanetary Superhighway (organized by Ed Beltrano)
Numbers (Organized by Robert Osserman)
Arches and Architecture (organized by Kim Williams)
Calculating the Secrets of Life: Mathematics and Biology
Mathematical Challenges in High Speed Computing
Technology, Learning, and Brain Function

The officers of Section A gratefully acknowledge the generous annual support of AMS and SIAM for these important initiatives.

A Proposal for a Fellows Program of the AMS

Following discussion by the AMS Council in January 2005, the President appointed a small committee, which was asked to formulate a concrete proposal for an AMS Fellows program. Such a proposal was meant to stimulate informed debate about the wisdom of creating an AMS Fellows program. The proposal below is intended to fulfill that purpose.

A number of other scientific societies have Fellows programs. This proposal is based on characteristics of those programs, but adapted to the governance structure of the AMS. The proposal also reflects information gathered for the Council in 2002 by the Committee on the Profession as well as results of a recent survey of members.

The goals of the Fellows Program are:

- *To create an enlarged class of mathematicians recognized by their peers as distinguished for their contributions to the profession.*
- *To honor not only the extraordinary but also the excellent.*
- *To lift the morale of the profession by providing an honor more accessible than those currently available.*
- *To make mathematicians more competitive for awards, promotion and honors when they are being compared with colleagues from other sciences.*
- *To support the advancement of more mathematicians in leadership positions in their own institutions and in the broader society.*

Details concerning the background material and data used in formulating this proposal are available on the following web site

<http://www.ams.org/...>

I. Program (steady-state)

- A. The Fellows program of the American Mathematical Society recognizes members who have made outstanding contributions to the creation and exposition of mathematics through original research and publications. Exceptional contributions to the teaching of mathematics or service to the mathematical profession may also be recognized.
- B. The responsibilities of Fellows are:
- To take part in the election of new Fellows,
 - To present a “public face” of excellence in mathematics, and
 - To advise the President and/or the Council on *public matters* when requested.
- C. All AMS members except student and nominee members are eligible to be elected Fellows.
- D. The target number of Fellows will be determined by the AMS Council as a percentage of the number of eligible members.¹ The target percentage will be revisited by the Council at least once every ten years and may be increased or decreased in light of the history of the nomination and election process.² The intended size of each year’s class of new Fellows should be set with this target size in mind.
- E. Following an election process (see below), individuals are invited to become Fellows. They may decline and they may also resign as Fellows at any time.
- F. Each year all Fellows are invited to a reception at the AMS annual meeting, and the new Fellows are announced at this reception followed by a press release. New Fellows receive a certificate and their names are listed on the AMS web site. The names of new Fellows are also included in the Notices.
- G. If they are not already Fellows, the AMS President and Secretary are made Fellows when they take office. They remain Fellows so long as they remain members.

II. Election Process

- A. New Fellows are elected each year after a nomination process. Eligible voters consist of current Fellows who are also members of the Society. Both the election and the nomination process are carried out under the direction of the Secretary with help from the AMS staff.
- B. The Election Committee will consist of nine members of the AMS who are also Fellows, each serving a three-year term, and with three new members appointed

each year. The AMS president, in consultation with the Executive Committee of the Council, nominates the new members of the Election Committee in November of each year. At the same time, the President nominates a continuing member of the Election Committee to serve as Chair. The President's choices are approved by Council at its January meeting.

- C. The Election Committee accepts nominations for Fellows between February 1 and March 31 each year. Nominations are made by members of the AMS. A member can nominate no more than 4 nominees a year.
- D. To be eligible for nomination to Fellowship, an individual must be an AMS member for the year in which he or she is nominated as well as for the prior year.³
- E. A nominator must supply a package with the following information on the nominee:
1. A Curriculum Vitae *of no more than five pages*.
 2. A citation of fifty words or less explaining the person's accomplishments.
 3. A statement of cause of 500 words or less explaining why the individual meets the criteria of Fellowship.
 4. The signatures of the nominator and three additional AMS members who support the nomination, with at least two of these individuals current Fellows.⁴
- F. A person can be nominated no more than 3 times in a 5 year period.
- G. Each year the January Council provides a guideline for the number of nominations to appear on the ballot.⁵ The Election Committee assembles the ballot from the nominations bearing in mind this guideline, diversity of every kind, and the quality and quantity of the external nominations. The Election Committee has the discretion to make nominations itself if necessary to fulfill the general goals of the fellowship.
- H. The ballot is available electronically (only) and voting is conducted throughout the month of September of each year. The Curriculum Vitae and citation for each candidate will be available to all eligible voters. Election is by plurality with the top one-half of the candidates elected. In case of a tie, more than one-half of the candidates may be elected.⁶
- I. Those nominees elected are invited by the President to become new Fellows of the AMS as of January 1 of the following year.

III. Initial Implementation

- A. In the initial year of the program, all eligible AMS members who have done one or more of the following⁷ are invited to become AMS Fellows.⁸
1. Given an invited AMS address (including at joint meetings).

2. Been awarded an AMS prize.
3. Given an invited address at an ICM.⁹

B. For the initial "seed pool" of Fellows there is no length of AMS membership required. Any person who falls into one of the three categories above, and who is an AMS member during the year in which this program is initiated will be invited to be a Fellow.

C. An additional 50 Fellows are selected by a committee appointed by the President with the advice of the Executive Committee of the Council. The purpose of these selections is to fill the "gaps" left by the initial seeding described above.

D. At least ten (10), but no more than fifty (50), new Fellows are elected each year until the total number of Fellows reaches 95% of the targeted size of the Fellowship.¹⁰

End Notes

¹ This proposal's recommendation to Council is 8% of eligible members. At present there are about 19,000 eligible members so the number of Fellows would be about 1,500. (Note that all AMS members are eligible except for student/nominee members.) This number lies in the range of other societies. It is large enough to honor a significant number of mathematicians but small enough that it is no insult not to be a Fellow.

² Here are some numbers that provide context to the proposed total number of Fellows. The total number of tenured faculty at the 48 top-rated mathematics departments, the Group I departments, is approximately 1,700. The tenured faculty at the next 56 highest rated math departments is approximately 1,550. The total tenured faculty at all the doctoral math and applied math departments is approximately 4,700. There are another 2,300 tenured (doctorate-holding) faculty at the masters math departments and 4,100 at the bachelor's math departments.

³ Membership in AMS is officially tracked on a calendar year basis. However, a 2004 member who has not paid 2005 dues is not dropped from the membership roles until early March, at which time the Notices & Bulletin subscriptions are stopped, and the member is officially dropped.

⁴The signatures are not required to be original. Additional information will be requested to assist in accurately identifying these individuals within the AMS membership records.

⁵ AMS membership records show that approximately 0.5% of the total pool of eligible members die each year. Demographic considerations suggest that an overall annual attrition rate of 1.0% of Fellows is not unreasonable, yielding an estimated average attrition of 15 Fellows per year.

⁶ The committee writing this proposal debated the wisdom of a contested election rather than a more controlled nomination process (by an appointed committee). In the end, there were compelling reasons for making the present recommendation:

- Contested elections are now the norm for the AMS and are consistent with the democratic spirit of the Society.
- A contested election alleviates the "old boy" accusation of a nominating committee's absolute control.
- An election will give the Fellows direct involvement in the Fellowship; they have a vested interest in maintaining the quality of the Fellowship.
- Every name on the ballot will have been approved by the election committee so the x new fellows will have been vetted by a competent committee appointed by the President and approved by the Council.

- Such an election by the Fellowship is the practice in the most prestigious fellowships, for example, The National Academy, The American Academy of Arts and Sciences.

⁷ Each of these needs careful definition in a final proposal.

⁸ We now know that the seeding process described in III.A would produce offers of Fellows status to more than 800 current AMS members. The group of IA speakers also includes approximately 400 additional individuals who are not currently AMS members. Some of these non-members may elect to become members if offered status as a Fellow, increasing this number still further.

⁹ This will help include more foreign-based AMS members who tend not to be invited to U.S.-based meetings because of travel expenses.

¹⁰ If 1,000 Fellows are named through the initial seeding, then we estimate that a steady state of 1,500 would be achieved in approximately 10-20 years under the proposed plan. Note that this is considerably larger than the number of eligible members who have received AMS prizes or delivered AMS invited addresses.

MEMORANDUM

TO: Amici

FROM: Nancy A. Kopans

DATE: March 8th, 2005

RE: Second Circuit Opinion in Faulkner v. National Geographic Society Legal Case

On March 4th, the Second Circuit issued an opinion in the case Faulkner v. National Geographic Society affirming the opinion of Judge Kaplan of the Southern District of New York, Faulkner v. National Geographic Society, 294 F. Supp. 2d. 523 (S.D.N.Y. 2003). The case presents the question, arising under copyright law, of whether a publisher can convert print versions of periodicals into digital format and distribute them, using software for indexing and enhanced searchability, without obtaining separate authorizations from each freelancer who had contributed to such periodicals. You may recall that, given the significance of the issues presented by the case, JSTOR submitted an amicus curiae brief; thirty other organizations signed on to the JSTOR brief, including scholarly societies, libraries, and universities and their presses.

Like Judge Kaplan's opinion, the Second Circuit's opinion is very favorable for the scholarly community. The essence of the Court's opinion is, "because the original context of the [National Geographic] Magazines is omnipresent in [the Complete National Geographic ("CNG")] and because it is a new version of the Magazine, the CNG is a privileged revision" under section 201(c) of the Copyright Act. As with the Supreme Court's opinion in New York Times Co., Inc. v. Tasini, 533 U.S. 433 (2001) ("Tasini"), the Second Circuit focuses on how the materials are "presented to, and perceptible by, the user of the CNG." The Court states, "the CNG uses the almost identical 'selection, coordination, and arrangement' of the underlying works as used in the original collective works" and "presents an electronic replica of the pages of the Magazine."¹ But, whereas Tasini came out in favor of underlying contributors to collective works because the databases at issue in that case did not preserve the context of the collective works as a whole, in the present case the Court has come out in favor of the publisher, since the context of the

¹ Moreover, the Court notes that, in Tasini, the Supreme Court "gave tacit approval to microfilm and microfiche as permissible Section 201(c) revisions, by contrasting that method of reproduction with the databases [at issue in that case]." States the Second Circuit, the Supreme Court asserted that " 'unlike microforms, the Databases do not perceptibly reproduce articles as part of the collective work to which the author contributed or as part of any 'revision' thereof.' ...[M]icroforms 'represent a mere conversion of intact periodicals (or revisions of periodicals) from one medium to another,' whereas the Databases offered users articles in isolation absent their context in intact collective works."

collective work has been preserved. Thus, it can be suggested that whereas Tasini set the bar for what is *not* allowable under 201(c), the present case describes what *is* allowable.²

The opinion begins with a history of Tasini and Greenberg v. National Geographic Society, 244 F.3d 1267 (11th Cir. 2001) (“Greenberg”). You may recall that Greenberg was the case that came out of the Eleventh Circuit (the Circuit court encompassing Alabama, Florida, and Georgia) and drew a different conclusion from the same set of facts presented in the current case (that is, that the CNG is NOT an allowable “revision” under Section 201(c) of the Copyright Act). The Greenberg case was decided immediately before the Supreme Court heard arguments in Tasini. And, whereas the Greenberg court focused on how the product was stitched together (e.g., containing separately copyrightable components, such as a moving image introduction, the digital replica of the magazines and software for search capabilities), in Tasini, as noted above, the Supreme Court looked to how the digitized material appeared to the end user.

In addition to the central question of whether the CNG is an allowable revision of print versions of National Geographic Magazine, there were a number of related issues, all of which the Court interprets favorably:

1. Was National Geographic precluded from asserting its position in the Faulkner case because in the Greenberg case National Geographic lost on this very same issue to another party?
No. The Second Circuit states that the Supreme Court’s approach in Tasini, focusing on how the product is perceptible to the end user rather than how the product is stitched together, “so substantially departs from the Greenberg analysis that it represents an intervening change in law” allowing National Geographic to relitigate an issue previously litigated and lost to another party.
2. Could the CNG be considered an allowable revision even though some photographs found in the original version of the magazine are blacked out and it contains additional elements, such as the “Moving Cover Sequence”? Yes. The Court states, “these changes do not substantially alter the original context which, unlike that of the works at issue in Tasini, is immediately recognizable.” It will be interesting to see how the standard set by the court, (e.g., changes that “do not substantially alter the original context”) is applied going forward.
3. Was National Geographic allowed to transfer the right to create the CNG to its subsidiary and another third party? Yes. The photographers argued that the revision privilege was available only to the National Geographic Society, as owner of the copyright in the original collective work, and that the National Geographic Society could not transfer this privilege to its subsidiary. In its opinion, the Second Circuit refers to section 201(d) of the Copyright Act, stating that that provision “allows for a transfer of a copyright ‘in whole or in part,’ ” which when read in conjunction with section 201(c) allows publishers to transfer any subdivision of a copyright they acquire, including the 201(c) privilege.

² Notably, the present opinion is written by Judge Winter, who wrote the opinion in Tasini v. New York Times Co., 206 F.3d 161 (2nd Cir. 2000), the Second Circuit’s view on the matter prior to when the case was appealed to the Supreme Court. On appeal, the Supreme Court endorsed Winter’s opinion, including the way in which the Second Circuit focused on the failure of the Lexis/Nexis database to present journal articles within the context of a journal issue as a whole.

4. Is the revision privilege applicable to pre-1978 works (that is, works existing before the effective date of the 1976 Copyright Act, which first included the revision privilege)?
Yes. The revision privilege applies regardless of when the works were published.

Next steps: You also may recall some discussion that an opinion affirming the lower court's opinion would result in a "Circuit split." That is, in Greenberg, the Eleventh Circuit, dealing with virtually the same facts, ruled that the CNG was not an allowable revision under section 201(c) of the Copyright Act, whereas the Second Circuit has now drawn a different conclusion. Thus, two Circuits now have different positions on an issue, making it difficult for individuals and organizations trying to grapple with the issue to have clear guidance. As a result, should the plaintiffs in this case seek to appeal the decision, the U.S. Supreme Court is likely to take the case. The plaintiffs have 90 days to petition the U.S. Supreme Court for review. Should the case be accepted by the Supreme Court, our assistance through an amicus brief would again be of great importance given the potential ramifications of this case for JSTOR and the scholarly community in general. I will keep you informed about further developments.

Please feel free to contact me if you have any questions or if you would like a copy of the opinion.

N.A.K.

AMERICAN MATHEMATICAL SOCIETY

To: Board of Trustees
From: Connie Pass
Subject: Operating Fund Portfolio Management Report

Date: April 22, 2005

SUMMARY RETURNS

The purpose of this memorandum is to summarize the Society's cash management policies and report on the operating portfolio's investment income performance during 2004, as well as to make recommendations for changes in authorized limits of investments or additional investments.

Investment earnings results by type and in total and other pertinent portfolio information for 2004 and the preceding five years are as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Overnight Repurchase Agreements	N/A	N/A	N/A	N/A	N/A	N/A	2.0%
Money Market Funds	1.0%	0.9%	1.7%	4.2%	5.2%	4.9%	5.3%
Vanguard Fixed Income Mutual Funds;							
Short Term Corporate Bond Fund	2.2%	4.3%	6.0%	8.2%	8.2%	3.3%	6.6%
GNMA Fund	4.1%	2.6%	9.7%	8.0%	11.2%	0.8%	7.1%
Long Term US Treasury Fund	7.3%	2.8%	15.6%	4.4%	19.7%	(8.7%)	13.0%
Fidelity Floating Rate Bond Fund (12/04)	0.5%						
High Yield Bond Funds	N/A	N/A	(13.7%)	(0.7%)	(6.9%)	5.6%	1.4%
Vanguard Convertible Securities	7.2%	31.6%	(9.4%)	(3.1%)	4.2%	30.4%	2.5%
2 Year Treasuries	N/A	N/A	N/A	N/A	N/A	5.8%	5.7%
Certificates of Deposit & T-Bills	2.1%	2.1%	3.0%	6.0%	6.4%	5.4%	6.0%
Common Stock	0.0%	10.7%	(14.4%)	(25.47%)	0.0%	(2.5%)	(8.5%)
Annual total portfolio return	2.4%	3.7%	2.4%	4.4%	6.4%	5.1%	5.5%
AMS benchmark - Avg 6 month CD rate per Federal Reserve Bank	1.7%	1.2%	1.8%	3.7%	6.6%	5.4%	5.4%
AMS returns versus benchmark	0.7%	2.5%	0.6%	0.7%	(0.2%)	(0.3%)	0.1%
Wkly Average Operating Portfolio (in 000's)	13,570	12,357	11,967	\$11,510	\$9,525	\$8,800	\$8,300
Annual Investment Income (in 000's)	\$332	\$453	\$262	\$509	\$611	\$452	\$467

At 12/31/04 operating fund investments equaled approximately \$16,385,000 an increase of \$1,171,000 from the previous year. Operations provided just over \$4,300,000 in cash in 2004, of which \$1,171,000 was invested in the operating investment portfolio.

The return for 2004 is 70 basis points above the benchmark, the average annual 6-month CD rate per the Federal Reserve Bank of New York. In 2002 we changed the benchmark from the 3-month CD rate, as this is a better length of maturity for comparison purposes with our portfolio and the information is now easily retrievable.

DISCUSSION

Recent History of Authorized Investment Vehicles and Limits. At the May 1996 ECBT meeting it was agreed that the Society should have as a goal an accumulation of current assets such that they exceed current liabilities. To help achieve this objective, at the May 1997 ECBT meeting a plan for the creation of an intermediate term investment portfolio was adopted. Increases of \$1,000,000 (to \$4,000,000) in our money market funds, \$1,000,000 (to \$2,000,000) in our Vanguard fixed income funds, and \$500,000 (to \$1,500,000) in Treasury Notes were approved. In addition, a \$1,500,000 combined limit for other mutual funds, consisting of high yield and convertible bond funds, was established at this time. In May 2000, the limits for money market funds, fixed income funds and the high yield/convertible funds were each increased by \$500,000. At the May 2002 ECBT meeting, the limit on the money market fund was increased to \$5,500,000, primarily to accommodate the larger investment balance carried in the operating portfolio. In May 2004, The Board of Trustees added floating rate bond funds to the authorized investments, with an investment limit of \$2,000,000.

The strategy of using an intermediate portfolio has occasionally resulted in greater volatility, but overall has generated an increase in the earnings of our operating fund investments. By shifting a portion of operating fund investments into slightly riskier investment vehicles we have, on average, increased the earnings compared to those that would have been achieved in low risk, short term investments.

Recent Portfolio Adjustments. In 2002 we reduced the amount in the intermediate portfolio due principally to poor performance in the high yield bond investment. We also rebalanced the remaining bond fund investments to prepare for a probable decline in the value of long-term treasuries in the coming months. In 2003 and 2004, no such rebalancing was performed. Rather, new money was invested in low risk, short term investments such as the money market funds and certificates of deposit.

Changes in the Cash Management Environment. The equity markets continued to recover in 2004 and short-term interest rates increased in response to actions of the Federal Reserve. However, long-term interest rates continued to decline. The markets have absorbed the Federal Reserve's stated policy of slowly raising short-term interest rates and those rates are still quite low, barely keeping pace with inflation. However, the continued decline in the long-term interest rates indicates concern about the long-term health of the economy. Consumer spending remained strong, and this drives about two thirds of the economy. However, this is not a healthy position for the long-term, particularly in light of the aging population. In this environment the operating portfolio fared relatively well, with an overall return of approximately 2.4%. The intermediate portion of the portfolio provided more than its relative share of this return.

Cash Management at the AMS. The following rules govern AMS's management of cash:

1. **Availability and Liquidity.** The placement of investments in the operating portfolio is coordinated with the Society's immediate and estimated future cash requirements, which are based on actual and projected revenue and disbursement streams. Cash needs to be available at the appropriate times to cover the operating expenses of the Society as they are incurred - payroll, payroll taxes and other withholdings, and vendor liabilities comprise the bulk of our cash needs. Adequate portfolio liquidity is the ability to turn investments readily into cash without suffering undo loss of principal.

2. **Income.** Cash in excess of immediate operating needs should be invested so as to optimize returns. The Society has intentionally accreted such excess cash, so that the ratio of current assets to current liabilities remains at least 1.5 to 1 (after removing the deferred revenue from both the numerator and denominator) or 1:1 without the deferred revenue adjustment. These ratios were 1.35 to 1 and 2.6 to 1 at December 31, 2004.
3. **Preservation of principal.** Safety is of prime concern in investments of operating capital. Diversifying investment vehicles and monitoring investment maturity dates and market value fluctuations greatly reduces an investment portfolio's exposure to risk. Maximum allowable positions should be established for different types of investments.

Authorized Investments. The investment vehicles authorized by the Board of Trustees for the operating portfolio are as follows:

- **Certificates of Deposit.** As in prior years, a large percentage of the Society's operating investment portfolio has been invested in certificates of deposit, with a weekly balance totaling between 40%-50% of the total portfolio during 2004.

We generally purchase "jumbo" CD's of federally insured savings institutions and commercial banks that are assigned an acceptable safety rating by a weekly bank rating newsletter. Current investment policies limit the amount of each CD to \$100,000 (exclusive of accrued interest) per S&L and \$400,000 per large commercial bank. In practice, the Society has only invested amounts up to \$100,000 in any one financial institution and its affiliates. There is no limit to the total amount of CDs that can be held by the operating investment portfolio.

Issuer	Banks & Savings and Loans
Risk of default	None - federally insured
Risk of market decline	None
Maximum Amount	\$100,000 per bank or S&L, \$400,000 in large cap banks, unlimited in total

When the rate differential between money market rates and CD rates is quite narrow, we intentionally accumulate a large CD balance (generally for on-year terms) in order to maintain the money market balance below the maximum level and to increase the yield, even if slightly. This is what was done throughout most of 2004. In practice, the Society can accumulate a portfolio between \$5,000,000 and \$7,000,000 with a rate differential compared to money market funds of at least 50 basis points. After that, the difference in rates from available issuing banks over money markets drops significantly, which usually does not warrant the additional administrative burden to the Society.

- **Treasury Bills.** T-Bills are convenient to use when we have a large planned expenditure for a predetermined future date, such as contributions to the Economic Stabilization Fund; however, better rates are available on alternative forms of short-term operating investments. Treasury Bills have no market risk associated with them because they are backed by the full faith and credit of the US government, are issued for short durations and are highly liquid. Accordingly, there is no limit to the total amount of T-Bills we may hold in our portfolio.

Issuer	U.S. Government
Risk of default	None
Risk of market decline	None if held to maturity
Maximum Amount	Unlimited

- **Cash and repos (repurchase agreements).** The AMS uses a concentration account at Citizens Bank - Massachusetts into which all receipts are automatically deposited and from which all disbursements are made. Under a repurchase agreement, cash above an established minimum balance is "swept" on a daily basis and invested overnight in repurchase agreements. Under a repurchase agreement, the customer (AMS) purchases government securities and the bank agrees to "repurchase" them the following day. The rate earned on these depends on the dollar amount of the repo; it is generally very low in comparison to rates available on other investment vehicles. Interest rates on repurchase agreements have been extremely low for a number of years. Unless one is sweeping large amounts of cash throughout the year, the interest earned does not justify the fees charged to maintain the agreement in place. The AMS has not used this investment vehicle since 1999 and it is not expected to be used in the near future.

Issuer	Citizens Bank - Massachusetts
Risk of default	Minimal
Risk of market decline	None
Maximum Amount	\$1,000,000
Comments	Collateralized by US Gov't securities

- **Money market funds.** The Board of Trustees has authorized a maximum investment of \$5,500,000 in money market funds. At the end of 2004 the balance in money markets approximated \$5,664,000 principally in Vanguard's Money Market Prime portfolio. The two Treasurers were informed of the overage and the likelihood that it will continue through March of 2005. See the proposal regarding the limit on these funds at the end of this document.

Yields on the funds averaged about 1.0% for the year and are currently at about 2.2%. There is very little risk to principal because the valuation of the initial investment is generally not subject to change. Balances in these funds are usually maintained only at levels needed for short-term operating needs in excess of short-term maturities, or for planned investments to be made in the near future (which avoids the administrative costs of 3 month CD's or T-bills), since they under-perform alternative authorized investment vehicles.

Issuer	Vanguard, Fidelity and Paine Webber
Risk of default	Minimal
Risk of market decline	Very Low
Maximum Amount	\$5,500,000

- **US Treasury Notes.** The Board of Trustees has authorized a maximum investment of \$1,500,000 in US Treasury Notes. A loss of market value may be incurred on these investments in a rising interest rate environment if funds are needed before maturity and have to be sold; however this risk is slight as the Society's liquidity is deemed extremely adequate. Treasury Notes can be an attractive investment when interest rates are expected to decline and the yield curve is fairly steep. No recent purchases have been made due to the interest rate environment.

Issuer	U.S. Government
Risk of default	None
Risk of market decline	None if held to maturity, otherwise value moves inversely to interest rate changes
Maximum Amount	\$1,500,000
Comments	Best used just before interest rates decline

Staff plans to purchase inflation-protected treasury notes (TIPS), which pay a stated rate of interest, plus inflation over the period outstanding (by adjusting the principal), at the April 2005 auction (which is why the money market balance is currently over the limit). These investments have no risk of default and no risk of market decline if held to maturity, which would be the intent when purchased.

- **Fixed Income (Bond) Mutual funds.** The Board of Trustees has authorized a maximum investment of \$2,500,000 in fixed income mutual funds (initial investment, exclusive of reinvested income and share price increases, with appropriate disclosure to Treasurers and Board), and at the end of 2004 we had \$2,652,000 invested. The initial investment amount is well below the limit. All of these investments are with the Vanguard Group of Valley Forge, PA. A combination of three funds is used: the High Grade Short-Term Corporate Bond portfolio, the GNMA portfolio, and the Long-Term US Treasury portfolio.

Issuer (currently used)	The Vanguard Group
Risk of default	Minimal
Risk of market decline	The longer the maturities of underlying investments, the higher the risk.
Maximum Amount	\$2,500,000
Comments	Market value will decline as interest rates rise and increase as rates fall.

Historically, most of the volatility in the Society's short-term portfolio has been the result of market valuation adjustments on these investments (they are marked to market monthly); however, gains or losses technically are not realized on these funds until they are redeemed. In 2002, the relative mix of these investments was changed to be more heavily weighted to the Short-Term Corporate Bond portfolio and less weighted in the Long-Term US Treasury portfolio, due to expected valuation adjustments on the longer term portfolio expected to occur in the near future. Interest rates remained on slow downward trend in 2003, with increases showing in the fourth quarter. Fears of future increases also affected the market value of these funds, especially the Long-Term US Treasury Fund.

Since these funds are different in nature, it is helpful to look at their characteristics separately, keeping in mind that the limit applies to the combined total.

Vanguard High Grade Short-Term Corporate Bond Fund:

Issuer (currently used)	The Vanguard Group
Risk of default	Low, due to quality of underlying debt instruments and borrowers
Risk of market decline investments	Low, due to short duration of underlying investments
Comments	Share price is relatively stable; return is determined by recent interest rates, as underlying debt is short duration
2004 return	2.2% with average monthly yield of 3.12%

Vanguard GNMA Fund:

Issuer (currently used)	The Vanguard Group
Risk of default	Low – while not backed by the full faith and credit of the US government, It isn't likely that the US government would allow GNMA to default on its obligations
Risk of market decline	Medium, as duration is longer
Comments	Since the GNMA obligations are linked to collateralized mortgage obligations, and mortgage rates tend to change more slowly than other long term rates, this fund is a bit less volatile when interest rates change.
2004 return	4.1%, with average monthly yield of 4.66%

Vanguard Long-Term US Treasury Fund:

Issuer (currently used)	The Vanguard Group
Risk of default	Low, as most underlying securities are US government direct issues
Risk of market decline	Highly sensitive to interest rate changes, as duration of underlying securities is long-term
Comments	This fund has caused most of the volatility in the Intermediate portfolio; staff mitigates some risk by adjusting investment amount
2004 return	7.3%, with average monthly yield of 4.81%

- **High Yield and Convertible Bond Mutual funds.** The Board of Trustees has authorized a maximum investment of \$2,000,000 in any combination of high yield bond and convertible securities accounts. At December 31, 2004 we had \$976,000 invested in these vehicles, in one convertible securities mutual fund managed by the Vanguard Group. Gains or losses technically are not realized on these funds until they are redeemed, although, for financial statement purposes, the Society records these investments at market. It is not anticipated that further investments in this group of investment vehicles will be made in the near future.

Issuer (currently used)	The Vanguard Group
Risk of default	Medium to High
Risk of market decline	Sensitive to movements in the equity markets
Maximum Amount	\$2,000,000
Comments	Total returns often parallel those of equity markets

- **Floating Rate Income funds.** The Board of Trustees has authorized a maximum investment of \$2,000,000 in Floating Rate funds. \$1,000,000 was invested in the Fidelity Floating Rate High Income Fund in December 2004. The return for one month was 0.5% with no change in NAV. Gains or losses technically are not realized on these funds until they are redeemed, although, for financial statement purposes, the Society records these investments at market.

Issuer	Fidelity
Risk of default	Low

Risk of market decline significantly	Low, possibly medium if economy falters
Maximum Amount	\$2,000,000
Comments	The fund is expected to have a relatively stable NAV with yield providing most of the return

Summary of Operating Portfolio Investments, December 31, 2004.

<u>Description</u>	<u>Value at 12/31/04</u>	<u>Current Board Limit</u>	<u>Excess over Limit</u>
Money Market Funds	\$5,664,388	\$5,500,000	\$164,388
Certificates of Deposit	6,086,000	\$100,000 per inst.	NA
Treasury Notes		1,500,000	NA
<i>Vanguard Bond Funds:</i>			
GNMA Portfolio	1,093,229		
Short-Term Corp Bond Portfolio	1,092,494		
LT US Treasury Portfolio	<u>465,843</u>		
Subtotal	<u>2,651,566</u>	2,500,000 (1)	NA
<i>High Yield and Convertible Funds:</i>			
Vanguard Convertible	<u>975,633</u>		
Subtotal	<u>975,633</u>	2,000,000	NA
<i>Floating Rate Funds:</i>			
Fidelity Floating Rate High Inc	<u>1,004,231</u>		
Subtotal	<u>1,004,231</u>	2,000,000	NA
Common Stock	<u>2,780</u>	Source is Unrestricted gifts	NA
 Total	 <u>\$16,384,598</u>		

(1) Limit is exclusive of reinvested dividends and share price increases. See discussion above.

As noted previously and seen in the above table, the money market balance is over the Board's limit. The two Treasurers were informed. It is expected that the balance will remain over the limit until later in March or in April, when it is expected that TIPS will be purchased. It is common at this time of year to have a large balance in the operating portfolio, as subscription and dues revenue for the year have been received. Starting in April or May, the cash flow needs of operations result in drawdowns of the operating investments. It is also common that money is invested in the long-term portfolio in late May after the ECBT meeting, and these funds also drawn from the operating investments. The administrative burden of investing in short-term CD's or Treasury bills is significantly greater than investments in money market funds. With current staffing levels, money market investments are deemed to be the appropriate choice for temporary excess cash.

Accordingly, the Chief Financial Officer recommends that the limit on money market investments be imposed for the period May –November each year, but not be applicable to the period December –April.

FROM JUNE 1972 ECBT MINUTES

55. When royalty statements to Russian authors were mailed last year, several were returned as undeliverable. All attempts to obtain forwarding addresses were unsuccessful. Therefore, it was recommended that these accounts and all future royalty accounts be transferred to the General Funds of the Society when attempts to reach the author or editor involved are not successful. A record will be kept in the event of future claims against these royalties. This recommendation was approved.

FROM DECEMBER 1973 ECBT MINUTES

46. (Agenda Item 11.4) A recommendation was approved that royalties to Russian authors for books published by the Society should be credited to the authors' accounts as usual; however, if the royalties are not used by the author for three years, and if the balance is under \$60, royalties will be taken into general funds income.

FROM AN OLD VERSION OF THE BYLAWS PUBLISHED IN NOVEMBER 1995 NOTICES

Friends of Mathematics Fund

A Friends of Mathematics Fund has been created to incorporate monetary gifts to the Society of a general nature. The principle of this fund is now \$123,572. The proceeds of the fund are a part of the invested assets of the Society. The following gifts are components of this fund: \$1,000 from the estate of Professor Ernest William Brown; \$1,000 from the estate of Genevra B. Hutchinson; \$3,000 from Solomon A. Joffe; \$650 from the estate of Professor Helen A. Merrill; \$23,600 from the estate of Dean Marion Reilly; \$1,000 from the estate of James K. Whittemore; and \$2,700 from an anonymous donor.

FROM MAY 1986 ECBT MINUTES

7.7 Friends of Mathematics Investment Income.

The BT was informed that, presently, the income from the Friends of Mathematics quasi-endowment fund is added to the future operations fund. The DF [Director of Finance] suggested that the Board might wish to consider using this income to support some specific program (such as a fellowship or prize) instead. Such use would provide an opportunity to favorably publicize how donated funds are used by the AMS and to suggest that future donated funds would be put to similar good uses. The BT voted to leave the matter to the discretion of the Treasurer, Associate Treasurer, and DF.

**FROM A HISTORY OF THE SECOND FIFTY YEARS, AMERICAN
MATHEMATICAL SOCIETY, 1939-1988, BY EVERETT PITCHER**

from pages 308-309:

The status of funds was altered in 1986. Along with the Reilly and Ritt Funds the Society held several other quasi-endowment funds. These included the *Mathematical Reviews* Fund of \$80,000 provided by the Carnegie Corporation when the journal was founded, royalties owed to Russian authors but not claimed in person and amounting to \$69,452, the fund of \$66,000 from the sale of the library, and the Friends of Mathematics Fund of \$43,152 accumulated from smaller contributions. There was in addition a Dues and Publication Reserve accumulated since its establishment in 1964 to the amount of \$148,671 and a Future Operations Fund of \$356,041 that came from surplus of previous years. With the Cole Prize Fund of \$2550, which was not a formal endowment, and some smaller funds the total was \$796,417. All the above figures come from 31 December 1984. In May 1986, quasi-endowment funds were consolidated. The Dues and Publications and *Mathematical Reviews* Funds were added to the Future Operations Fund. The other quasi-endowment funds, excepting the Cole Prize Fund and the Russian Royalty Fund, were consolidated with the Friends of Mathematics Fund. The income from that fund is used for general purposes of the Society but is available for a special purpose should the Council and Board of Trustees designate one.

At the end of 1987 the total of endowment funds, including prize funds, stood at \$2,018,200 and the total of quasi-endowment funds, including Friends of Mathematics, Russian Royalties, and Future Operations, amounted to \$3,971,411.

**Data Collection and Information Delivery (“Infrastructure”) Project
Status Report and Overview
May 3, 2005**

**Gary Brownell, Tom Blythe, Beth Huber, Gerry Loon
Connie Pass, Bob Laska, Joanne Arruda**

To support its mission in the most effective, efficient manner possible, the AMS needs business processes (broadly defined) that make sense, are consistent with the mission and goals of the Society, are consistent with the policies expressed by the leadership and senior management, and are consistent with each other. Furthermore, policies and procedures need to provide for and support efficient and effective operations. Finally, it is important that these policies and procedures are properly documented and that that documentation is maintained as our practices evolve.

We must be sure that we maintain a robust, accessible, and flexible technology infrastructure. The technology environment is changing rapidly and the business demands being made of our technology infrastructure are expanding.

It is important that we continue to evaluate our technology infrastructure and to determine how well it supports the operational needs of the Society. We will need to continue to make investments in our technology infrastructure so that the systems are able to meet the Society’s business needs.

Project Description

The Infrastructure project will address these issues with: a business process component, an Information Systems (IS) component, and an Information Technology (IT) component. The business process component will span both the IS and IT areas and it will consider both human and computing processes within the Society.

Policies, Business Processes, and Rules

The business process component will consider the Society’s policy requirements and their supporting business rules and processes. Process and business rule reviews will be performed from the standpoint of ensuring completeness, consistency, efficiency, effectiveness, and adaptability.

Information Systems (IS)

The Information Systems (IS) component will define the organization’s requirements or ‘demand’ for information and systems to support those requirements. IS considers the alignment requirements of IS/IT. It will also define and prioritize the investments required to achieve the proper application portfolio, the nature of the expected benefits and the changes required to deliver those benefits.

Information Systems is considered to be comprised of the Management Information Systems (MIS) and Electronic Product Development (EPD) departments.

Information Technology (IT)

The Information Technology (IT) component will be concerned with outlining how the Society's demand for information and systems will be supported by technology (hardware, software and telecommunications) and services such as IT operations and user support. It will address the provision of IT capabilities, resources and services.

Information Technology is considered to be comprised of the Systems & Operations department.

Primary Project Objectives:

1. Establish a policy environment, with supporting business rules, that:
 - Adequately addresses the normal, routine and recurring types of transactions and relationships that occur between the Society and outside parties;
 - Provides employees with an appropriate level of guidance for addressing new or unusual situations that may arise.
2. Identify the changes needed in our internal processes and practices so that they effectively and efficiently meet the policy requirements.
3. Identify the changes to the existing computing infrastructure so that it efficiently and effectively meets the current business requirements of the Society
4. Develop a long-range plan that considers the deployment of technology to meet expected business requirements and, an infrastructure that is effective, efficient, and scaleable at an acceptable cost level.

Approach

A four-phase approach has been established for the Infrastructure project that will bring together the business aims of the Society, an understanding of the information needed to support those aims and a course of action for the implementation of computer systems and processes to provide that information.

To achieve, the desired results, it is necessary to understand the impetus for change and the current situation ("where we are") and then to articulate the situation being sought ("where we want to be") and start to propose how the gaps might be closed ("how to get there"). One could refer to this as a "gap analysis" method.

The four primary phases of the project are:

Phase 1: Conceptual Business Analysis

Phase 2: Detailed Business Analysis and Recommendations

Phase 3: Conceptual Information Systems Analysis

Phase 4: Detailed Information Systems Analysis and Recommendations

The project will initially look at the business. An understanding of the long-term direction and goals of the Society at a high conceptual level will be developed during Phase 1. Much of this work exists in other forms and will be brought into the project as appropriate. Then, at a more detailed level (Phase 2), an understanding of the specific business goals, objectives, and requirements for the time period being considered will be developed. Once a detailed understanding of the business is in place, the information systems side will be viewed. This starts at a high conceptual level (Phase 3), outlining the direction of information systems, before getting into the specific goals and objectives (Phase 4).

Phase 1: Conceptual Business Analysis

In the first phase, the **Conceptual Business Analysis**, a planning process will be established. This entails establishing the reasons for the project as well as management expectations for it. The process that will be used to develop the plan will also be established during this phase.

Documentation of the high-level business direction will be performed during the first phase. This includes documenting the business mission, goals, objectives and business priorities.

Finally, statements of how management wants the business to function in the future will be documented.

Phase 2: Detailed Business Analysis and Recommendations

Documentation of the business direction at a more detailed level will be performed during the second phase, **Detailed Business Analysis and Recommendations**. This includes developing key information needs, which are those pieces of information that management requires to run the business.

Key business processes will be identified, documented and analyzed, and business process improvement efforts will be identified as needed. The business process component will consider the Society's policy requirements and their supporting business rules and processes.

To the extent possible detailed business requirements for the business in the future will be anticipated and defined.

Phase 3: Conceptual Information Systems Analysis

Attention will be turned to information systems in the third phase, **Conceptual Information Systems Analysis**.

During this phase the current information systems environment will be documented, and the Information Systems (Management Information Systems, Electronic Product Development, and Systems & Operations) organization and individual roles, responsibilities and skills by group will be identified.

The backlog of all the various projects that have been requested will be identified. External information systems will be looked at. This includes looking at information systems trends and how those trends may affect the organization's environment and future.

It is in this **Conceptual Information Systems Analysis** phase where the business information and direction are reviewed to determine the most appropriate direction for Information Systems. Objectives that are necessary to assist the business in achieving its objectives will be formulated. Another key aspect is the review of business goals to determine ways in which Information Systems can help the business achieve those goals. A preliminary determination of the technical computing architecture that is necessary to reach objectives will be made. Information systems projects and objectives will be prioritized. A preliminary determination of the information systems service architecture, which includes people and processes necessary in information systems, will be made.

Phase 4: Detailed Information Systems Analysis and Recommendations

The gap between the current situation and the desired environment of the future will be evaluated during the final phase, **Detailed Information Systems Analysis and Recommendations**. This includes assessing the business requirements, information needs, external requirements, business applications, and the technical computing architecture. Once the gap is evaluated, it will be possible to formulate the recommendation to close the gap. This includes the various options available, including preliminary cost estimations, implementation timeframes, and resource requirements. Advantages and disadvantages for each option will be identified.

Deliverables

Key business processes will be identified, and documented. Business process improvement efforts will be planned as needed. Business rules will also be documented and efforts will be made to ensure that the rules match current and expected business requirements.

Since the Society's business direction and requirements shape both the information systems direction and computing architecture, another key deliverable of the project will be an Information Systems Plan (ISP). This long-range plan will target the alignment of the AMS information systems goals and objectives with current and expected business requirements. It will bring together the business aims of the Society, considering future and business process requirements, an understanding of the information needed to support those aims, and a plan for the implementation of an infrastructure to provide that information.

An implementation plan will be developed as part of the project. The plan will show how to approach the major development activity in a cost-effective, controlled fashion, and determining appropriate development priorities and phases. It will define a migration path that overcomes existing weaknesses, exploits strengths and enables the new requirements to be achieved in such a way that it can be resourced and managed appropriately.

Status

The Infrastructure project has been initiated and an Infrastructure Steering Committee has been formed to plan and oversee the project activities. Initial planning efforts have been ongoing in order to build a strong foundation for moving the project forward.

A term employee with experience in the management of large projects, including technology projects, has been engaged to assist with this project as Project Manager. This allows the Steering Committee to focus more on content than on methodology.

Considering the magnitude and complexity of the Infrastructure project, it was important to adopt a methodology for its planning, execution, control and closure. The Project Management Institute's, *A Guide to the **P**roject **M**anagement **B**ody of **K**nowledge (PMBOK® Guide)*, which is a generally recognized guide to good project practice, has been chosen as a basic guideline. It is being tailored to the needs of the Society and specifics of the Infrastructure project. Using a guide such as this allows the project manager to "work ahead" of the Steering Committee on templates, organizing future work, etc.

Various plans and reference documents (Project, Scope, Approach, etc.) have and will be developed to aid the project team in its efforts, the latest being the Project Scope Statement and Project Overview. Elaboration of the overview document is currently underway to establish the many tasks required to support the chosen approach. Upon completion, a Work Breakdown Structure will be developed to define the final and intermediate products of the project and their relationships. Activity definition, activity sequencing and duration estimating will take place and a baseline project plan established as the project progresses.

Significant progress has been made on systems assessments within the three Providence technology departments; work continues in this area.

The cost allocation and time reporting review has been completed (surveys, interviews, documentation, cost allocation methods, and process mapping) and the final report on Cost Allocations drafted. Observations and recommendations for the improvement of time recording methods have been written. Systems and applications have been documented. The Cost Allocation Observation and Recommendation sections still have some work to be done.



AMERICAN MATHEMATICAL SOCIETY

Financial Statements

December 31, 2004 and 2003

(With Independent Auditors' Report Thereon)



KPMG LLP
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Independent Auditors' Report

The Board of Trustees
American Mathematical Society:

We have audited the accompanying balance sheets of the American Mathematical Society (the Society) as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

April 8, 2005

AMERICAN MATHEMATICAL SOCIETY

Balance Sheets

December 31, 2004 and 2003

Assets	2004	2003
Cash and cash equivalents (note 2)	\$ 360,398	678,795
Short-term investments (note 3)	16,384,598	15,213,816
Accounts receivable, net (allowances of \$185,089 and \$115,354, respectively)	800,123	1,223,912
Deferred prepublication costs	575,040	686,279
Completed books	986,303	1,165,507
Prepaid expenses and deposits	1,021,248	1,044,717
Land, buildings, and equipment, net (note 4)	4,027,381	4,316,071
Long-term investments (note 5)	54,740,077	47,292,301
Total assets	<u>\$ 78,895,168</u>	<u>71,621,398</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 1,198,389	1,271,481
Accrued expenses:		
Severance and study leave pay (note 6)	1,093,480	1,272,399
Payroll, benefits, and other	974,527	1,350,955
Deferred revenue	11,633,462	10,796,619
Postretirement benefit obligation (note 7)	3,538,947	3,108,747
Total liabilities	<u>18,438,805</u>	<u>17,800,201</u>
Net assets:		
Unrestricted:		
Undesignated	5,974,430	6,320,311
Designated (note 8)	45,374,083	38,437,643
Invested in fixed assets	4,027,381	4,316,071
	<u>55,375,894</u>	<u>49,074,025</u>
Temporarily restricted (note 9)	1,794,111	1,591,000
Permanently restricted (note 10)	3,286,358	3,156,172
Total net assets	<u>60,456,363</u>	<u>53,821,197</u>
Total liabilities and net assets	<u>\$ 78,895,168</u>	<u>71,621,398</u>

See accompanying notes to financial statements.

AMERICAN MATHEMATICAL SOCIETY

Statements of Activities

Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Changes in unrestricted net assets:		
Operating revenue (notes 1 and 5):		
Publication:		
<i>Mathematical Reviews</i> and related activities	\$ 8,935,727	8,658,388
Journals (excluding <i>Mathematical Reviews</i>)	4,199,508	4,043,300
Books	3,047,302	2,797,201
Sale of services	341,789	312,760
Other	142,114	141,322
Total publication revenue	<u>16,666,440</u>	<u>15,952,971</u>
Membership and professional services, including net assets released from restrictions (note 9):		
Dues, services, and outreach	3,298,211	3,323,900
Grants, prizes and awards	669,036	790,011
Investment earnings available for spending (notes 1 and 5)	755,116	790,700
Meetings	938,409	944,433
Total membership and professional services revenue	<u>5,660,772</u>	<u>5,849,044</u>
Short-term investment income	331,610	452,613
Other	108,758	154,919
Total operating revenue	<u>22,767,580</u>	<u>22,409,547</u>
Operating expenses:		
Publication:		
<i>Mathematical Reviews</i> and related activities	5,635,138	5,488,300
Journals (excluding <i>Mathematical Reviews</i>)	1,323,861	1,267,824
Books	2,533,093	2,480,675
Divisional indirect	808,173	689,493
Customer services	675,595	759,530
Warehousing and distribution	716,452	704,464
Marketing and sales	229,373	104,653
Sale of services	226,930	224,353
Total publication expense	<u>12,148,615</u>	<u>11,719,292</u>
Membership and professional services:		
Dues, services and outreach	2,940,084	2,851,239
Grants, prizes and awards	732,548	844,852
Meetings	896,816	856,032
Governance	464,003	464,816
Divisional indirect	488,888	438,360
Total membership and professional services expense	<u>5,522,339</u>	<u>5,455,299</u>
Other	9,395	64,965
General and administrative	3,149,791	2,868,969
Total operating expense	<u>20,830,140</u>	<u>20,108,525</u>
Excess of operating revenue over operating expense	1,937,440	2,301,022

AMERICAN MATHEMATICAL SOCIETY

Statements of Activities

Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Investment income in excess of investment earnings available for spending (note 5)	\$ 4,364,429	7,781,294
Change in unrestricted net assets	<u>6,301,869</u>	<u>10,082,316</u>
Changes in temporarily restricted net assets:		
Contributions	148,873	86,158
Investment income (note 5)	301,818	439,822
Net assets released from restrictions (note 9)	<u>(247,580)</u>	<u>(296,017)</u>
Change in temporarily restricted net assets	<u>203,111</u>	<u>229,963</u>
Change in permanently restricted net assets:		
Contributions	<u>130,186</u>	<u>465,784</u>
Change in permanently restricted net assets	<u>130,186</u>	<u>465,784</u>
Change in net assets	6,635,166	10,778,063
Net assets, beginning of year	<u>53,821,197</u>	<u>43,043,134</u>
Net assets, end of year	<u>\$ 60,456,363</u>	<u>53,821,197</u>

See accompanying notes to financial statements.

AMERICAN MATHEMATICAL SOCIETY

Statements of Cash Flows

Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,635,166	10,778,063
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	517,615	546,426
Net realized and unrealized gain on long-term investments	(4,092,917)	(8,031,137)
Contributions restricted for permanent investment	(130,186)	(465,784)
Changes in assets and liabilities:		
Accounts receivable, net	423,789	(88,433)
Deferred prepublication costs	111,239	(71,988)
Completed books	179,204	120,185
Prepaid expenses and deposits	23,469	(3,236)
Accounts payable	(73,092)	89,621
Accrued expenses	(555,347)	(60,077)
Deferred revenue	836,843	(356,973)
Postretirement benefit obligation	430,200	360,000
Net cash and cash equivalents provided by operating activities	<u>4,305,983</u>	<u>2,816,667</u>
Cash flows from investing activities:		
Change in short-term investments	(1,170,782)	(1,675,893)
Purchases of property and equipment	(228,925)	(396,134)
Sales of long-term investments	5,911,643	5,926,535
Purchases of long-term investments	(9,266,502)	(6,905,498)
Net cash and cash equivalents used in investing activities	<u>(4,754,566)</u>	<u>(3,050,990)</u>
Cash flows from financing activities:		
Contributions restricted for permanent investment	130,186	465,784
Net change in cash and cash equivalents	(318,397)	231,461
Cash and cash equivalents at beginning of year	<u>678,795</u>	<u>447,334</u>
Cash and cash equivalents at end of year	<u>\$ 360,398</u>	<u>678,795</u>

See accompanying notes to financial statements.

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2004 and 2003

(1) Description of Business and Summary of Significant Accounting Policies

(a) *Description of Business*

The American Mathematical Society (the Society) was created in 1888 to further mathematical research and scholarship. It is an international membership organization, currently with over 30,000 members. The Society fulfills its mission with publications and professional programs that promote mathematical research, increase the awareness of the value of mathematical research to society and foster excellence in mathematics education.

(b) *Basis of Financial Statement Presentation*

The accompanying financial statements are presented on the accrual basis of accounting and have been prepared to focus on the Society as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) *Classifications of Net Assets*

The Society's net assets and activities that increase or decrease net assets are classified as unrestricted, temporarily restricted, or permanently restricted.

Unrestricted net assets are those without any donor-imposed or other restrictions as to their use which are available for the general operations of the Society. The Society defines operating income as the net increase in unrestricted net assets derived from the activities related to the accomplishment of its mission, such as publications, programs, meetings and conferences, and member services. Investment earnings appropriated by the Board on unrestricted long-term investments are presented as an operating revenue. Any excess investment earnings (loss) is presented as a nonoperating revenue.

Temporarily restricted net assets are those whose use is restricted by some donor-imposed limitation which will lapse upon the passage of time, use of the asset for its intended purpose, or the meeting of other donor-imposed stipulations.

Permanently restricted net assets are those which must be permanently invested to provide a source of support for the activities of the Society and which are commonly referred to as endowments.

The Society is incorporated under the laws of the District of Columbia and is therefore subject to the provisions of the Uniform Management of Institutional Funds Act (the Act). Under the Act, the accumulated realized and unrealized gains related to the investment of an endowment gift may legally be appropriated for expenditure by the governing body of an organization unless the applicable gift instrument indicates the donor's intention that such gains may not be expended. None of the Society's endowment gift instruments executed by donors contains such a restriction.

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2004 and 2003

Accordingly, the net gains on endowment gifts which contain no donor restrictions as to the use of income derived therefrom have been included in unrestricted net assets. The net gains on endowment gifts which contain donor restrictions as to the use of income derived therefrom have been included in temporarily restricted net assets. Only the original amount of endowment gifts has been included in permanently restricted net assets.

(d) *Contributions and Net Assets Released from Restrictions*

The Society records as contribution revenue unconditional promises to give. All other contribution revenue is recorded as received. If the contribution is made in assets other than cash, the amount of the contribution is measured at the fair value of the asset contributed at the date the contribution or unconditional promise to give is made by the donor.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset for some specific purpose or time period and as permanently restricted support if the donated asset must be invested in perpetuity.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

If a donor-imposed restriction is met for the full amount of the contribution within the year, the related revenues and expenses are recorded solely in the unrestricted net assets category in the accompanying statements of activities.

The Society receives contributed services from its members, principally as volunteer leaders in the governance structure of the Society and as volunteer members of editorial committees for the Society's various publications. The latter category of contributed services qualifies for recognition as income and expense under accounting principles, as the members of the editorial committees must possess specialized skills. However, the Society has no practical way of measuring the market value of the services received from its volunteer editorial committee members and, accordingly, no such estimate is included as revenue or expense in the accompanying financial statements.

(e) *Investments and Related Income*

Substantially all of the Society's investments, both short term and long term, are carried at fair value, as determined by quoted market prices. Investments in mutual funds are carried at the quoted net asset value of the fund, which approximates market value. Certain investments, such as money market funds and certificates of deposit, are carried at cost, which approximates market value.

The total return (interest, dividends, and realized and unrealized gains or losses) derived from permanently restricted net assets whose use of income is restricted for a specific purpose is recorded as investment return (loss) in the temporarily restricted net asset category. As the purpose restriction is met, the income is reclassified to the unrestricted net assets category via net assets released from restrictions.

The Board of Trustees annually appropriates investment earnings to support operations of the Society. The Board uses a 5% spending rate applied to the three-year moving average of the

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements
December 31, 2004 and 2003

board-designated Supplemental Economic Stabilization Fund to support the membership and professional services activities of the Society. The Board also annually appropriates investment income from the endowment funds whose use of income is unrestricted to support specific Society projects, using a 5% spending rate applied to the three-year moving average of these true endowment funds. The amount used to support these specific projects consisted of the following at December 31:

	2004	2003
Investment earning used to support operations:		
Included in membership and professional services revenue	\$ 661,800	668,000
Appropriated endowment income:		
Included in publication revenue	37,754	74,996
Included in membership and professional services revenue	93,316	122,700
	\$ 792,870	\$ 865,696

(f) *Deferred Prepublication Costs*

Prepublication costs, consisting of translation, editorial, composition and proofreading costs, are deferred until publication. Upon publication, prepublication costs related to books are transferred into completed books inventory and prepublication costs related to journals are expensed to offset subscription revenue for the journals.

(g) *Completed Books*

Publication costs of books, consisting of paper, printing, and prepublication costs, are deferred and charged to expense as the books are sold. Completed books are recorded in the accompanying balance sheets at the lower of average cost or market.

(h) *Land, Buildings, Equipment, and Accumulated Depreciation*

Land, buildings, and equipment are recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using straight-line or accelerated methods.

(i) *Membership Journals*

Members are provided certain journals at no charge as these journals are considered to be benefits of membership in the Society.

(j) *Revenue Recognition*

Advance collections for dues, subscriptions, and publications are deferred and generally recognized as income when the services are rendered or the publications shipped. For subscriptions to current-year journals for which all of the issues have not yet been published but for which substantially all of the costs have been incurred, the Society accrues estimated completion costs and

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2004 and 2003

recognizes the related revenues. For sales of books and journals, revenue is recognized upon shipment. In addition, the Society reserves for its estimate of book returns.

(k) Income Taxes

The Society is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. Rules and regulations regarding unrelated business income tax apply to the Society, but no activities resulting in a material amount of taxes due occurred in 2004 or 2003.

(l) Grant Income

The Society receives various grants, that are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grant; however, management believes that these disallowances, if any, would be immaterial.

(m) Reclassifications

Certain 2003 balances have been reclassified to conform with 2004 reporting practices.

(2) Cash and Cash Equivalents

Bank accounts and petty cash comprise the entire cash and cash equivalents balance as of December 31, 2004 and 2003. The Society's bank accounts are federally insured to a maximum of \$100,000 each.

(3) Short-Term Investments

Short-term investments consist of the following as of December 31:

	<u>2004</u>	<u>2003</u>
Certificates of deposit	\$ 6,086,000	7,386,000
Fixed-income mutual funds	3,655,798	2,552,523
Convertible securities mutual fund	975,633	910,069
Domestic corporate stock	2,780	25,278
Money market mutual funds	5,664,387	4,339,946
	<u>\$ 16,384,598</u>	<u>15,213,816</u>

It is the Society's policy to invest no more than the federal insured limit of \$100,000 in each financial institution's certificate of deposit. The income derived from these investments is unrestricted and used to support operations.

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2004 and 2003

(4) Land, Buildings, and Equipment

The following comprise the Society's investments in land, buildings, and equipment as of December 31:

	<u>2004</u>	<u>2003</u>
Land and improvements	\$ 416,236	416,236
Building and improvements	6,187,111	6,134,361
Furniture, equipment and software	6,283,472	6,107,297
Transportation equipment	78,334	78,334
	<u>12,965,153</u>	<u>12,736,228</u>
Less accumulated depreciation	<u>(8,937,772)</u>	<u>(8,420,157)</u>
	<u>\$ 4,027,381</u>	<u>4,316,071</u>

(5) Long-Term Investments

The Society's long-term investments are segregated into seven separate portfolios (including mutual funds), each with its own investment manager and investment objective. The overall investment strategy is determined by the Investment Committee of the Board of Trustees and is approved by the Board of Trustees annually. The primary investment objective of the long-term investment portfolio is an average real total return (net of investment fees and the effects of consumer inflation) of at least 6% over the long term. To achieve this result, the investment portfolio is allocated approximately 80% to equity investments and 20% to fixed-income investments. The equity investments are further diversified into domestic, international, and real estate holdings. Additionally, the entire portfolio is diversified across economic sectors, geographic locations, industries, and size of investees.

The following comprise the Society's total long-term investment portfolio as of December 31:

	<u>2004</u>		<u>2003</u>	
	<u>Value</u>	<u>Cost</u>	<u>Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 660,537	660,537	234,841	234,841
Domestic common stocks	7,545,796	6,153,455	7,486,826	6,064,073
Fixed-income mutual funds	11,878,994	11,728,552	11,320,997	11,122,812
Equity mutual funds:				
Domestic common stocks	27,677,848	23,868,510	22,693,125	21,440,207
Domestic real estate investment trusts	2,881,079	1,837,970	2,139,254	1,643,262
International common stocks	4,095,823	4,552,171	3,417,258	4,474,205
Total	<u>\$ 54,740,077</u>	<u>48,801,195</u>	<u>47,292,301</u>	<u>44,979,400</u>

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2004 and 2003

The investment portfolio is allocated among the three categories of net assets as of December 31 as follows:

	<u>2004</u>	<u>2003</u>
Unrestricted net assets:		
Board-designated purposes (note 8)	\$ 45,374,083	38,437,643
Undesignated	<u>4,659,030</u>	<u>4,354,706</u>
Total allocated to unrestricted net assets	<u>50,033,113</u>	<u>42,792,349</u>
Total allocated to temporarily restricted net assets	<u>1,420,606</u>	<u>1,343,780</u>
Permanently restricted net assets:		
Unrestricted use of income	1,564,901	1,564,901
Restricted use of income	<u>1,721,457</u>	<u>1,591,271</u>
Total allocated to permanently restricted net assets	<u>3,286,358</u>	<u>3,156,172</u>
Total long-term investments, at value	<u>\$ 54,740,077</u>	<u>47,292,301</u>

The following schedule summarizes the investment return and its classification in the accompanying statements of activities for the years ended December 31:

	<u>2004</u>	<u>2003</u>
Dividends and interest, net of management fees of \$57,300 and \$50,026, respectively	\$ 1,366,200	1,055,675
Net realized and unrealized gain	<u>4,092,917</u>	<u>8,031,137</u>
Investment income	5,459,117	9,086,812
Less investment income classified as temporarily restricted	(301,818)	(439,822)
Less investment earnings available for spending	<u>(792,870)</u>	<u>(865,696)</u>
Investment income in excess of investment earnings available for spending	<u>\$ 4,364,429</u>	<u>7,781,294</u>

(6) Severance and Study Leave Pay

Certain employees of the Society receive vested rights to severance and study leave pay based upon salary and years of service. The Society provides for this obligation over the related years of the employees' service. The provision for severance and study leave pay charged to expense totaled \$127,226 and \$98,148 in 2004 and 2003, respectively.

(7) Pension and Retirement Benefits

(a) The Society has contributory retirement plans (the Plans) covering substantially all full-time employees. The Plans are administered by, and related assets are maintained with, Teachers Insurance and Annuity Association and College Retirement Equities Fund. The Society's retirement

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements
December 31, 2004 and 2003

expenses for these Plans totaled approximately \$1,002,000 and \$952,000 in 2004 and 2003, respectively.

- (b) The Society sponsors a defined benefit postretirement medical plan that covers substantially all full-time employees. Under the plan provisions, employees who retire from the Society at age 62 or older with at least 12 years of service are eligible for benefits under the plan. Plan benefits consist of health insurance coverage under a Medicare Supplement Plan and reimbursement of Medicare Part B premiums. Employees who retire before age 62 may qualify for coverage under the plan according to a longer service requirement schedule established by the Society. Spouses of eligible retirees are not covered. The plan is noncontributory and is unfunded.

In 1998, this plan was amended to include the prior service of employees previously leased from the University of Michigan as eligible service when such persons become Society employees. The resulting prior service cost of these employees is being amortized over the estimated average future service period until retirement.

The following table presents information relating to the plan for the years ended December 31:

	<u>2004</u>	<u>2003</u>
Benefit obligation	\$ 3,538,947	3,108,747
Fair value of plan assets	—	—
Accrued benefit cost	<u>\$ 3,538,947</u>	<u>3,108,747</u>
Benefits paid	\$ 62,500	46,700
Discount rate	5.75%	6.00%

Net postretirement benefit cost totaled approximately \$492,800 and \$406,700 for the years ended December 31, 2004 and 2003, respectively.

Assumed healthcare cost trend rates at December 31 were as follows:

	<u>2004</u>	<u>2003</u>
Healthcare cost trend rate assumed for next year	9.8%	11.4%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2007	2007

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A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	<u>1-percentage- point increase</u>	<u>1-percentage- point decrease</u>
Effect on total service and interest cost components for 2004	\$ 42,000	(34,000)
Effect on accumulated postretirement benefit obligation at December 31, 2004	409,000	(327,000)

The expected future benefit payments for the next ten years are as follows:

Year-end:	
2005	\$ 92,000
2006	112,000
2007	122,000
2008	128,000
2009	155,000
2010-2014	1,159,000

(8) Designated Unrestricted Net Assets

The Board of Trustees of the Society has designated components of unrestricted net assets to support certain purposes. All such designated funds within unrestricted net assets are supported by the unrestricted portion of the long-term investment portfolio. The Economic Stabilization Fund is designated to provide support for the Society in future years should the need arise. The Friends of Mathematics Fund is designated to accumulate unrestricted gifts to the Society whose current use is not needed to support the operations of the Society. The Journal Archive Fund is designated to accumulate funds to support changes that may be necessary for electronic files to be available for future use due to as-yet-unforeseen technological changes. The Epsilon Fund for Young Scholars was created by the Board of Trustees in 2000 to augment the funds in a true endowment fund that supports programs for high school mathematics students. The Russian Royalties Fund is designated to support the payment of royalties to Russian authors for work originally published in years prior to the creation of certain copyright agreements.

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The following comprise the balances in these designated funds within unrestricted net assets as of December 31:

	2004	2003
Economic Stabilization Fund – Base	\$ 28,327,006	25,456,802
Economic Stabilization Fund – Supplemental	15,950,508	12,019,564
Friends of Mathematics Fund	123,572	123,572
Journal Archive Fund	415,606	334,714
Epsilon Fund for Young Scholars	539,561	485,161
Russian Royalties Fund and other	17,830	17,830
Total	\$ 45,374,083	38,437,643

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts restricted by donors for the following purposes as of December 31:

	2004	2003
Restricted purpose:		
Prizes and scholarships	\$ 226,988	228,922
Lectures	23,042	13,435
Fellowships	174,726	106,449
Special programs	13,020	13,020
Charitable gift annuities	232,986	213,686
Grant-supported projects	52,481	62,509
Other miscellaneous	31,579	33,857
Accumulated gains on purpose-restricted endowment gifts, principally related to the prize funds	1,039,289	919,122
Total	\$ 1,794,111	1,591,000

Assets released from restrictions totaled \$247,580 and \$296,017 in 2004 and 2003, respectively, entirely due to the accomplishment of the designated purposes.

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2004 and 2003

(10) Permanently Restricted Net Assets

Permanently restricted net assets are supported by the long-term investment portfolio. The Society has two types of endowments: gifts with no donor designations as to the use of income derived therefrom and gifts whose donors have designated a specific purpose in the gift instrument. These endowments consisted of the following at December 31:

	<u>2004</u>	<u>2003</u>
Endowment without donor designation on use of income	\$ 1,564,901	1,564,901
Endowment with donor designation on use of income:		
Prizes	277,250	272,250
Scholarships and fellowships	252,130	252,130
Symposia and lectures	150,000	150,000
China collaboration	366,757	366,757
Epsilon fund for young scholars	675,320	550,134
	<u>\$ 3,286,358</u>	<u>3,156,172</u>

From the Chronicle of Higher Education
<http://chronicle.com/daily/2005/04/2005042103n.htm>

Thursday, April 21, 2005

Congress Is Urged to Re-Examine What Types of Groups Deserve Tax-Exempt Status

By [HARVY LIPMAN](#)

Washington

Congress should conduct a wide-ranging evaluation of laws governing tax-exempt organizations with an eye toward more clearly defining whether colleges and other groups deserve special treatment from the federal government, several legal experts told a hearing of the U.S. House of Representatives Ways and Means Committee on Wednesday.

The hearing was an indication of the growing interest that lawmakers have taken in colleges and other nonprofit groups -- and of the likelihood that Congress intends to consider new legislation to alter how charities, foundations, and donors operate.

The Senate Finance Committee has spent more than a year reviewing nonprofit groups and has signaled that it intends to draft new rules during the next few months. Members of the Finance Committee have focused largely on whether nonprofit groups and donors have been abusing tax laws. For instance, they have raised questions about whether donors exaggerate the amount they write off on their tax returns for noncash gifts and whether some nonprofit groups are participating in tax shelters (*The Chronicle*, April 6).

The House is taking a somewhat different tack, by raising questions about whether new limits need to be placed on the kinds of organizations that are exempt from taxation -- and are eligible to offer donors the ability to write off their gifts. Rep. William M. Thomas, the California Republican who is chairman of the Ways and Means Committee, said he had called the hearing because "despite the significant size, scope, and economic impact of tax-exempt organizations, there has been no comprehensive oversight by Congress in nearly two decades."

Over the past several years Mr. Thomas has frequently questioned why nonprofit hospitals should enjoy a special tax status when -- in his view -- they provide virtually identical services to for-profit hospitals. While Mr. Thomas emphasized on Wednesday the need for "a broad overview of the tax-exempt sector," he also focused once again on the hospitals, saying, "This raises a fundamental question of what makes these organizations unique and hence deserving of a tax-exempt status."

Legal scholars who testified at the hearing disagreed on how lawmakers should redefine the qualifications for nonprofit status, but they agreed with Mr. Thomas that the tax code lacks a coherent rationale for determining which organizations should qualify for tax exemptions.

John D. Colombo, a professor at the University of Illinois College of Law, said: "One of the core problems with tax exemptions for charities has been that exemptions more or less just happened without a great deal of thought regarding why we hand out tax exemptions. As a result, while we have this vague notion that we grant exemptions to charities because they do good things for society, there has never been a specifically articulated rationale that allows us to tie down exactly what good behavior should be rewarded."

Mr. Colombo has proposed a system in which only organizations that are "substantially dependent on donations for their operating revenues" would be granted tax exemptions.

"Donations are the signal that people believe an organization is doing something worthwhile, and is not otherwise being sufficiently funded by the private market or the government," he said. "In contrast, organizations that do not get significant donations either aren't doing anything the public thinks is worthwhile, or the public sees that they have ample resources without donations. In either case, such organizations do not need tax exemption."

A different approach was proposed by Frances R. Hill, a professor at the University of Miami School of Law. To qualify for tax exemptions, she said, organizations should be required to demonstrate that they are "providing a public benefit to a defined category of beneficiaries."

A fundamental problem with current law, and its enforcement by government regulators, is that the focus has been more on ensuring that no individuals receive undue financial gains from a nonprofit organization's operations. While that concern is justifiable, Ms. Hill said, "the mere absence of a private benefit does not provide a rationale for exemption."

Bruce Hopkins, a lawyer in Kansas City, Mo., and the author of numerous legal guides for nonprofit organizations, said that the current language of the tax code -- stating that groups organized for charitable, educational, or scientific purposes qualify for tax exemption -- needs to be better defined. "Many aspects of today's law of tax-exempt organizations are unclear," he said. "As the sector has grown, this situation has fostered or facilitated misunderstandings and abuses by certain tax-exempt organizations and tax-law planners."

To develop legislation clarifying the law on tax-exempt organizations, Sheldon S. Cohen, a Washington lawyer and former commissioner of the Internal Revenue Service, recommended that Congress appoint a commission made up of experts and legislative staff members to spend a year studying the issues involved.

Mr. Thomas, however, said that was unlikely to happen. "You just outlined a timeline which the VH1 generation can't focus on," he said.

Harvy Lipman is a reporter at The Chronicle of Philanthropy.

AMS Audit Committee

The AMS Audit Committee consists of the Treasurer, Associate Treasurer, Chair of the Board (fourth-year elected member), and third-year member of the Board. The responsibility of the committee is "to assist the Board in fulfilling its oversight responsibilities with respect to (i) the audit of the Society's books and records; and (ii) the system of internal controls that the Society has established." The full charge is at the end of this attachment. The committee carries out this responsibility in conjunction with an outside auditing firm, verifying the independence of the auditors and the compliance of the staff. It's a responsibility that everyone treats with seriousness.

In recent years, increased scrutiny of non-profits has drawn more attention to the audit process, making it even more serious. When the AMS expanded its Audit Committee a few years ago, it added the Associate Treasurer and then (two years later) the third-year elected member of the Board. The aim was to add stability and expertise to the committee so that its members were knowledgeable about the Society's finances and the audit process. The AMS Audit Committee *is* knowledgeable and functions well.

Audit committees in many other scientific societies, however, are constructed differently. Members of the audit committee are selected from those people on the governing body with the *least* connection to the financial affairs of the organization. The aim of this arrangement is to guarantee the independence of the committee from those directly in charge of the society's finances. This is especially important for small societies, where the (volunteer) treasurer may have responsibility for day-to-day finances. Having such people on the audit committee would, in effect, have them auditing themselves.

Of course, the AMS does *not* ask the Treasurer or Associate Treasurer to carry out day-to-day financial tasks, and in this sense there is little danger that we have people "auditing themselves". On the other hand, the Treasurer and Associate Treasurer *do* monitor the financial operations of the Society, and the audit is therefore indirectly scrutinizing their work (by monitoring the monitors?). There may also be a (mis)perception from outside the AMS that the Audit Committee consists of insiders. When asked about this, the outside auditors (Chris and Steve) suggested that our present arrangement could be troublesome, largely *because of* these misperceptions.

There are two conflicting goals in appointing an audit committee:

1. One wants to have members who are knowledgeable about the Society's financial process in order to probe by asking the right questions.
2. One wants to have members who are independent of the Society's financial process in order to evaluate its soundness without prejudice.

We have clearly attended to the first goal, but perhaps less clearly to the second.

There is a simple way to achieve *both* goals, however, by expanding the audit committee, in a slightly untraditional way.

Proposal for new audit committee:

- Committee is a standing committee of the Board of Trustees.
- Number of members is six, consisting of the fourth-year and third-year elected members of the Board, the fourth-year and third-year members of the Executive Committee, and the Treasurer and Associate Treasurer.
- The fourth-year elected member of the Board serves as Chair of the Audit Committee.

The rest of the committee's charge would remain the same.

This new committee would provide sufficient expertise to ask questions of the staff and outside auditors; the Treasurer and Associate Treasurer provide stability as well as expertise. On the other hand, the committee would have sufficient independence in order to provide adequate safeguards.

Appointing members of the EC to the Audit Committee may seem strange at first. The Society has always placed financial responsibility squarely with the Board of Trustees. On the other hand, asking members of the Executive Committee to participate in the audit process is precisely the right way to involve the Council in financial affairs, as an independent agent.

Because we have agreed to hold Audit Committee meetings close to the start of the ECBT meeting, there are no obvious practical difficulties in implementing this plan.

To create the appearance of even more independence, one could make the Treasurer and Associate Treasurer "non-voting" members of the Audit Committee. This seems disingenuous, however, since the Audit Committee's main function is to ask questions and to report to the Board; voting plays little role in its actions. The Society has also talked about appointing a financial expert from outside the AMS to the Audit Committee, and this may still be sensible in the future. Finding such a person may be difficult, and before mandating this change we should find out whether it is possible to find a willing and independent expert.

John Ewing

Charge to the Audit Committee

General Description

- Committee is a standing committee of the Board of Trustees.
- Number of members is four, consisting of the Treasurer, the Associate Treasurer, the third-year elected Trustee, and the Chair of the Board of Trustees. The Chair of the Board of Trustees may expand membership to include the entire Board.
- The Chair is the Treasurer.

Responsibility

The Committee's primary responsibility is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the audit of the Society's books and records; and (ii) the system of internal controls that the Society has established. The Committee should have a clear understanding with the outside auditors that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the outside auditors is to the Board and the Committee. The Committee will make regular reports to the Board concerning its activities.

Principal Activities

The Audit Committee meets annually with the outside auditors to review the annual audit of the financial statements, and report their findings to the full Board. A written report of their findings is prepared for inclusion in the minutes of the applicable meeting of the Board.

During the course of their work members of the Committee endeavor to determine that the auditors were independent, that they conducted their audit in accordance with generally accepted professional standards, that their audit complied with any applicable governmental regulations, that they were given access to all the books and records of the Society, and that staff were responsive to all reasonable requests for information and assistance.

Starting in May 2007, the entire Board will meet with the auditors every four years.

Audit Committee meetings should be scheduled as close to the start of the ECBT meeting as possible, so that it is maximally convenient for any interested Trustee to attend.

Other Activities

From time to time, the Audit Committee may require and oversee a change in auditing firms, conduct or oversee independent investigations into accounting matters, and otherwise carry out functions consistent with their overall responsibilities and the requirements of the Board of Trustees.

Staff Support and Liaison

The Chief Financial Officer and the Executive Director are responsible for working with the Committee and providing assistance to the Committee when deemed necessary.

***American Mathematical Society
Retirement Plan Document***

Restated 01/01/2005

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Article I: Definitions

- 1.1 **Accumulation Account** means the separate account(s) established for each Participant. The current value of a Participant's Accumulation Account includes all Plan Contributions, less expense charges, and reflects credited investment experience.
- “Credited investment experience” shall mean investment gains and losses.
- 1.2 **Annual Additions** means the sum of the following amounts credited to a Participant's Accumulation Account during the Limitation Year: (a) Plan Contributions; (b) forfeitures, if any; and (c) individual medical account amounts described in section 415(l)(2) and 419A(d)(2) of the Code, if any.
- 1.3 **Beneficiary(ies)** means the individual, institution, trustee, or estate designated by the Participant to receive the Participant's benefits at his or her death.
- 1.4 **Board** means the Institution's Board of Trustees.
- 1.5 **Break in Service** means a 12-consecutive month period (computation period) during which the Participant does not complete more than 500 Hours of Service with the Institution. For determining whether a Break in Service has occurred in a computation period, an individual who is absent from work for maternity or paternity reasons will receive credit for the Hours of Service that would otherwise have been credited to the individual but for his or her absence, or in any case in which the hours cannot be determined, 8 Hours of Service per day for the absence. For this paragraph, an absence from work for maternity or paternity reasons means an absence (a) because of the pregnancy of the individual, (b) because of a birth of a child of the individual, (c) because of the placement of a child with the individual in connection with the adoption of the child by the individual, or (d) for purposes of caring for the child for a period beginning immediately following birth or placement. The Hours of Service credited under this paragraph will be credited (a) in the computation period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or (b) in all other cases, in the following computation period. The total number of Hours of Service credited shall not exceed 501 hours.
- 1.6 **Code** means the Internal Revenue Code of 1986, as amended.
- 1.7 **Compensation** means the amount paid by the Institution to a Participant that must be reported as wages on the Participant's Form W-2 plus compensation that is not currently includable in the Participant's gross income because of the application of Code Section 125, 132(f)(4) or 403(b) through a salary reduction agreement.

In addition to other applicable limitations stated in the plan, and notwithstanding any other provision of the Plan to the contrary, for Plan years beginning on or after January 1, 1994 the annual compensation of each employee taken into account under the plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the Commissioner of the Internal Revenue Service for increases in the cost of living in accordance with section 401(a)(17)(B) of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For plan years beginning on or after January 1, 1994, any reference in this plan to the limitation under section 401(a)(17) of the Code shall mean the OBRA '93 annual compensation limit stated in this provision.

If compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current Plan Year, the compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan Year beginning on or after January 1, 1994, the OBRA '93 annual compensation limit is \$150,000.

The annual compensation of each participant taken into account in determining allocations for any plan year beginning after December 31, 2001, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual compensation means compensation during the plan year or such other consecutive 12-month period over which compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

Credited Compensation for non-exempt (hourly) employees means all wages paid (excluding overtime wages and severance payments) and payments made under the Society's Short Term Disability program including payments from a state disability plan in any Plan Year for the period during which the Employee is a Participant in the Plan, up to but not exceeding the amount of the Employee's regularly scheduled weekly wages at the time of the commencement of the disability. For exempt employees Credited Compensation shall mean all salaries paid (excluding severance payments) including payments made under the Society's Short Term Disability program including payments made for a state disability plan in any Plan Year for the period during which the Employee is a Participant in the Plan, up to but not exceeding the amount of the Employee's regularly scheduled weekly salary at the time of the commencement of the disability.

For both non-exempt and exempt employees, compensation shall also include amounts contributed to an annuity or account pursuant to a salary reduction agreement and which is not included in the Participant's gross income under Section 403(b) of the Code. In addition, Credited Compensation shall also include amounts contributed to a Premium Reduction Account, Dependent Care Account and/or Medical Reimbursement Account. Credited Compensation shall be limited to a Participant's first \$200,000 for any Plan Year of such greater amount as prescribed by the Secretary of the Treasury in accordance with Section 415(d) of the Internal Revenue Code (i.e. \$235,840 for 1993). For Plan Years beginning on or after January 11, 1994, the first \$160,000 (indexed as of year 1999) or any such greater amount as permitted under Section 401(a)(17) of the Code of an Employee's Compensation shall be taken into account for purposes of the Plan in any one Plan Year.

- 1.8 ***Date of Employment or Reemployment*** is the first day upon which an employee completes an Hour of Service for performance of duties during the employee's most recent period of service with the Institution.
- 1.9 ***Eligible Employee*** means all employees who are scheduled to work 20 hours per week or more, except students. However, an employee who is customarily employed on a part-time, temporary, or irregular basis for less than 1,000 Hours of Service a year is an Eligible Employee only if credited with 1,000 hours or more of service (or 800 hours for a key board operator working at home), including paid absence, during any 12 consecutive month calendar period commencing with his or her Date of Employment or any anniversary, in which event he or she becomes an Eligible Employee as of the beginning of the 12-month period during which he or she was credited with at least 1,000 Hours of Service.

The term Eligible Employee shall not include any leased employee deemed to be an employee of the Institution as provided in Code Section 414(n).

No individual who is deemed to be an independent contractor, as determined by the Plan Administrator in its sole discretion, or individual performing services for the Employer pursuant to an agreement that provides that such individual shall not be eligible to participate in the retirement or other benefit plans of the Employer, shall be an Eligible Employee for purposes of this plan.

“Students” shall mean any employee enrolled in an educational institution on a full-time basis.

“Leased Employee” means, effective for Plan Years beginning January 1, 1997, any person (other than an employee of the recipient) who pursuant to an agreement between the recipient and any other person (“leasing organization”) has performed services for the recipient (or for the recipient and related persons determined in accordance with IRC section 414(n)(6)) on a substantially full time basis for a period of at least one year, and such services are performed under the recipient’s primary direction or control.

1.10 **Employee** means any person employed by the Employer. Employee shall not include any individual who is either (i) engaged by the Company as an independent contractor or (ii) not reflected on the payroll records of the Company as a common law employee solely on account of the reclassification of such individual by the Internal Revenue Service, a court or administrative agency as a common law employee.

1.11 **Fund Sponsor** means an insurance, variable annuity or investment company that provides Funding Vehicles available to Participants under this Plan.

1.12 **Funding Vehicles** means the annuity contracts or custodial accounts that satisfy the requirements of Code Section 401(f) issued for funding accrued benefits under this Plan and specifically approved by the Institution for use under this Plan.

1.13 **Hours of Service means:**

(a) Each hour for which an employee is paid, or entitled to payment, for the performance of duties for the Institution. For the purposes of this Section, service with any educational institution while assigned to work for the American Mathematical Society shall be treated as service with the Society.

(b) Each hour for which an employee is paid, or entitled to payment, on account of a period of time during which no duties are performed (regardless of whether employment has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, leave of absence, or maternity or paternity leave (whether paid or unpaid). However, any period for which a payment is made or due under a plan maintained solely for the purpose of complying with Workers' Compensation or unemployment compensation or disability insurance laws, or solely to reimburse the employee for medical or medically-related expenses is excluded. An employee is directly or indirectly paid, or entitled to payment by the Institution regardless of whether payment is made by or due from the Institution directly or made indirectly through a trust fund, insurer or other entity to which the Institution contributes or pays premium. No more than 501 Hours of Service will be credited under this paragraph. Hours of Service under this paragraph will be calculated and credited pursuant to Section 2530.200b-2 of the Department of Labor Regulations, incorporated herein by reference.

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Institution, without duplication of hours provided above, and subject to the 501-hour restriction for periods described in (b) above.

Hours of Service will be credited for employment with other members of an affiliated service group (under Code Section 414(m)), a controlled group of corporations (under Code Section 414(b)), or a group of trades or businesses under common control (under Code Section 414(c)) of which the Institution is a member, and any other entity required to be aggregated with the employer pursuant to Code Section 414(o) and the regulations thereunder. Hours of Service also will be credited for any person considered an employee for this Plan under Code Sections 414(n) or 414(o) and the regulations thereunder.

Hours of Service will be determined on the basis of actual hours that an employee is paid or entitled to payment.

1.14 **Institution** means American Mathematical Society.

1.15 **Institution Plan Contributions** means contributions made by the Institution under this Plan.

- 1.16 **Limitation Year** means a calendar year.
- 1.17 **Normal Retirement Age** means age 60.
- 1.18 **Participant** means any Eligible Employee of the Institution participating in this Plan.
- 1.19 **Plan** means the Institution's Defined Contribution Retirement Plan as set forth in this document.
- 1.20 **Plan Contributions** means contributions made under this Plan by the Institution.
- 1.21 **Plan Entry Date** means the first of the month beginning after the date that the employee has met the participation requirements set forth in Article III.
- 1.22 **Plan Year** means January 1 through December 31.
- 1.23 **Qualified Election** means a waiver of a Qualified Joint and Survivor Annuity or a Qualified Pre-retirement Survivor Annuity. Any waiver of a Qualified Joint and Survivor Annuity or a Qualified Pre-retirement Survivor Annuity shall not be effective unless: (a) the Participant's spouse consents in writing to the election; (b) the election designates a specific Beneficiary(ies), including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (unless the spouse expressly permits designations by the Participant without any further spousal consent); (c) the spouse's consent acknowledges the effect of the election; and (d) the spouse's consent is witnessed by a Plan representative or notary public. Additionally, a Participant's waiver of the Qualified Joint and Survivor Annuity shall not be effective unless the election designates a form of benefit payment that may not be changed without spousal consent (or the spouse expressly permits designations by the Participant without any further spousal consent). If it is established to the satisfaction of a Plan representative that there is no spouse or that the spouse cannot be located, a waiver will be deemed a Qualified Election.
- Any consent by a spouse obtained under this provision (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to such spouse. A consent that permits designations by the Participant without any requirement of further consent by such spouse must acknowledge that the spouse has the right to limit consent to a specific Beneficiary(ies), and a specific form of benefit where applicable, and that the spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the spouse at any time before the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Article VII.
- 1.24 **Qualified Joint and Survivor Annuity** means an immediate annuity for the life of the Participant with a survivor annuity for the life of the spouse that is not less than 50 percent (and not more than 100 percent) of the amount payable during the joint lives of the Participant and the spouse that can be purchased with the Participant's vested Accumulation Account. The percentage of the survivor annuity under the Plan shall be 50 percent.
- 1.25 **Qualified Pre-retirement Survivor Annuity** means an annuity for the life of the surviving spouse of a deceased Participant the actuarial equivalent of which is not less than 50 percent of the Participant's Accumulation Account(s) at the date of death.
- 1.26 **Year of Participation Service** means a consecutive 12-month period during which the Eligible Employee is credited with 1,000 or more Hours of Service (except for key board operators who work at home, the requirement shall be 800 hours or more Hours of Service) with the Society or any Affiliated Employer. The initial twelve (12) month period shall be the period commencing on the date the Employee first performs an Hour of Service for the Society, but if the Employee is not credited with 1,000 (800 hours for key board operators) or more Hours of Service during such period, the twelve (12) month period shall be the first Plan Year beginning after the Employee commences employment or any succeeding Plan Year.

- 1.27 ***Year of Vesting Service*** means an Eligible Employee will be credited with a Year of Vesting service for each Plan Year in which he is credited with 1,000 or more Hours of Service (except for key board operators who work at home, the requirement shall be 800 or more Hours of Service) with the Society or any Affiliated Employer (regardless of whether the Employee commenced or terminated employment in any such year). If a Participant incurs a Break in Service before accruing 2 years of Vesting Service, his pre-break Years of Vesting Service shall be disregarded if he fails to return to employment with the Employer prior to incurring five (5) consecutive One Year Breaks in Service. Service with any educational institution while assigned to work for the American Mathematical Society shall be treated as service with the Society.
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Article II: Establishment of Plan

- 2.1 ***Establishment of Plan.*** The Board of American Mathematical Society (the "Institution") established the Plan as of January 1, 1989.

This plan document sets forth the provisions of this Code Section 403(a) Plan. The Plan was restated as of December 31, 1999. Plan Contributions are invested, at the direction of each Participant, in one or more of the Funding Vehicles available to Participants under the Plan. Plan Contributions shall be held for the exclusive benefit of Participants.

Article III: Eligibility for Participation

- 3.1 ***Eligibility.*** An Eligible Employee will begin participation in this Plan on the first of the month following fulfillment of the following requirement(s):

- The completion of 1 Year of Participation Service at the Institution.

- 3.2 ***Notification.*** The Institution will notify an Eligible Employee when he or she has completed the requirements necessary to become a Participant. An Eligible Employee who complies with the requirements and becomes a Participant is entitled to the benefits and is bound by all the terms, provisions, and conditions of this Plan, including any amendments that, from time to time, may be adopted, and including the terms, provisions and conditions of any Funding Vehicle(s) to which Plan Contributions for the Participant have been applied.

- 3.3 ***Enrollment in Plan.*** To participate in this Plan, an Eligible Employee must complete the necessary enrollment form(s) and return them to the Institution.

- 3.4 ***Reemployment.***

(a) A former Participant will become a Participant immediately upon returning to the employ of the Institution if the former Participant had a nonforfeitable right to all or a portion of the Accumulation Account derived from the Institution Plan Contributions at the time of termination from service and the former Participant is an Eligible Employee.

(b) A former Participant who did not have a nonforfeitable right to any portion of the Accumulation Account derived from the Institution Plan Contributions at the time of termination from service will be considered a new employee for eligibility purposes, if the number of consecutive one-year Breaks in Service equals or exceeds five. If the Years of Service before termination from service cannot be disregarded pursuant to the preceding sentence, the former Participant will participate immediately upon reemployment provided the former Participant is an Eligible Employee.

If a former Participant is reemployed before he has incurred five consecutive one-year Breaks-in-Service and such Participant had previously received (or is deemed to have received) a distribution of his entire nonforfeitable interest at a time when he was not fully vested in the value of his Accumulation Account, the value of the nonvested portion which was forfeited may be restored. The nonvested portion of his Accumulation Account shall be restored if the Participant repays the full count of the prior distribution on or before the fifth anniversary of his reemployment date.

3.5 **Termination of Participation.** A Participant will continue to be eligible for the Plan until one of the following conditions occurs:

- he or she ceases to be an Eligible Employee;
- the Plan is terminated.

Article IV: Plan Contributions

4.1 **Plan Contributions.** Plan Contributions will be made for Eligible Employees who have satisfied the requirements of Article III in accordance with the schedule below.

Plan Contributions as a Percentage of Compensation

	By the <u>Institution</u>
On the Portion of Compensation below the Social Security Second Bend Point	9.5%
On any Compensation Between the Social Security Second Bend Point And the Social Security Earnings Base	12%
On any Compensation above the Social Security Earnings Base	14.5%

Social Security Earnings Base means the applicable contribution base for Old-Age, Survivors, and Disability Insurance (OASDI) as determined under section 3121(x) of the Code.

Plan Contributions are considered to be credited to Participants no later than the last day of the Plan Year for which the Plan Contributions are made.

- 4.2 ***When Contributions Are Made.*** Plan Contributions will begin on the first of the month when the Institution has determined that the Participant has met or will meet the requirements of Article III. Any part of a year's Plan Contributions not contributed before this determination will be included in contributions made for that year after the determination. Plan Contributions will be forwarded to the Fund Sponsor(s) in accordance with the procedures established by the Institution. Institution Plan Contributions will be forwarded to the Fund Sponsor(s) at least annually. If, at the end of the Plan year an individual who is not regularly scheduled to work 1,000 or more Hours of Service (800 for a key board operator working at home), does complete 1,000 Hours of Service (800 for a keyboard operator working at home), the Society will make a contribution for such individual for the Plan Year in an amount equal to the contribution specified in 4.1 above (without credit for interest or income thereon).
- 4.3 ***Allocation of Contributions.*** A Participant may allocate Plan Contributions to the Funding Vehicle(s) in any whole-number percentages that equal 100 percent. A Participant may change his or her allocation of future contributions to the Funding Vehicle(s) at any time.
- 4.4 ***Leave of Absence.*** During a paid leave of absence, Plan Contributions will continue to be made for a Participant on the basis of Compensation then being paid by the Institution. No Plan Contributions will be made during an unpaid leave of absence.
- 4.5 ***Transfer of Funds from Another Plan.*** The Fund Sponsor shall accept contributions that are transferred directly from any other plan qualified under sections 401(a) or 403(a) of the Code, whether such plans are funded through a trustee arrangement or through an annuity contract, if such contributions are attributable only to employer and employee contributions and the earnings thereon and accompanied by instructions showing the respective amounts attributable to employer and employee contributions. Such funds and the accumulation generated from them shall always be fully vested and nonforfeitable.
- 4.6 ***Acceptance of Rollover Contributions.*** If a Participant is entitled to receive a distribution from another plan qualified under sections 401(a) or 403(a) of the Code that is an eligible rollover distribution under section 402 of the Code, the Fund Sponsor will accept such amount under this Plan provided the rollover to this Plan is made 1) directly from another plan; or 2) by the Participant within 60 days of the receipt of the distribution.

Direct Rollovers:

The plan will accept a direct rollover of an eligible rollover distribution from:

- a qualified plan described in section 401(a) or 403(a) of the Code, including after-tax employee contributions.
- an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

Participant Rollover Contributions from Other Plans:

The plan will accept a participant contribution of an eligible rollover distribution from:

- a qualified plan described in section 401(a) or 403(a) of the Code.
- an annuity contract described in section 403(b) of the Code.
- an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

Participant Rollover Contributions from IRAs:

The plan will accept a participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

Effective Date of Direct Rollover and Participant Rollover Contribution Provisions:

Rollovers From Other Plans, shall be effective for plan years beginning after December 31, 2001.

- 4.7 **Uniformed Services.** Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with §414(u) of the Code.
- 4.8 **Maximum Plan Contributions.** Notwithstanding anything contained in this Plan to the contrary, the total Annual Additions made for any Participant for any year will not exceed the amount permitted under section 415 of the Code. The limitations of Code Section 415 are hereby incorporated by reference.

For the purpose of calculating the limits of Code Section 415, compensation means a Participant's earned income, wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the employer maintaining the plan and excluding the following: (a) employer contributions to a plan of deferred compensation that are not includible in the employee's gross income for the taxable year in which contributed, or employer contributions under a simplified employee pension plan to the extent such contributions are deductible by the employee, or any distributions from a plan of deferred compensation; and (2) other amounts that received special tax benefits, or contributions made by the employer (whether or not under a salary reduction agreement towards the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are actually excludible from the gross income of the employee). For years beginning after December 31, 1998, compensation shall include any elective deferral (as defined in Code §402(g)(3)) and any amount which is contributed or deferred by the Institution at the election of the Participant and which is not includible in the gross income of the Participant by reason of Code §125, 132(f)(4) or 457.

To the extent permitted by Code Section 415 and the regulations promulgated thereunder, if the Annual Additions exceed the Section 415 limitations, the excess amounts will be disposed of as follows: (a) any Participant Plan Contributions (plus any gain attributable to the excess), to the extent they would reduce the excess amount, will be returned to the Participant; and, to the extent necessary, (b) if, after the application of (a) an excess still exists, the excess will be held unallocated in a suspense account and will be applied to reduce Institution Plan Contributions in succeeding limitation years.

If the limitations are exceeded because the Participant is also participating in another Plan required to be aggregated with this Plan for Code Section 415, then the extent to which annual contributions under this Plan will be reduced, as compared with the extent to which annual benefits or contributions under any other plans will be reduced, will be determined by the Institution in a manner as to maximize the aggregate benefits payable to the Participant from all plans. If the reduction is under this Plan, the Institution will advise affected Participants of any additional limitation on their annual contributions required by this paragraph.

Article V: Funding Vehicles

- 5.1 **Funding Vehicles.** Plan Contributions are invested in one or more Funding Vehicles available to Participants under this Plan. The Fund Sponsors and their Funding Vehicles are:

A. Teachers Insurance and Annuity Association (TIAA)

TIAA Retirement Annuity (RA):

Traditional Annuity
 Real Estate Account

B. College Retirement Equities Fund (CREF)

CREF Retirement Unit-Annuity (RA):

Stock Account
 Money Market Account
 Bond Market Account
 Social Choice Account
 Global Equities Account
 Growth Account
 Equity Index Account
 Inflation-Linked Bond Account

The Institution's current selection of Fund Sponsors and Funding Vehicles isn't intended to limit future additions or deletions of Fund Sponsors and Funding Vehicles. Any additional accounts offered by a Fund Sponsor will automatically be made available to Participants in accordance with the procedures established by the Institution and the Fund Sponsor.

5.2 **Fund Transfers.** Subject to a Funding Vehicle's rules for transfers and in accordance with the provisions of the Code for maintaining the tax deferral of the Accumulation Account(s), a Participant may transfer funds accumulated under the Plan among the Plan's approved Funding Vehicles to the extent permitted by the Funding Vehicles.

For a Participant who has terminated employment with the Institution, this Plan's transfer rules will continue to govern vested amounts accumulated under the Plan.

Article VI: Vesting

6.1 **Plan Contributions.** Institution Plan Contributions shall be nonforfeitable and fully vested in the Participant in accordance with the following vesting schedule:

Completed Years of Vesting Service	Vested Percentage	Forfeitable Percentage
1	0%	100%
2	20%	80%
3	40%	60%
4	60%	40%
5	80%	20%
6	100%	0%
Reaching age 60	100%	0%

Notwithstanding the above vesting schedule, Institution Plan Contributions shall be nonforfeitable and fully vested at Normal Retirement Age, death or disability, if earlier.

If employment terminates before the date of full vesting, the contracts or certificates issued to the Institution for a Participant are returned to the Fund Sponsors and amended to provide for a transfer of ownership in the vested amount of the Accumulation Account(s), if any, to the Participant. The nonvested amount of the Accumulation Account(s) will constitute a forfeiture that will be applied to reduce Institution Plan Contributions for the next Plan Year.

- 6.2 **Termination of Service; Reinstatement.** If a Participant in this Plan terminates before full vesting in the Institution Plan Contributions, the Participant's pre-break and post-break service will be counted for vesting of the pre-break and post-break Institution-derived Accumulation only if the Participant is reemployed before the number of consecutive one-year Breaks in Service equals five years.

In the case of a Participant who has five or more consecutive one-year Breaks in Service, post-break Years of Service will be disregarded for vesting of the pre-break Institution-derived Accumulation. However, both pre-break and post-break service will be counted for vesting the Institution-derived account that accumulates subsequent to reemployment.

- 6.3 **Computation Period for Vesting.** For purposes of determining Years of Service and Breaks in Service, the computation period shall be measured by the Participant's Date of Employment or Reemployment and each anniversary thereof.

- 6.4 **Amendment to Vesting Schedule or Provisions.** In the event the vesting schedule is amended, or the Plan is amended in any way that directly or indirectly affects the computation of the Participant's vested percentage, those Participants with at least three Years of Service may elect to have their nonforfeitable percentage computed without regard to the amendment. For this purpose, a shift between the Top-Heavy vesting schedule and the non-Top-Heavy vesting schedule shall be deemed an amendment to the vesting schedule.

The period during which the election may be made shall commence with the date the amendment is adopted or deemed to be made and shall end on the latest of: (a) 60 days after the amendment is adopted; (b) 60 days after the amendment becomes effective, or (c) 60 days after the Participant is issued a written notice of the amendment by the Institution or the Plan administrator.

Article VII: Benefits

- 7.1 **Retirement Benefits.** A Participant who has terminated employment may elect to receive retirement benefits under any of the forms of benefit, as provided below.

Forms of Benefit. The forms of benefit are the benefit options offered by the Funding Vehicles available under this Plan. These forms are equally available to all Participants choosing the Funding Vehicle. The forms of benefit available under this Plan include:

- Single life annuities as provided under the Funding Vehicle contract.
- Joint and survivor annuities as provided under the Funding Vehicle contract.
- Cash withdrawals (to the extent the Funding Vehicle permits and subject to the limitations in the "Cash Withdrawal" section of this Article).

- Fixed period annuities, as permitted by the Funding Vehicle contract.
- Retirement Transition Benefit.
- Such other annuity and withdrawal options as provided under the Funding Vehicle contract.

Notwithstanding the above, benefits may be received before termination of employment if the Participant is disabled. A Participant shall be considered disabled as provided in section 72(m)(7) of the Code.

- 7.2 **Cash Withdrawals.** Subject to spousal rights to survivor benefits, a participant who has terminated employment and has attained age 55 may elect to receive benefits in any form the relevant Funding Vehicle permits, including a 100% percent lump sum cash distribution of the vested portion of their account balance.
- 7.3 **Retirement Transition Benefit.** Unless the Minimum Distribution Annuity, or the Limited Periodic Withdrawal Option is elected, a Participant may elect to receive a one time lump-sum payment of up to 10 percent of his or her Accumulation Account(s) in TIAA and/or the CREF account(s) at the time annuity income begins, provided the one sum payment from each TIAA contract and/or CREF account(s) doesn't exceed 10 percent of the respective Accumulation Account(s) being converted to retirement income.
- 7.4 **Survivor Benefits.** If a Participant dies before the start of retirement benefit payments, the full current value of the Accumulation Account(s) is payable to the Beneficiary(ies) under the options offered by the Funding Sponsors. Distribution of Survivor Benefits is subject to the required distribution rules set forth in Code Section 401(a)(9).
- 7.5 **Application for Benefits.** Procedures for receipt of benefits are initiated by writing directly to the Fund Sponsor. Benefits will be payable by the Fund Sponsor upon receipt of a satisfactorily completed application for benefits and supporting documents. The necessary forms will be provided to the Participant, the surviving spouse, or the Beneficiary(ies) by the Fund Sponsor.
- 7.6 **Minimum Distribution Requirements..** The requirements of this section shall apply to any distribution of a Participant's vested Accumulation Account(s) and will take precedence over any inconsistent provisions of this Plan except as otherwise provided in the "Joint and Survivor Annuity Requirements" section of Article VII. Distributions in all cases will be made in accordance with Code Section 401(a)(9) and the regulations promulgated thereunder, including the minimum distribution incidental benefit requirement of Section 1.401(a)(9)-2 of the proposed regulations.
- (1) **Limits on Settlement Options.** Distributions may only be made over one of the following periods (or a combination thereof): i) the life of the Participant; ii) the life of the Participant and a designated Beneficiary(ies); iii) a period certain not extending beyond the life expectancy of the Participant; or iv) a period certain not extending beyond the joint and last survivor life expectancy of the Participant and designated Beneficiary(ies).
 - (2) **Required Beginning Date.** The entire interest of a Participant must be distributed or begin to be distributed no later than the Participant's Required Beginning Date. The Required Beginning Date of a Participant is April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2 or, if later, April 1 of the calendar year following the calendar year that the Participant retires.
 - a) Any Participant attaining age 70-1/2 in years after 1995 may elect by April 1 of the calendar year following the year in which the Participant attained age 70-1/2 (or by December 31, 1997 in the case of a Participant attaining age 70-1/2 in 1996) to defer distributions until the calendar year following the calendar year in which the Participant retires. If no such election is made, the Participant will begin receiving distributions by the April 1 of the calendar year following the year in which the Participant attained age 70-1/2 (or December 31, 1997 in the case of a Participant attaining age 70-1/2 in 1996).
 - b) Any Participant attaining Age 70-1/2 in years prior to 1997 may elect to stop distributions and recommence by the April 1 of the calendar year following the year in which the Participant retires. There is no new annuity starting date upon recommencement.

- c) The preretirement age 70-1/2 distribution date is eliminated with respect to Participants who reach age 70-1/2 after December 31, 1999. The preretirement age 70-1/2 distribution option is an optional distribution form of benefit under which benefits payable in a particular distribution form (including any modification that may be elected after benefit commencement) commence at a time during the period that begins on or after January 1 of the calendar year in which a Participant attains age 70-1/2 and ends April 1 of the immediately following calendar year.
- (3) Death Distribution Provisions. Upon the death of the Participant, the following distribution provisions will take effect:
- (a) If the Participant dies after distribution of his or her vested Accumulation Account has begun, the remaining portion of the vested Accumulation Account(s) will continue to be distributed at least as rapidly as under the method of distribution being used before the Participant's death;
 - (b) If the Participant dies before distribution of his or her vested Accumulation Account(s) begins, distribution of the Participant's entire vested Accumulation Account(s) shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death except where an election is made to receive distributions in accordance with (i) or (ii) below:
 - (i) If any portion of the Participant's vested Accumulation Account is payable to a designated Beneficiary(ies), distributions may be made over a period certain not greater than the life expectancy of the designated Beneficiary(ies) commencing by December 31 of the calendar year immediately following the calendar year in which the Participant died;
 - (ii) If the designated Beneficiary(ies) is the Participant's surviving spouse, the date distributions are required to begin in accordance with (1) above must not be earlier than the later of (a) December 31 of the calendar year immediately following the calendar year in which the Participant died and (b) December 31 of the calendar year in which the Participant would have attained age 70 1/2.

If the Participant has not made an election pursuant to this section by the time of his or her death, the Participant's designated Beneficiary(ies) must elect the method of distribution no later than the earlier of (1) December 31 of the calendar year in which distributions would be required to begin under this section, or (2) December 31 of the calendar year that contains the fifth anniversary of the date of death of the Participant. If the Participant has no designated Beneficiary(ies), or if the designated Beneficiary(ies) does not elect a method of distribution, distribution of the Participant's entire vested Accumulation Account(s) must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

Section 1. Minimum Distribution Requirements.

1.1 Effective Date. The provisions of this article will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

1.2. Precedence. The requirements of this article will take precedence over any inconsistent provisions of the Plan.

1.3. Requirements of Treasury Regulations Incorporated. All distributions required under this article will be determined and made in accordance with the Treasury regulations under section 401(a)(9) of the Internal Revenue Code.

1.4. TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this article, other than section 1.3, distributions may be made under a designation made before January 1, 1984, in accordance with section

242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the plan that relate to section 242(b)(2) of TEFRA.

Section 2. Time and Manner of Distribution.

2.1. Required Beginning Date. The participant's entire interest will be distributed, or begin to be distributed, to the participant no later than the participant's required beginning date.

2.2. Death of Participant Before Distributions Begin. If the participant dies before distributions begin, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) If the participant's surviving spouse is the participant's sole designated beneficiary, then, except as provided in the plan, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70½, if later.

(b) If the participant's surviving spouse is not the participant's sole designated beneficiary, then, except as provided in the Plan, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the participant died.

(c) If there is no designated beneficiary as of September 30 of the year following the year of the participant's death, the participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(d) If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse begin, this section 2.2, other than section 2.2(a), will apply as if the surviving spouse were the participant.

For purposes of this section 2.2 and section 5, distributions are considered to begin on the participant's required beginning date (or, if section 2.2(d) applies, the date distributions are required to begin to the surviving spouse under section 2.2(a)). If annuity payments irrevocably commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under section 2.2(a)), the date distributions are considered to begin is the date distributions actually commence.

2.2A Election to Allow Participants or Beneficiaries to Elect 5-Year Rule. Participants or beneficiaries may elect on an individual basis whether the 5-year rule or the life expectancy rule in sections 2.2 and 4.2 of Article IX of the plan applies to distributions after the death of a participant who has a designated beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Article VIII of the plan, or by September 30 of the calendar year which contains the fifth anniversary of the participant's (or, if applicable, surviving spouse's) death. If neither the participant nor beneficiary makes an election under this paragraph, distributions will be made in accordance with Article VIII of the plan.

2.3. Form of Distribution. Unless the participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with sections 3, 4 and 5 of this article. If the participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations. Any part of the participant's interest which is in the form of an individual account described in section 414(k) of the Code will be distributed in a manner satisfying the requirements of section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

Section 3. Determination of Amount to be Distributed Each Year.

3.1. General Annuity Requirements. If the participant's interest is paid in the form of annuity distributions under the plan, payments under the annuity will satisfy the following requirements:

- (a) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;
- (b) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in section 4 or 5;
- (c) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;
- (d) payments will either be nonincreasing or increase only as follows:
 - (1) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;
 - (2) to the extent of the reduction in the amount of the participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in section 4 dies or is no longer the participant's beneficiary pursuant to a qualified domestic relations order within the meaning of section 414(p);
 - (3) to provide cash refunds of employee contributions upon the participant's death; or
 - (4) to pay increased benefits that result from a plan amendment.

3.2. Amount Required to be Distributed by Required Beginning Date. The amount that must be distributed on or before the participant's required beginning date (or, if the participant dies before distributions begin, the date distributions are required to begin under section 2.2(a) or (b)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the participant's required beginning date.

3.3. Additional Accruals After First Distribution Calendar Year. Any additional benefits accruing to the participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

Section 4. Requirements For Annuity Distributions That Commence During Participant's Lifetime.

4.1. Joint Life Annuities Where the Beneficiary Is Not the Participant's Spouse. If the participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary, annuity payments to be made on or after the participant's required beginning date to the designated beneficiary after the participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the participant using the table set forth in Q&A-2 of section 1.401(a)(9)-9 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

4.2. Period Certain Annuities. Unless the participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during

the participant's lifetime may not exceed the applicable distribution period for the participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the participant reaches age 70, the applicable distribution period for the participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the participant as of the participant's birthday in the year that contains the annuity starting date. If the participant's spouse is the participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the participant's applicable distribution period, as determined under this section 4.2, or the joint life and last survivor expectancy of the participant and the participant's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the participant's and spouse's attained ages as of the participant's and spouse's birthdays in the calendar year that contains the annuity starting date.

Section 5. Requirements For Minimum Distributions Where Participant Dies Before Date Distributions Begin.

5.1. Participant Survived by Designated Beneficiary. Except as provided in the Plan, if the participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the participant's entire interest will be distributed, beginning no later than the time described in section 2.2(a) or (b), over the life of the designated beneficiary or over a period certain not exceeding:

(a) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the participant's death; or

(b) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

5.2. No Designated Beneficiary. If the participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

5.3. Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the participant dies before the date distribution of his or her interest begins, the participant's surviving spouse is the participant's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this section 5 will apply as if the surviving spouse were the participant, except that the time by which distributions must begin will be determined without regard to section 2.2(a).

Section 6. Definitions.

6.1. Designated beneficiary. The individual who is designated as the beneficiary under section 9.4 of the plan and is the designated beneficiary under section 401(a)(9) of the Internal Revenue Code and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

6.2. Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to section 2.2.

6.3 Life expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

6.4. Required beginning date. The date specified in Article VII of the plan.

7.7 **Commencement of Benefits.** Unless the Participant elects otherwise, distribution of benefits will begin no later than the 60th day after the latest of the close of the Plan Year in which:

- i) the Participant attains age 65 (or Normal Retirement Age, if earlier);
- ii) occurs the 10th anniversary of the year in which the Participant commenced participation in the Plan; or,
- iii) the Participant terminates service with the Institution.

Notwithstanding the foregoing, the failure of a Participant and spouse to consent to a distribution while a benefit is immediately distributable shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this section.

A Participant who elects to defer receipt of benefits may not do so to the extent that he or she is creating a death benefit that is more than incidental.

No distribution in excess of \$5,000 shall be made to a Participant without the consent of the Participant and the Participant's spouse (or where either the Participant or the spouse has died, the survivor).

7.8 **Joint and Survivor Annuity Requirements.** The provisions of this section shall apply to any Participant who is credited with one Hour of Service at the Institution on or after August 23, 1984. However, any Participant in this Plan not receiving benefits as of August 23, 1984 may elect to have benefits paid in a manner described herein.

Pre-retirement Spousal Entitlement. Unless a Qualified Election is made, if a married Participant dies before the date benefits commence, the Participant's vested Accumulation Account shall be applied toward the purchase of a Qualified Pre-retirement Survivor Annuity. The surviving spouse may elect to have such annuity distributed within a reasonable period after the Participant's death.

Notification of Pre-retirement Spousal Entitlement. In the case of a Qualified Pre-retirement Survivor Annuity, the Institution shall provide each Participant, within the applicable period for such Participant, a written explanation of the Qualified Pre-retirement Survivor Annuity in such terms and in such manner as would be comparable to the explanation provided for meeting the requirements for notification of a Qualified Joint and Survivor Annuity.

The applicable period for a Participant is whichever of the following periods ends last: (a) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35; (b) a reasonable period after an Eligible Employee becomes a Participant; or (c) a reasonable period ending after this section first applies to the Participant.

Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation of service in the case of a Participant who separates from service before attaining age 35.

For applying the preceding paragraph, a reasonable period ending after the enumerated events is the end of the two-year period beginning one year before the date the applicable event occurs, and ending one year after that date. For a Participant who separates from service before the Plan Year in which age 35 is attained, notice should be provided within the two-year period beginning one year before separation and ending one year after separation. If such a Participant thereafter returns to employment with the Institution, the applicable period for such Participant shall be redetermined.

Post-retirement Spousal Entitlement. Unless a Qualified Election is made within the 90-day period ending on the date benefits commence, a married Participant's vested Accumulation Account will be paid in the form of a Qualified Joint and Survivor Annuity and an unmarried Participant's vested Accumulation Account will be paid in the form of a single life annuity.

Notification of Post-retirement Spousal Entitlement. In the case of a Qualified Joint and Survivor Annuity, the Institution shall no less than 30 days and no more than 90 days before the date benefits commence provide each Participant a written explanation of: (a) the terms and conditions of a Qualified Joint and Survivor Annuity; (b) the Participant's right to make and the effect of an election to waive the Qualified Joint and Survivor Annuity form of benefit; (c) the rights of a Participant's spouse; and (d) the right to waive a Qualified Joint and Survivor Annuity. A Participant may elect with spousal consent to waive any requirement that the written explanation be provided at least 30 days prior to the annuity starting date if the distribution commences more than 7 days after such explanation is provided.

If the Participant, after receiving the explanation, elects a form of benefit and the spouse consents to the benefit (if necessary), the Plan will not fail to satisfy the requirements of this paragraph merely because the annuity starting date is less than 30 days after the written explanation is given to the Participant provided (1) the explanation is provided prior to the annuity starting date; (2) the distribution does not commence before the expiration of the 7-day period that begins the day after the explanation is provided to the Participant; and (3) prior to the expiration of the 7-day period, or the annuity starting date, if later, the Participant may revoke the distribution election.

The Plan may not require a surviving spouse to begin receiving benefits under a QPSA prior to the time the participant would have attained the later of age 62 or normal retirement age except where the present value of the nonforfeitable benefit does not exceed \$5,000.

7.9 **Repurchase.** A Participant's accumulations in TIAA-CREF Retirement Annuities may be received in a single sum through "repurchase" if certain conditions are met. If a Participant in this Plan terminates employment with the Institution and requests that TIAA-CREF repurchase his or her Retirement Annuities, the Institution will approve such repurchase if, at the time of the request, all of the following conditions apply:

(a) The total TIAA Traditional Annuity accumulation in all Retirement Annuities owned by the Participant is not over \$2,000.

(b) The Participant does not have a TIAA Transfer Payout Annuity (TPA) in effect.

Amounts paid to the Participant on repurchase will be in full satisfaction of the Participant's and his or her spouse's rights to retirement or survivor benefits from TIAA-CREF attributable to such amounts.

7.10 **Direct Rollovers.** This section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

For this section, the following definitions apply:

1) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and any hardship distribution under Section 401(k)(2)(B)(i)(IV) of the Code.

2) **Eligible retirement plan:** An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in section 408(b) of the Code, or a qualified retirement plan described in Code Section 401(a) or 403(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

3) **Distributee:** A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

4) **Direct rollover:** A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

Effective Date. This section shall apply to distributions made after December 31, 2001.

Modification of Definition of Eligible Retirement Plan. For purposes of the direct rollover provisions of the plan, if applicable, an eligible retirement plan shall also mean an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code.

Modification of definition of eligible rollover distribution to exclude hardship distributions. For purposes of the direct rollover provisions in the Plan, any amount that is distributed on account of hardship shall not be an eligible rollover distribution and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.

Modification of Definition of Eligible Rollover Distribution to Include After-Tax Employee Contributions. For purposes of the direct rollover provisions in the plan, if applicable, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

7.11 ***Distribution Upon Severance From Employment.***

1. Effective Date. This section shall apply for distributions and severances from employment occurring after December 31, 2001.

2. New Distributable Event. A participant's elective deferrals, qualified nonelective contributions, qualified matching contributions, and earnings attributable to these contributions shall be distributed on account of the participant's severance from employment. However, such a distribution shall be subject to the other provisions of the plan regarding distributions, other than provisions that require a separation from service before such amounts may be distributed.

Article VIII: Administration

- 8.1 **Plan Administrator.** The Institution, located at 201 Charles Street, Providence, RI 02904, is the administrator of this Plan and has designated the Deputy Executive Director to be responsible for the operation of the Plan.
- 8.2 **Authority of the Institution.** The Institution has all the powers and authority expressly conferred upon it herein and further shall have discretionary and final authority to determine all questions concerning eligibility and contributions under the Plan, to interpret and construe all terms of the Plan, including any uncertain terms, and to determine any disputes arising under and all questions concerning administration of the Plan. Any determination made by the Institution shall be given deference, if it is subject to judicial review, and shall be overturned only if it is arbitrary or capricious. In exercising these powers and authority, the Institution will always exercise good faith, apply standards of uniform application, and refrain from arbitrary action. The Institution may employ attorneys, agents, and accountants as it finds necessary or advisable to assist it in carrying out its duties. The Institution will be a "named fiduciary" as that term is defined in section 402(a)(2) of the Employee Retirement Income Security Act for determining eligibility and computing and making Plan Contributions. The Institution, by action of its Board, may designate a person or persons other than the Institution to carry out any of its powers, authority, or responsibilities. Any delegation will be set forth in writing.
- 8.3 **Action of the Institution.** Any act authorized, permitted, or required to be taken by the Institution under the Plan, which has not been delegated in accordance with the "Authority of the Institution" section of Article VIII, may be taken by a majority of the members of the Board, either by vote at a meeting, or in writing without a meeting. All notices, advice, directions, certifications, approvals, and instructions required or authorized to be given by the Institution under the Plan will be in writing and signed by either (i) a majority of the members of the Board, or by any member or members as may be designated by an instrument in writing, signed by all members, as having authority to execute the documents on its behalf, or ii) a person who becomes authorized to act for the Institution in accordance with the provisions of the "Authority of the Institution" section of Article VIII. Any action taken by the Institution that is authorized, permitted, or required under the Plan and is in accordance with Funding Vehicles contractual obligations are final and binding upon the Institution, and all persons who have or who claim an interest under the Plan, and all third parties dealing with the Institution.
- 8.4 **Indemnification.** The Institution will satisfy any liability actually and reasonably incurred by any members of the Board or any person to whom any power, authority or responsibility of the Institution is delegated pursuant to the "Authority of the Institution" section of Article VIII (other than the Fund Sponsors). These liabilities include expenses, attorney's fees, judgments, fines, and amounts paid in connection with any threatened, pending or completed action, suit or proceeding related to the exercise (or failure to exercise) of this authority. This is in addition to whatever rights of indemnification exist under the articles of incorporation, regulations or by-laws of the Institution, under any provision of law, or under any other agreement.
- 8.5 **Investment Manager.** To the extent that Participants allocate contributions to the TIAA Real Estate Account, TIAA will be the investment manager (within the meaning of Section 3(38) of ERISA) with respect to the account balance in the TIAA Real Estate Account. TIAA acknowledges that it is a fiduciary with respect to such assets.
- 8.6 **No Reversion.** Under no circumstances or conditions will any Plan Contributions of the Institution revert to, be paid to, or inure to the benefit of, directly or indirectly, the Institution. However, if Plan Contributions are made by the Institution by mistake of fact, these amounts may be returned to the Institution within one year of the date that they were made.

- 8.7 **Statements.** The Institution will determine the total amount of contributions to be made for each Participant from time to time on the basis of its records and in accordance with the provisions of this Article. When each contribution payment is made by the Institution, the Institution will prepare a statement showing the name of each Participant and the portion of the payment that is made for him or her, and will deliver the statement to the appropriate Fund Sponsors with the contributions payment. Any determination by the Institution, evidenced by a statement delivered to the Fund Sponsors, is final and binding on all Participants, their Beneficiaries or contingent annuitants, or any other person or persons claiming an interest in or derived from the contribution's payment.
- 8.8 **Reporting.** Records for each Participant under this Plan are maintained on the basis of the Plan Year. At least once a year the Fund Sponsors will send each Participant a report summarizing the status of his or her Accumulation Account(s) as of December 31 each year. Similar reports or illustrations may be obtained by a Participant upon termination of employment or at any other time by writing directly to the Fund Sponsors.

Article IX: Amendment and Termination

- 9.1 **Amendment and Termination.** While it is expected that this Plan will continue indefinitely, the Institution reserves the right to amend, otherwise modify, or terminate the Plan, or to discontinue any further contributions or payments under the Plan, by resolution of its Board. In the event of a termination of the Plan or complete discontinuance of Plan Contributions, the Institution will notify all Participants of the termination. As of the date of complete or partial termination, all Accumulation Accounts will become nonforfeitable to the extent that benefits are accrued.
- 9.2 **Limitation.** Notwithstanding the provisions of the "Amendment and Termination" section of Article IX, the following conditions and limitations apply:
- (a) No amendment will be made which will operate to recapture for the Institution any contributions previously made under this Plan. However, Plan Contributions made based on a mistake of fact may be returned to the Institution within one year of the date on which the Plan Contribution was made. Also, Plan Contributions made in contemplation of approval by the Internal Revenue Service may be returned to the Institution if the Internal Revenue Service fails to approve the Plan.
- (b) No amendment will deprive, take away, or alter any then accrued right of any Participant insofar as Plan Contributions are concerned.

Article X: Miscellaneous

- 10.1 **Plan Non-Contractual.** Nothing in this Plan will be construed as a commitment or agreement on the part of any person to continue his or her employment with the Institution, and nothing in this Plan will be construed as a commitment on the part of the Institution to continue the employment or the rate of compensation of any person for any period, and all employees of the Institution will remain subject to discharge to the same extent as if the Plan had never been put into effect.
- 10.2 **Claims of Other Persons.** The provisions of the Plan will not be construed as giving any Participant or any other person, firm, or corporation, any legal or equitable right against the Institution, its officers, employees, or directors, except the rights as specifically provided for in this Plan or created in accordance with the terms and provisions of this Plan.

- 10.3 ***Merger, Consolidation, or Transfers of Plan Assets.*** In the event of a merger or consolidation with, or transfer of assets to, another plan, each Participant will receive immediately after such action a benefit under the plan that is equal to or greater than the benefit he or she would have received immediately before a merger, consolidation, or transfer of assets or liabilities.
- 10.4 ***Finality of Determination.*** All determinations with respect to the crediting of Years of Service under the Plan are made on the basis of the records of the Institution, and all determinations made are final and conclusive upon employees, former employees, and all other persons claiming a benefit interest under the Plan. Notwithstanding anything to the contrary contained in this Plan, there will be no duplication of Years of Service credited to an employee for any one period of his or her employment.
- 10.5 ***Non-Alienation of Retirement Rights or Benefits.*** No benefit under the Plan may, at any time, be subject in any manner to alienation, encumbrance, the claims of creditors or legal process to the fullest extent permitted by law. No person will have power in any manner to transfer, assign, alienate, or in any way encumber his or her benefits under the Plan, or any part thereof, and any attempt to do so will be void and of no effect. However, this Plan will comply with any judgment, decree or order which establishes the rights of another person to all or a portion of a Participant's benefit under this Plan to the extent that it is a "qualified domestic relations order" under section 414(p) of the Code.
- 10.6 ***Claims Review.***

Effective Date. This section shall be effective as of January 1, 2002.

(a) All claims for benefits under the Plan shall be filed in writing with the Plan Administrator.

(b) If the claim is wholly or partially denied, the Plan Administrator shall furnish the claimant written notice of its decision within ninety (90) days after receipt of the claim by the Plan Administrator. The notice of denial shall set forth in a manner calculated to be understood by the claimant:

(i) The specific reason or reasons for the denial;

(ii) Specific references to pertinent Plan provisions on which the denial is based;

(iii) A description of any additional material or information necessary for the claimant to perfect a claim and an explanation of why such material or information is necessary; and

(iv) An explanation of the Plan's claims review procedure.

(c) If the Plan Administrator determines that an extension of time will be necessary to process the claim, written notice of the extension shall be provided to the claimant prior to the expiration of the ninety-day period. The length of the extension shall not exceed ninety days.

The extension notice shall specify the circumstances requiring the extension and the anticipated date for which the Plan Administrator wishes to render a decision. The claimant shall have at least forty-five days within which to provide the specific information. If the Plan Administrator files an extension due to a claimant's failure to submit information necessary to decide a claim, the period for making the determination shall be tolled from the date the extension notice is sent to the claimant until the date the claimant responds to the request for the additional information.

(d) Within sixty (60) days after the receipt of a notice of denial, the claimant may file with the Plan Administrator a written request for a full review of the Plan Administrator's decision. The review on appeal shall not afford deference to the initial adverse benefit determination and shall be conducted by the appropriate named fiduciary who is neither the individual who made the adverse benefit determination nor the subordinate of such individual.

The claimant shall have the opportunity to submit written comments, documents, records and other information

relating to the claim for benefits. Upon request of the claimant and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim shall be made available to the claimant. The review shall take into account all comments, documents, records and other information submitted without regard to whether such information was submitted or considered in the initial benefit determination.

If the benefit application is denied upon review, the named fiduciary shall provide a written explanation of its adverse determination explaining the specific reason(s) for the adverse determination, specific references to the Plan provisions on which the denial is based, a statement that the claimant is entitled to receive documents relevant to your claim, upon request and free of charge, and a statement describing any voluntary appeal procedures offered by the Plan and the right to receive information about those procedures, and a statement of the claimant's right to bring an action under Section 502(a) of ERISA.

(e) The decision of the review shall be made within a reasonable period of time, and not later than sixty (60) days after the receipt of the request for review, unless special circumstances require an extension of time for processing. If an extension is required, the claimant shall be provided a notice of the extension prior to the expiration of the sixty-day period, of which such notice shall satisfy the requirements outlined in Section 10.6(c) above.

Article XI: Top-Heavy Provisions

11.1 **Effect of Top Heavy Status.** If the Plan is Top Heavy, as determined by this Article, for any Plan Year, the requirements of this Article will apply during the Plan Year, superseding all other plan provisions inconsistent with its terms.

11.2 **Definitions.** In this Article, the following words and phrases have the meaning specified below:

(a) **Determination Date.** "Determination Date" means in any Plan Year the last day of the immediately preceding Plan Year. However, in the first Plan Year the Determination Date is the last day of the Plan Year.

(b) **Key Employee.** "Key Employee" means any employee or former employee (and the beneficiaries of such employee) who at any time during the determination period was an officer of the employer if such individual's annual compensation exceeds 50 percent of the dollar limitation under section 415(b)(1)(A) of the Code, an owner (or considered an owner under section 318 of the Code) of one of the ten largest interests in the employer if such individual's compensation exceeds 100 percent of the dollar limitation under section 415(c)(1)(A) of the Code, a 5 percent owner of the employer, or a 1 percent owner of the employer who has an annual compensation of more than \$150,000. Annual compensation means compensation as defined in section 415(c)(3) of the Code, but including amounts contributed by the employer pursuant to a salary reduction agreement that are excludable from the employee's gross income under sections 403(b), 125, 132(f)(4), 402(a)(8), or 402(h) of the Code. The determination period is the Plan Year containing the Determination Date and the four preceding Plan Years.

The determination of who is a Key Employee will be made in accordance with section 416(i)(1) of the Code and the regulations thereunder.

(c) **Top Heavy Plan:** For any Plan Year beginning after December 31, 1983, this Plan is Top Heavy if any of the following conditions exists:

(1) If the Top Heavy Ratio for this Plan exceeds 60 percent and this Plan is not part of any required aggregation group of plans.

(2) If this Plan is a part of a required aggregation group of plans but not part of a permissive aggregation group and the Top Heavy Ratio for the group of plans exceeds 60 percent.

(3) If this Plan is a part of a required aggregation group and part of a permissive aggregation group of plans and the Top Heavy Ratio for the permissive aggregation group exceeds 60 percent.

(d) ***Top Heavy Ratio:***

(1) If the employer maintains one or more defined contribution plans (including any Simplified Employee Pension Plan) and the employer has not maintained any defined benefit plan that during the five-year period ending on the Determination Date(s) has or has had accrued benefits, the Top-Heavy Ratio for this Plan alone or for the required or permissive aggregation group as appropriate is a fraction, the numerator of which is the sum of the account balances of all Key Employees as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on the Determination Date(s)), and the denominator of which is the sum of all account balances (including any part of any account balance distributed in the five-year period ending on the Determination Date(s)), both computed in accordance with section 416 of the Code and the regulations thereunder. Both the numerator and denominator of the Top Heavy Ratio are increased to reflect any contribution not actually made as of the Determination Date, but that must be taken into account on that date under section 416 of the Code and the regulations thereunder.

(2) If the employer maintains one or more defined contribution plans (including any Simplified Employee Pension Plan) and the employer maintains or has maintained one or more defined benefit plans that during the five-year period ending on the Determination Date(s) has or has had any accrued benefits, the Top Heavy Ratio for any required or permissive aggregation group as appropriate is a fraction, the numerator of which is the sum of account balances under the aggregated defined contribution plan or plans for all Participants, determined in accordance with (1) above, the present value of accrued benefits under the aggregated defined benefits plan or plans for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of the account balances under the aggregated defined contribution plan or plans for all Participants determined in accordance with (1) above, and the present value of accrued benefits under the defined benefit plan or plans of all Participants as of the Determination Date(s), all determined in accordance with section 416 of the Code and the regulations thereunder. The accrued benefits under a defined benefit plan in both the numerator and denominator of the Top Heavy Ratio are increased for any distribution of an accrued benefit made in the five-year period ending on the Determination Date.

(3) For (1) and (2) above, the value of account balances and the present value of accrued benefits will be determined as of the most recent valuation date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in section 416 of the Code and the regulation thereunder for the first and second plan years of a defined benefit plan. The account balances and accrued benefits of a Participant (1) who is not a Key Employee but who was a Key Employee in a prior year, or (2) who has not been credited with at least one hour of service with any employer maintaining the plan at any time during the five-year period ending on the Determination Date will be disregarded. The calculation of the Top Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with section 416 of the Code and the regulations thereunder. Deductible employee contributions will not be taken in to account for computing the Top Heavy Ratio. When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

The accrued benefit of a Participant other than a Key Employee shall be determined under (a) the method, if any, that uniformly applied for accrual purposes under all defined benefit plans maintained by the employer, or (b) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of section 411(b)(1)(C) of the Code.

(e) **Permissive Aggregation Group:** The required aggregation group of plans plus any other plan or plans of the employer that, when considered as a group with the required aggregation group, would continue to satisfy the requirements of sections 401(a)(4) and 410 of the Code.

(f) **Required Aggregation Group:** (1) Each qualified plan of the employer in which at least one Key Employee participates or participated at any time during the determination period (regardless of whether the plan has terminated), and (2) any other qualified plan of the employer that enables a plan described in (1) to meet the requirements of sections 401(a)(4) or 410 of the Code.

(g) **Valuation Date:** December 31 of each year.

(h) **Present Value:** Present value shall be based on the interest and mortality rates reflected in the actuarial valuation reports for the Determination year for all defined benefit plans maintained by the employer.

11.3 **Minimum Top Heavy Allocation.**

(a) Except as otherwise provided in (c) below, the employer contributions and forfeitures allocated for any Participant who is not a Key Employee shall not be less than the lesser of 3 percent of such Participant's Compensation or, when the employer has no defined benefit plan that designates this Plan to satisfy section 401 of the Code, the largest percentage of employer contributions and forfeitures, as a percentage of the Key Employee's Compensation, allocated for any key employee for that year. The minimum allocation is determined without regard to any Social Security contribution. This minimum allocation shall be made even though, under other plan provisions, the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the year because of (i) the Participant's failure to complete 1,000 hours of service (or any equivalent provided in the Plan), or (ii) the Participant's failure to make mandatory employee contributions to the Plan, or (iii) compensation less than a stated amount.

(b) For computing the minimum allocation, compensation shall mean compensation as defined in section 414(q)(7) of the Code.

(c) The provision in (a) above shall not apply to any Participant who was not employed by the employer on the last day of the Plan Year.

11.4 **Minimum Top Heavy Vesting.** For any Plan Year in which this Plan is Top Heavy, the following minimum vesting schedule will automatically apply except where the normal vesting schedule specified in this Plan is more favorable to the Participant.

<u>Completed Years of Service</u>	<u>Vested Percentage</u>	<u>Forfeitable Percentage</u>
Less than 2	0%	100%
2 but less than 3	20%	80%
3 but less than 4	40%	60%
4 but less than 5	60%	40%
5 but less than 6	80%	20%
6 or more	100%	0%

The minimum vesting schedule applies to all benefits within the meaning of section 411(a)(7) of the Code except those attributable to employee contributions, including benefits accrued before the effective date of Section 416 and benefits accrued before the Plan became Top Heavy. Further, no decrease in a Participant's nonforfeitable percentage may occur if the Plan's status as Top Heavy changes for any Plan Year. However, this section does not apply to the account balances of any employee who does not have an hour of service after the Plan has initially become Top Heavy and such employee's account balance attributable to employer contributions and forfeitures will be determined without regard to this section.

The minimum allocation required (to the extent required to be nonforfeitable under Section 416(b)) may not be forfeited under Section 411(a)(3)(B) or 411(a)(3)(D).

11.5 ***Adjustment to Limitation on Annual Additions.*** If the Plan is Top Heavy for the year and the Institution also maintains a qualified defined benefit plan, the limitations in the "No Reversion" section of Article VIII shall be adjusted as provided in section 416(h) of the Code.

11.6 ***Modification of Top-Heavy Rules***

1. Effective Date. This section shall apply for purposes of determining whether the plan is a top-heavy plan under section 416(g) of the Code for plan years beginning after December 31, 2001, and whether the plan satisfies the minimum benefits requirements of section 416(c) of the Code for such years.

2. Determination of Top-Heavy Status.

2.1 Key Employee. Key employee means any employee or former employee (including any deceased employee) who at any time during the plan year that includes the determination date was an officer of the employer having annual compensation greater than \$130,000 (as adjusted under section 416(i)(1) of the Code for plan years beginning after December 31, 2002), a 5-percent owner of the employer, or a 1-percent owner of the employer having annual compensation of more than \$150,000. For this purpose, annual compensation means compensation within the meaning of section 415(c)(3) of the Code. The determination of who is a key employee will be made in accordance with section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

2.2 Determination of Present Values and Amounts. This section 2.2 shall apply for purposes of determining the present values of accrued benefits and the amounts of account balances of employees as of the determination date.

2.2.1 Distributions During Year Ending on the Determination Date. The present values of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the plan and any plan aggregated with the plan under section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the plan under section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting 5-year period for 1-year period.

2.2.2 Employees not Performing Services During Year Ending on the Determination Date. The accrued benefits and accounts of any individual who has not performed services for the employer during the 1-year period ending on the determination date shall not be taken into account.

3. Minimum Benefits. For purposes of satisfying the minimum benefit requirements of section 416(c)(1) of the Code and the plan, in determining years of service with the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410(b) of the Code) no key employee or former key employee.

Employer Identification Number: 05-0264797
Plan Number: 003

(Signature of Plan Administrator)

American Mathematical Society Tax-Deferred Annuity Plan Document

Restated 01/01/2005

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Article I: Definitions

- 1.1 **Accumulation Account** means the separate account(s) established for each Participant. The current value of a Participant's Accumulation Account includes all Plan Contributions, less expense charges, and reflects credited investment experience.
- 1.2 **Beneficiary(ies)** means the individual, institution, trustee, or estate designated by the Participant to receive the Participant's benefits at his or her death.
- 1.3 **Board** means the Institution's Board of Trustees.
- 1.4 **Code** means the Internal Revenue Code of 1986, as amended.
- 1.5 **Compensation** means the amount paid by the Institution to a Participant that must be reported as wages on the Participant's Form W-2 plus compensation that is not currently includable in the Participant's gross income because of the application of Code Sections 125 or 403(b) through a salary reduction agreement.

In addition to other applicable limitations stated in the plan, and notwithstanding any other provision of the Plan to the contrary, for Plan years beginning on or after January 1, 1994, the annual compensation of each employee taken into account under the plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the Commissioner of the Internal Revenue Service for increases in the cost of living in accordance with section 401(a)(17)(B) of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For plan years beginning on or after January 1, 1994, any reference in this plan to the limitation under section 401(a)(17) of the Code shall mean the OBRA '93 annual compensation limit stated in this provision.

If compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current Plan Year, the compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan Year beginning on or after January 1, 1994, the OBRA '93 annual compensation limit \$150,000.

The annual compensation of each participant taken into account in determining allocations for any plan year beginning after December 31, 2001, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual compensation means compensation during the plan year or such other consecutive 12-month period over which compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

- 1.6 ***Date of Employment or Reemployment*** is the first day upon which an employee completes an Hour of Service for performance of duties during the employee's most recent period of service with the Institution.
- 1.7 ***Elective Deferrals*** means any contributions made to the Plan at the election of the Participant pursuant to a salary reduction agreement that complies with the requirements of Internal Revenue Code Section 403(b). This also includes any contributions for a Participant pursuant to an election to defer compensation under any Code Section 401(k), 408(k) (Simplified Employee Pension), 457(b) or 403(b) plan.
- 1.8 ***Eligible Employee*** means:
- (a) For purposes of voluntary, Elective Deferrals, all employees who are scheduled to work 20 hours per week or more, except students;
 - (b) For purposes of Mandatory Plan Contributions, any category of employee who is employed by the Institution. However, an employee who is customarily employed on a part-time, temporary, or irregular basis for less than 1,000 Hours of Service a year is an Eligible Employee only if credited with 1,000 hours or more of service (or 800 hours for a keyboard operator working at home), including paid absence, during any 12 consecutive month calendar period commencing with his or her Date of Employment or any anniversary, in which event he or she becomes an Eligible Employee as of the beginning of the 12-month period during which he or she was credited with at least 1,000 Hours of Service. Eligible Employee does not include a person whose employment is incidental to his or her educational program.
 - (c) The term Eligible shall not include any leased employee deemed to be an employee of the Institution provided in Code Section 414(n).
 - (d) No individual who is deemed to be an independent contractor, as determined by the Plan Administrator in its sole discretion, or individual performing services for the Employer pursuant to an agreement that provides that such individual shall not be eligible to participate in the retirement or other benefit plans of the Employer, shall be an Eligible Employee for purposes of this plan.
- 1.9 ***Excess Elective Deferrals*** means those Elective Deferrals that are includable in a Participant's gross income under section 402(g) of the Code to the extent the Participant's Elective Deferrals for a taxable year exceed the dollar limitation under such Code Section.
- 1.10 ***Fund Sponsor*** means an insurance, variable annuity or investment company that provides Funding Vehicles available to Participants under this Plan.
- 1.11 ***Funding Vehicles*** means the annuity contracts or custodial accounts that satisfy the requirements of Code Section 401(f) issued for funding accrued benefits under this Plan and specifically approved by the Institution for use under this Plan.
- 1.12 ***Hours of Service*** means:
- (a) Each hour for which an employee is paid, or entitled to payment, for the performance of duties for the Institution. For the purposes of this Section, service with any education

institution while assigned to work for the American Mathematical Society shall be treated as service with the Society.

- (b) Each hour for which an employee is paid, or entitled to payment, on account of a period of time during which no duties are performed (regardless of whether employment has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, leave of absence, or maternity or paternity leave (whether paid or unpaid). However, any period for which a payment is made or due under a plan maintained solely for the purpose of complying with Workers' Compensation or unemployment compensation or disability insurance laws, or solely to reimburse the employee for medical or medically-related expenses is excluded. An employee is directly or indirectly paid or entitled to payment by the Institution regardless of whether payment is made by or due from the Institution directly or made indirectly through a trust fund, insurer or other entity to which the Institution contributes or pays premium. No more than 501 Hours of Service under this paragraph. Hours of Service under this paragraph will be calculated and credited pursuant to Section 2530.200b-2 of the Department of Labor Regulations, incorporated herein by reference.
- (c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Institution, without duplication of hours provided above, and subject to the 501-hour restriction for periods described in (b) above.

Hours of Service will be credited for employment with other members of an affiliated service group (under Code Section 414(m)), a controlled group of corporations (under Code Section 414(b)), or a group of trades or businesses under common control (under Code Section 414(c)) of which the Institution is a member, and any other entity required to be aggregated with the employer pursuant to Code Section 414(o) and the regulations thereunder. Hours of Service also will be credited for any person considered an employee for this Plan under Code Sections 414(n) or 414(o) and the regulations thereunder.

Hours of Service will be determined on the basis of actual hours that an employee is paid or entitled to payment.

- 1.13 ***Institution*** means American Mathematical Society.
- 1.14 ***Limitation Year*** means a calendar year.
- 1.15 ***Mandatory Plan Contributions*** means contributions required to be made by the Participant under this plan as described in Section 4.1.
- 1.16 ***Normal Retirement Age*** means age 65.
- 1.17 ***Participant*** means any Eligible Employee of the Institution participating in this Plan.
- 1.18 ***Plan*** means the Institution's Tax-Deferred Annuity (TDA) Plan as set forth in this document.
- 1.19 ***Plan Contributions*** means Elective Deferrals and Mandatory Plan Contributions made under this Plan.

All employees who are eligible to make elective deferrals under this Plan and who have attained age 50 before the close of the Plan year shall be eligible to make catch-up contributions in

accordance with, and subject to the limitations of, section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the plan implementing the required limitations of sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the plan implementing the requirements of section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions.

Matching contributions shall not apply to catch-up contributions, if any, made to the Plan.

1.20 **Plan Year** means January 1 through December 31.

1.21 **Qualified Election** means a waiver of a Qualified Joint and Survivor Annuity or a Qualified Pre-retirement Survivor Annuity. Any waiver of a Qualified Joint and Survivor Annuity or a Qualified Pre-retirement Survivor Annuity shall not be effective unless: (a) the Participant's spouse consents in writing to the election; (b) the election designates a specific Beneficiary(ies), including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (unless the spouse expressly permits designations by the Participant without any further spousal consent); (c) the spouse's consent acknowledges the effect of the election; and (d) the spouse's consent is witnessed by a Plan representative or notary public. Additionally, a Participant's waiver of the Qualified Joint and Survivor Annuity shall not be effective unless the election designates a form of benefit payment that may not be changed without spousal consent (or the spouse expressly permits designations by the Participant without any further spousal consent). If it is established to the satisfaction of a Plan representative that there is no spouse or that the spouse cannot be located, a waiver will be deemed a Qualified Election.

Any consent by a spouse obtained under this provision (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to such spouse. A consent that permits designations by the Participant without any requirement of further consent by such spouse must acknowledge that the spouse has the right to limit consent to a specific Beneficiary(ies), and a specific form of benefit where applicable, and that the spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the spouse at any time before the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Article VII.

1.22 **Qualified Joint and Survivor Annuity** means an immediate annuity for the life of the Participant with a survivor annuity for the life of the spouse that is not less than 50 percent (and not more than 100 percent) of the amount payable during the joint lives of the Participant and the spouse that can be purchased with the Participant's vested Accumulation Account. The percentage of the survivor annuity under the Plan shall be 50 percent.

1.23 **Qualified Pre-retirement Survivor Annuity** means an annuity for the life of the surviving spouse of a deceased Participant the actuarial equivalent of which is not less than 50 percent of the Participant's Accumulation Account(s) at the date of death.

1.24 **Regular Salary** means the amount paid by the Institution to a Participant which is required to be reported as wages on the Participant's Form W-2, and shall also include Compensation which is not currently includible in the Participant's gross income by reason of the application of Code Sections 125 or 403(b) through a salary reduction agreement. In no event will the salary taken into account under the Plan exceed the Limits of Code Section 401(a)(17).

- 1.24 ***Year of Participation Service*** means a consecutive 12-month period during which the Eligible Employee is credited with 1,000 or more Hours of Service (except for key board operators who work at home, the requirement shall be 800 hours or more Hours of Service) with the Society or any Affiliated Employer. The initial twelve (12) month period shall be the period commencing on the date the Employee first performs an Hours of Service for the Society, but if the Employee is not credited with 1,000 (800 hours for key board operators) or more Hours of Service during such period, the twelve (12) month period shall be the first Plan Year beginning after the Employee commences employment or any succeeding Plan Year.

Article II: Establishment of Plan

- 2.1 ***Establishment of Plan.*** The Board of the American Mathematical Society (the "Institution") established the Plan as of June 8, 1975.

This plan document sets forth the provisions of this Code Section 403(b) Plan. The Plan was restated as of December 31, 1999. Plan Contributions are invested, at the direction of each Participant, in one or more of the Funding Vehicles available to Participants under the Plan. Plan Contributions shall be held for the exclusive benefit of Participants.

A Code Section 403(b) Defined Contribution Retirement Plan is a plan that provides for a separate account(s) for each Participant that meets the requirements of Code Section 403(b). Benefits are based solely on the amounts of Plan Contributions to the Participant's Accumulation Account(s) and earnings, if any. All benefits under the Plan are fully funded and provided through the Funding Vehicle(s) selected by the Participant. Benefits are not subject to, nor covered by, federal plan termination insurance.

Article III: Eligibility for Participation

- 3.1 ***Eligibility.***

Elective Deferrals:

An Eligible Employee may begin making voluntary Elective Deferrals on the first day of the month following employment or the first day of any subsequent month. To participate in Elective Deferrals, an Eligible Employee must complete a salary reduction agreement and return it to the Institution.

Mandatory Plan Contributions:

An Eligible Employee must begin participation in this portion of the Plan, as a condition of employment, on the first of the month following the completion of one Year of Participation Service at the Institution.

- 3.2 ***Notification.*** The Institution will notify an Eligible Employee when he or she has completed the requirements necessary to become a Participant. An Eligible Employee who complies with the requirements and becomes a Participant is entitled to the benefits and is bound by all the terms, provisions, and conditions of this Plan, including any amendments that, from time to time, may be adopted, and including the terms, provisions and conditions of any Funding Vehicle(s) to which Plan Contributions for the Participant have been applied.
- 3.3 ***Enrollment in Plan.*** To participate in this Plan, an Eligible Employee must complete the necessary enrollment form(s) and return them to the Institution.

- 3.4 **Reemployment.** A former employee who is reemployed by the Institution will be eligible to participate upon meeting the requirements stated in the “Eligibility” section of Article III. A former employee who satisfied these requirements before termination of employment will be eligible to begin participation immediately after reemployment provided the former employee is an Eligible Employee.
- 3.5 **Termination of Participation.** A Participant will continue to be eligible for the Plan until one of the following conditions occur:
- his or her contributions under the Plan are terminated;
 - he or she ceases to be an Eligible Employee;
 - the Plan is terminated.

Article IV: Plan Contributions

4.1 **Plan Contributions.**

A. Elective Deferrals.

An Eligible Employee may begin making voluntary Elective Deferrals as of the first day of the month following employment or the first day of any subsequent month. Elective Deferrals are fully and immediately vested. To participate, an Eligible Employee must enter into a written salary reduction agreement with the Institution. Under the salary reduction agreement, the employee's salary (paid after the agreement is signed) is reduced and the amount of the reduction is applied as premiums to the Funding Vehicles available under this Plan. An election to make Elective Deferrals under this Section may not be made retroactively, and shall remain in effect until modified or terminated. A Participant may terminate his or her salary reduction agreement at any time. Subject to any reasonable rules established by the Plan Administrator, a Participant may modify his or her salary reduction agreement during a Plan Year by filing an appropriate form with the Plan Administrator. Such rules may include the number and frequency of such modifications during any Plan Year but a Participant shall be permitted to make a modification at least once each Plan Year. Plan contributions shall be made at least weekly except for weeks in which no salary is paid. Contributions shall be forwarded by the Institution to the Fund Sponsor as soon as it is administratively feasible for the Institution to segregate contributions but, in any event, within the time required by law.

B. Mandatory Plan Contributions.

An Eligible Employee must make Mandatory Plan Contributions after a Year of Participation Service (as described in section 1.24) according to the following schedule:

Mandatory Plan Contributions as a Percentage of Compensation

By the Participant

2.0%

Mandatory Plan Contributions are required to be made as a condition of employment on a tax-deferred basis. If you are eligible, you will continue to be eligible for this portion of the plan until (a) you cease to be an eligible employee, or (b) the plan is terminated.

- 4.2 ***When Contributions Are Made.*** Plan Contributions will begin when the Institution has determined that the Participant has met or will meet the requirements for a Year of Participation Service. Plan Contributions will be forwarded to the Fund Sponsor as soon as it is administratively feasible for the Institution to segregate contributions, but in any event, within the time required by law.
- 4.3 ***Allocation of Contributions.*** A Participant may allocate Plan Contributions to the Funding Vehicle(s) in any whole-number percentages that equal 100 percent. A Participant may change his or her allocation of future contributions to the Funding Vehicle(s) at any time.
- 4.4 ***Limitations on Elective Deferrals.*** The total Elective Deferrals made by the Institution on behalf of the Participant for any year under this Plan and all other plans, contracts or arrangements of the Institution will not exceed the limits imposed by Code Sections 402(g), 403(b), and 415. The limits of Code Sections 402(g), 403(b), and 415 are herein incorporated by reference.
- If the limitations are exceeded because the Participant is also participating in another plan required to be aggregated with this Plan for the purposes of Code Section 415, then the extent to which annual contributions under this Plan will be reduced, as compared with the extent to which annual benefits or contributions under any other plans will be reduced, will be determined by the Institution in a manner as to maximize the aggregate benefits payable to the Participant from all plans. If the reduction is under this Plan, the Institution will advise the affected Participants of any limitations on their annual contributions required by this paragraph.
- If the 415 limit is exceeded, the excess amount, plus any gain attributable to the excess, will be distributed to the Participant to the extent permitted by Code Section 415 and the regulations promulgated thereunder.
- 4.5 ***Return of Excess Elective Deferrals.*** If a Participant has Elective Deferrals that exceed the dollar limits in effect under Code Section 402(g) at the beginning of the tax year, he or she may designate the contributions made during a taxable year to this Plan as Excess Elective Deferrals by notifying the Plan Administrator by March 1 of the following year of the amount of the excess. A Participant who has Elective Deferrals under this Plan that exceed such limits may be deemed to have given the Plan Administrator notice to distribute such Excess Elective Deferrals. Notwithstanding any other provision of this Plan, Excess Elective Deferrals, adjusted to reflect any credited investment experience up to the date of distribution, must be distributed to any Participant who designates the contribution as excess for a taxable year no later than April 15 of the following year.
- 4.6 ***Leave of Absence.*** During a paid leave of absence, Plan Contributions will continue to be made in accordance with the salary reduction agreement. No Plan Contributions will be made during an unpaid leave of absence.
- 4.7 ***Transfer of Funds from Another Plan.*** The Fund Sponsor shall accept contributions that are transferred directly from any other plan described in section 403(b) of the Code, whether such plans are funded through a trustee arrangement or through an annuity contract, if such contributions are attributable only to employer and employee contributions and the earnings thereon and accompanied by instructions showing the respective amounts attributable to employer and employee contributions. Such funds and the accumulation generated from them shall always be fully vested and nonforfeitable.

- 4.8 ***Acceptance of Rollover Contributions.*** If a Participant is entitled to receive a distribution from another plan described in section 403(b) of the Code that is an eligible rollover distribution under section 402 of the Code, the Fund Sponsor will accept such amount under this Plan provided the rollover to this Plan is made 1) directly from another plan; or 2) by the Participant within 60 days of the receipt of the distribution.

The plan will accept a direct rollover of an eligible rollover distribution from:

-- a qualified plan described in section 401(a) or 403(a) of the Code, including after-tax employee contributions.

-- an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

Participant Rollover Contributions from Other Plans:

The plan will accept a participant contribution of an eligible rollover distribution from:

-- a qualified plan described in section 401(a) or 403(a) of the Code.

-- an annuity contract described in section 403(b) of the Code.

-- an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

Participant Rollover Contributions from IRAs:

The plan will accept a participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

Effective Date of Direct Rollover and Participant Rollover Contribution Provisions:

Rollovers from Other Plans, shall be effective for plan years beginning after December 31, 2001.

- 4.9 ***Uniformed Services.*** Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

Article V: Funding Vehicles

5.1 **Funding Vehicles.** Plan Contributions are invested in one or more Funding Vehicles available to Participants under this Plan. The Fund Sponsors and their Funding Vehicles are:

A. Teachers Insurance and Annuity Association (TIAA)

TIAA Retirement Annuity
TIAA Supplemental Retirement Annuity
TIAA Group Supplemental Retirement Annuity:

Traditional Annuity
Real Estate Account

B. College Retirement Equities Fund (CREF)

CREF Retirement Unit-Annuity
CREF Supplemental Retirement Unit-Annuity
CREF Group Supplemental Retirement Unit-Annuity:

Stock Account
Money Market Account
Bond Market Account
Social Choice Account
Global Equities Account
Growth Account
Equity Index Account
Inflation-Linked Bond Account

The Institution's current selection of Fund Sponsors and Funding Vehicles isn't intended to limit future additions or deletions of Fund Sponsors and Funding Vehicles. Any additional accounts offered by a Fund Sponsor will automatically be made available to Participants in accordance with the procedures established by the Institution and the Fund Sponsor.

5.2 **Fund Transfers.** Subject to a Funding Vehicle's rules for transfers and in accordance with the provisions of the Code for maintaining the tax deferral of the Accumulation Account(s), a Participant may transfer funds accumulated under the Plan among the Plan's approved Funding Vehicles to the extent permitted by the Funding Vehicles.

Article VI: Vesting

6.1 **Plan Contributions.** Plan Contributions shall be fully vested and nonforfeitable when such Plan Contributions are made.

Article VII: Benefits

7.1 **Retirement Benefits.** The Participant may elect to receive benefits under any of the forms of benefit permitted by the relevant Funding Vehicles. However, distributions attributable to amounts accrued in an annuity contract after December 31, 1988 and amounts that have at any time been invested in a mutual fund custodial account, regardless of date, may be paid only when a Participant attains age 59 1/2, separates from service, dies or becomes disabled. Participants may also withdraw their accumulation if they encounter hardship. Hardship distributions are subject to the rules and restrictions set forth in the "Hardship Distributions" section of Article VII and to the limitations of the Code.

Forms of Benefit. The forms of benefit are the benefit forms offered by the Funding Vehicles available under this Plan. These forms are equally available to all Participants choosing the Funding Vehicle. The forms of benefit available under this Plan include:

- Single life annuities as provided under the Funding Vehicle contract.
- Joint and survivor annuities as provided under the Funding Vehicle contract.
- Cash withdrawals (to the extent the Funding Vehicle permits).
- Fixed period annuities, to the extent the Funding Vehicle permits.
- Repurchase, subject to the limitations in the "Repurchase" section of this Article.
- Such other annuity and withdrawal options as provided under the Funding Vehicle contract.

7.2 **Cash Withdrawals.** Subject to spousal right to survivor benefits, a participant may receive a 100% lump sum cash withdrawal as permitted by the Funding Vehicle, subject to the limitations of the Code.

7.3 **Retirement Transition Benefit.** Unless the Minimum Distribution Annuity, or the Limited Periodic Withdrawal Option is elected, a Participant may elect to receive a one time lump-sum payment of up to 10 percent of his or her Accumulation Account(s) in TIAA and/or the CREF account(s) at the time annuity income begins, provided the one sum payment from each TIAA contract and/or CREF account(s) doesn't exceed 10 percent of the respective Accumulation Account(s) being converted to retirement income.

7.4 **Hardship Distributions.** Hardship distributions of the Accumulation Account attributable to Plan Contributions shall be approved only if the Plan Administrator determines that the Participant has an immediate and heavy financial need and the distribution is necessary to satisfy the need. The amount of the need may include any amount necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution. In such cases, there shall be paid to such Participant out of his Accumulation Account only such portion of the amount requested as is necessary to prevent or alleviate the hardship. In making its determination hereunder, the Plan Administrator shall follow uniform and nondiscriminatory practices and its determination shall be final and binding. Income earned on or after January 1, 1989 shall be available for distribution on account of hardship only to the extent permitted by the Code.

The following are deemed to be immediate and heavy financial needs of the Participant: (a) medical expenses described in Code Section 213(d) incurred by the Participant, his spouse or his dependents, or necessary for these persons to obtain such medical care; (b) purchase (excluding mortgage payments) of a principal residence for the Participant; (c) payment of tuition and related educational fees and room and board expenses for the next 12 months of post-secondary education for the Participant, his spouse, his children or his dependents; (d) the payment of amounts necessary to prevent the eviction of the Participant from his principal residence or the foreclosure on the mortgage of his principal residence; or (e) such other circumstances as may be specified in Regulation Section 1.401(k)-1(d)(2)(iii)(B) or subsequent promulgations.

A distribution will be treated as necessary to satisfy a financial need if the employee reasonably represents that the need cannot be relieved: (a) through reimbursement or compensation by insurance or otherwise; (b) by reasonable liquidation of the employee's assets (or the assets of a spouse or child available to the employee) to the extent the liquidation would not cause hardship; (c) by other distributions or nontaxable loans from the plans of the Institution or by borrowing from commercial sources on reasonable terms; or (d) by cessation of Plan Contributions.

Notwithstanding the above, hardship distributions will be deemed to be necessary to satisfy an immediate and heavy financial need of the Participant if all of the following are satisfied: (a) the distribution does not exceed the amount of the applicable need under the second paragraph of this section; (b) the Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under the Plan and any other deferred compensation plan maintained by the Institution; (c) the Plan Contributions under the Plan, and the Participant's elective and employee contributions under any other deferred compensation plan maintained by the Institution, are suspended for twelve (12) months after receipt of the hardship distribution; and (d) the maximum amount of Plan Contributions under the Plan, together with elective contributions under any other plan maintained by the Institution, for the Participant's taxable year immediately following the taxable year of the hardship distribution, do not exceed the applicable limit under Code Section 402(g) for such year less the amount of the Plan Contributions and elective contributions to such plans for the taxable year of such hardship distribution; and/or (e) such additional or alternative requirements as may be prescribed in Regulation Section 1.401(k)-1(d)(2)(iii)(B) or subsequent promulgations.

A participant who receives a distribution of elective deferrals after December 31, 2001, on account of hardship shall be prohibited from making elective deferrals and employee contributions under this and all other plans of the employer for 6 months after receipt of the distribution.

A participant who receives a distribution of elective deferrals in calendar year 2001 on account of hardship shall be prohibited from making elective deferrals and employee contributions under this and all other plans of the employer for the period specified in the provisions of the plan relating to suspension of elective deferrals that were in effect prior to this amendment.

7.5 **Survivor Benefits.** If a Participant dies before the start of retirement benefit payments, the full current value of the Accumulation Account(s) is payable to the Beneficiary(ies) under the options offered by the Funding Vehicle. Distribution of Survivor Benefits is subject to the required distribution rules set forth in Code Section 401(a)(9).

7.6 **Application for Benefits.** Procedures for receipt of benefits are initiated by writing directly to the Fund Sponsor. Benefits will be payable by the Fund Sponsor upon receipt of a satisfactory

completed application for benefits and supporting documents. The necessary forms will be provided to the Participant, the surviving spouse, or the Beneficiary(ies) by the Fund Sponsor.

7.7 **Minimum Distribution Requirements.** The requirements of this section shall apply to any distribution of a Participant's vested Accumulation Account(s) and will take precedence over any inconsistent provisions of this Plan except as otherwise provided in the "Joint and Survivor Annuity Requirements" section of Article VII. Distributions in all cases will be made in accordance with Code Section 401(a)(9) and the regulations promulgated thereunder, including the minimum distribution incidental benefit requirement of Section 1.401(a)(9)-2 of the proposed regulations.

- (1) **Limits on Settlement Options.** Distributions may only be made over one of the following periods (or a combination thereof): i) the life of the Participant; ii) the life of the Participant and a designated Beneficiary(ies); iii) a period certain not extending beyond the life expectancy of the Participant; or iv) a period certain not extending beyond the joint and last survivor life expectancy of the Participant and designated Beneficiary(ies).
- (2) **Required Beginning Date.** The entire interest of a Participant must be distributed or begin to be distributed no later than the Participant's Required Beginning Date. The Required Beginning Date of a Participant is April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2 or, if later, April 1 of the calendar year following the calendar year that the Participant retires.
 - a) Any Participant attaining age 70-1/2 in years after 1995 may elect by April 1 of the calendar year following the year in which the Participant attained age 70-1/2 (or by December 31, 1997 in the case of a Participant attaining age 70-1/2 in 1996) to defer distributions until the calendar year following the calendar year in which the Participant retires. If no such election is made, the Participant will begin receiving distributions by the April 1 of the calendar year following the year in which the Participant attained age 70-1/2 (or December 31, 1997 in the case of a Participant attaining age 70-1/2 in 1996).
 - b) Any Participant attaining Age 70-1/2 in years prior to 1997 may elect to stop distributions and recommence by the April 1 of the calendar year following the year in which the Participant retires. There is no new annuity starting date upon commencement.
 - c) The preretirement age 70-1/2 distribution date is eliminated with respect to Participants who reach age 70-1/2 after December 31, 1999. The preretirement age 70-1/2 distribution option is an optional distribution form of benefit under which benefits payable in a particular distribution form (including any modification that may be elected after benefit commencement) commence at a time during the period that begins on or after January 1 of the calendar year in which a Participant attains age 70-1/2 and ends April 1 of the immediately following calendar year.
- (3) **Death Distribution Provisions.** Upon the death of the Participant, the following distribution provisions will take effect:
 - (a) If the Participant dies after distribution of his or her vested Accumulation Account has begun, the remaining portion of the vested Accumulation Account(s) will

continue to be distributed at least as rapidly as under the method of distribution being used before the Participant's death;

- (b) If the Participant dies before distribution of his or her vested Accumulation Account(s) begins, distribution of the Participant's entire vested Accumulation Account(s) shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death except where an election is made to receive distributions in accordance with (i) or (ii) below:
 - (i) If any portion of the Participant's vested Accumulation Account is payable to a designated Beneficiary(ies), distributions may be made over a period certain not greater than the life expectancy of the designated Beneficiary(ies) commencing by December 31 of the calendar year immediately following the calendar year in which the Participant died;
 - (ii) If the designated Beneficiary(ies) is the Participant's surviving spouse, the date distributions are required to begin in accordance with (1) above must not be earlier than the later of (a) December 31 of the calendar year immediately following the calendar year in which the Participant died and (b) December 31 of the calendar year in which the Participant would have attained age 70 1/2.

If the Participant has not made an election pursuant to this section by the time of his or her death, the Participant's designated Beneficiary(ies) must elect the method of distribution no later than the earlier of (1) December 31 of the calendar year in which distributions would be required to begin under this section, or (2) December 31 of the calendar year that contains the fifth anniversary of the date of death of the Participant. If the Participant has no designated Beneficiary(ies), or if the designated Beneficiary(ies) does not elect a method of distribution, distribution of the Participant's entire vested Accumulation Account(s) must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

Section 1. Minimum Distribution Requirements.

1.1 Effective Date. The provisions of this article will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

1.2. Precedence. The requirements of this article will take precedence over any inconsistent provisions of the Plan.

1.3. Requirements of Treasury Regulations Incorporated. All distributions required under this article will be determined and made in accordance with the Treasury regulations under section 401(a)(9) of the Internal Revenue Code.

1.4. TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this article, other than section 1.3, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the plan that relate to section 242(b)(2) of TEFRA.

Section 2. Time and Manner of Distribution.

2.1. Required Beginning Date. The participant's entire interest will be distributed, or begin to be distributed, to the participant no later than the participant's required beginning date.

2.2. Death of Participant Before Distributions Begin. If the participant dies before distributions begin, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) If the participant's surviving spouse is the participant's sole designated beneficiary, then, except as provided in the plan, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70½, if later.

(b) If the participant's surviving spouse is not the participant's sole designated beneficiary, then, except as provided in the Plan, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the participant died.

(c) If there is no designated beneficiary as of September 30 of the year following the year of the participant's death, the participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(d) If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse begin, this section 2.2, other than section 2.2(a), will apply as if the surviving spouse were the participant.

For purposes of this section 2.2 and section 5, distributions are considered to begin on the participant's required beginning date (or, if section 2.2(d) applies, the date distributions are required to begin to the surviving spouse under section 2.2(a)). If annuity payments irrevocably commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under section 2.2(a)), the date distributions are considered to begin is the date distributions actually commence.

2.2A Election to Allow Participants or Beneficiaries to Elect 5-Year Rule. Participants or beneficiaries may elect on an individual basis whether the 5-year rule or the life expectancy rule in the plan applies to distributions after the death of a participant who has a designated beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under the plan, or by September 30 of the calendar year which contains the fifth anniversary of the participant's (or, if applicable, surviving spouse's) death. If neither the participant nor beneficiary makes an election under this paragraph, distributions will be made in accordance with the plan.

2.3. Form of Distribution. Unless the participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with sections 3, 4 and 5 of this article. If the participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations. Any part of the participant's interest which is in the form of an individual account described in section 414(k) of

the Code will be distributed in a manner satisfying the requirements of section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

Section 3. Determination of Amount to be Distributed Each Year.

3.1. General Annuity Requirements. If the participant's interest is paid in the form of annuity distributions under the plan, payments under the annuity will satisfy the following requirements:

- (a) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;
- (b) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in section 4 or 5;
- (c) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;
- (d) payments will either be nonincreasing or increase only as follows:
 - (1) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;
 - (2) to the extent of the reduction in the amount of the participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in section 4 dies or is no longer the participant's beneficiary pursuant to a qualified domestic relations order within the meaning of section 414(p);
 - (3) to provide cash refunds of employee contributions upon the participant's death; or
 - (4) to pay increased benefits that result from a plan amendment.

3.2. Amount Required to be Distributed by Required Beginning Date. The amount that must be distributed on or before the participant's required beginning date (or, if the participant dies before distributions begin, the date distributions are required to begin under section 2.2(a) or (b)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the participant's required beginning date.

3.3. Additional Accruals After First Distribution Calendar Year. Any additional benefits accruing to the participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

Section 4. Requirements For Annuity Distributions That Commence During Participant's Lifetime.

4.1. Joint Life Annuities Where the Beneficiary Is Not the Participant's Spouse. If the participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary, annuity payments to be made on or after the participant's required beginning date to the designated beneficiary after the participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would

have been payable to the participant using the table set forth in Q&A-2 of section 1.401(a)(9)-9 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

4.2. Period Certain Annuities. Unless the participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the participant's lifetime may not exceed the applicable distribution period for the participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the participant reaches age 70, the applicable distribution period for the participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the participant as of the participant's birthday in the year that contains the annuity starting date. If the participant's spouse is the participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the participant's applicable distribution period, as determined under this section 4.2, or the joint life and last survivor expectancy of the participant and the participant's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the participant's and spouse's attained ages as of the participant's and spouse's birthdays in the calendar year that contains the annuity starting date.

Section 5. Requirements For Minimum Distributions Where Participant Dies Before Date Distributions Begin.

5.1. Participant Survived by Designated Beneficiary. Except as provided in the Plan, if the participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the participant's entire interest will be distributed, beginning no later than the time described in section 2.2(a) or (b), over the life of the designated beneficiary or over a period certain not exceeding:

(a) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the participant's death; or

(b) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

5.2. No Designated Beneficiary. If the participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

5.3. Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the participant dies before the date distribution of his or her interest begins, the participant's surviving spouse is the participant's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this section 5 will apply as if the surviving spouse

were the participant, except that the time by which distributions must begin will be determined without regard to section 2.2(a).

Section 6. Definitions.

6.1. Designated beneficiary. The individual who is designated as the beneficiary under the plan and is the designated beneficiary under section 401(a)(9) of the Internal Revenue Code and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

6.2. Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to section 2.2.

6.3 Life expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

6.4. Required beginning date. The date specified in Article VII of the plan.

7.8 **Commencement of Benefits.** Unless the Participant elects otherwise, distribution of benefits will begin no later than the 60th day after the latest of the close of the Plan Year in which:

- (a) the Participant attains age 65,
- (b) occurs the 10th anniversary of the year in which the Participant commenced participation in the Plan; or,
- (c) the Participant terminates service with the Institution.

Notwithstanding the foregoing, the failure of a Participant and spouse to consent to a distribution while a benefit is immediately distributable shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this section.

A Participant who elects to defer receipt of benefits may not do so to the extent that he or she is creating a death benefit that is more than incidental.

7.9 **Joint and Survivor Annuity Requirements.** The provisions of this section shall apply to any Participant who is credited with one Hour of Service at the Institution on or after August 23, 1984. However, any Participant in this Plan not receiving benefits as of August 23, 1984 may elect to have benefits paid in a manner described herein.

Pre-retirement Spousal Entitlement. Unless a Qualified Election is made, if a married Participant dies before the date benefits commence, the Participant's vested Accumulation Account shall be applied toward the purchase of a Qualified Pre-retirement Survivor Annuity. The surviving spouse may elect to have such annuity distributed within a reasonable period after the Participant's death.

Notification of Pre-retirement Spousal Entitlement. In the case of a Qualified Pre-retirement Survivor Annuity, The Institution shall provide each Participant, within the applicable period for such Participant, a written explanation of the Qualified Pre-retirement Survivor Annuity in such

terms and in such manner as would be comparable to the explanation provided for meeting the requirements for notification of a Qualified Joint and Survivor Annuity.

The applicable period for a Participant is whichever of the following periods ends last: (a) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35; (b) a reasonable period after an Eligible Employee becomes a Participant; or (c) a reasonable period ending after this section first applies to the Participant. Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation of service in the case of a Participant who separates from service before attaining age 35.

For applying the preceding paragraph, a reasonable period ending after the enumerated events is the end of the two-year period beginning one year before the date the applicable event occurs, and ending one year after that date. For a Participant who separates from service before the Plan Year in which age 35 is attained, notice should be provided within the two-year period beginning one year before separation and ending one year after separation. If such a Participant thereafter returns to employment with the Institution, the applicable period for such Participant shall be redetermined.

Post-retirement Spousal Entitlement. Unless a Qualified Election is made within the 90-day period ending on the date benefits commence, a married Participant's vested Accumulation Account will be paid in the form of a Qualified Joint and Survivor Annuity and an unmarried Participant's vested Accumulation Account will be paid in the form of a single life annuity.

Notification of Post-retirement Spousal Entitlement. In the case of a Qualified Joint and Survivor Annuity, The Institution shall no less than 30 days and no more than 90 days before the date benefits commence provide each Participant a written explanation of: (a) the terms and conditions of a Qualified Joint and Survivor Annuity; (b) the Participant's right to make and the effect of an election to waive the Qualified Joint and Survivor Annuity form of benefit; (c) the rights of a Participant's spouse; and (d) the right to waive a Qualified Joint and Survivor Annuity. A Participant may elect with spousal consent to waive any requirement that the written explanation be provided at least 30 days prior to the annuity starting date if the distribution commences more than 7 days after such explanation is provided.

If the Participant, after receiving the explanation, elects a form of benefit and the spouse consents to the benefit (if necessary), the Plan will not fail to satisfy the requirements of this paragraph merely because the annuity starting date is less than 30 days after the written explanation is given to the Participant provided (1) the explanation is provided prior to the annuity starting date; (2) the distribution does not commence before the expiration of the 7-day period that begins the day after the explanation is provided to the Participant; and (3) prior to the expiration of the 7-day period, or the annuity starting date, if later, the Participant may revoke the distribution election

7.10 **Repurchase.** A Participant's accumulations in TIAA-CREF Retirement Annuities may be received in a single sum through "repurchase" if certain conditions are met. If a Participant in this Plan terminates employment with the Institution and requests that TIAA-CREF repurchase his or her Retirement Annuities, the Institution will approve such repurchase if, at the time of the request, all of the following conditions apply:

1. The total TIAA Traditional Annuity accumulation in all Retirement Annuities owned by the Participant is not over \$2,000.

2. The Participant does not have a TIAA Transfer Payout Annuity (TPA) in effect.

Amounts paid to the Participant on repurchase will be in full satisfaction of the Participant's and his or her spouse's rights to retirement or survivor benefits from TIAA-CREF attributable to such amounts.

- 7.11 **Loans.** Subject to the terms of the Funding Vehicles, loans are available to Participants before the commencement of benefit payments.

Effective for plan loans made after December 31, 2001, plan provisions prohibiting loans to any owner-employee or shareholder-employee shall cease to apply.

- 7.12 **Direct Rollovers.** This section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

For this section, the following definitions apply:

1) **Eligible rollover distribution:** An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities) ; and, for any distributions after December 31, 1999, any hardship distributions described in Code Section 401(k)(2)(B)(i)(IV).

2) **Eligible retirement plan:** An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in section 408(b) of the Code, or a tax-sheltered annuity plan described in Code Section 403(b), that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

3) **Distributee:** A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

4) **Direct rollover:** A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

Effective Date. This section shall apply to distributions made after December 31, 2001.

Modification of Definition of Eligible Retirement Plan. For purposes of the direct rollover provisions of the plan, if applicable, an eligible retirement plan shall also mean an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code.

Modification of definition of eligible rollover distribution to exclude hardship distributions. For purposes of the direct rollover provisions in the Plan, any amount that is distributed on account of hardship shall not be an eligible rollover distribution and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.

Modification of Definition of Eligible Rollover Distribution to Include After-Tax Employee Contributions. For purposes of the direct rollover provisions in the plan, if applicable, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

7.13 ***Distribution Upon Severance From Employment.***

1. Effective Date. This section shall apply for distributions and severances from employment occurring after December 31, 2001.

2. New Distributable Event. A participant's elective deferrals, qualified nonelective contributions, qualified matching contributions, and earnings attributable to these contributions shall be distributed on account of the participant's severance from employment. However, such a distribution shall be subject to the other provisions of the plan regarding distributions, other than provisions that require a separation from service before such amounts may be distributed.

Article VIII: Administration

8.1 ***Plan Administrator.*** The Institution, located at 201 Charles St., Providence, RI 02904, is the administrator of this Plan and has designated the Deputy Executive Director to be responsible for the operation of the Plan.

8.2 ***Authority of the Institution.*** The Institution has all the powers and authority expressly conferred upon it herein and further shall have discretionary and final authority to determine all questions concerning eligibility and contributions under the Plan, to interpret and construe all terms of the Plan, including any uncertain terms, and to determine any disputes arising under and all questions

concerning administration of the Plan. Any determination made by the Institution shall be given deference, if it is subject to judicial review, and shall be overturned only if it is arbitrary or capricious. In exercising these powers and authority, the Institution will always exercise good faith, apply standards of uniform application, and refrain from arbitrary action. The Institution may employ attorneys, agents, and accountants as it finds necessary or advisable to assist it in carrying out its duties. The Institution will be a "named fiduciary" as that term is defined in section 402(a)(2) of the Employee Retirement Income Security Act for determining eligibility and computing and making Plan Contributions. The Institution, by action of its Board, may designate a person or persons other than the Institution to carry out any of its powers, authority, or responsibilities. Any delegation will be set forth in writing.

- 8.3 **Action of the Institution.** Any act authorized, permitted, or required to be taken by the Institution under the Plan, which has not been delegated in accordance with the "Authority of the Institution" section of Article VIII, may be taken by a majority of the members of the Board, either by vote at a meeting, or in writing without a meeting. All notices, advice, directions, certifications, approvals, and instructions required or authorized to be given by the Institution under the Plan will be in writing and signed by either (i) a majority of the members of the Board, or by any member or members as may be designated by an instrument in writing, signed by all members, as having authority to execute the documents on its behalf, or ii) a person who becomes authorized to act for the Institution in accordance with the provisions of the "Authority of the Institution" section of Article VIII. Any action taken by the Institution that is authorized, permitted, or required under the Plan and is in accordance with Funding Vehicles contractual obligations are final and binding upon the Institution, and all persons who have or who claim an interest under the Plan, and all third parties dealing with the Institution.
- 8.4 **Indemnification.** The Institution will satisfy any liability actually and reasonably incurred by any members of the Board or any person to whom any power, authority or responsibility of the Institution is delegated pursuant to the "Authority of the Institution" section of Article VIII (other than the Fund Sponsors). These liabilities include expenses, attorney's fees, judgments, fines, and amounts paid in connection with any threatened, pending or completed action suit or proceeding related to the exercise (or failure to exercise) of this authority. This is in addition to whatever rights of indemnification exist under the articles of incorporation, regulations or by-laws of the Institution, under any provision of law, or under any other agreement.
- 8.5 **Investment Manager.** To the extent that Participants allocate contributions to the TIAA Real Estate Account, TIAA will be the investment manager (within the meaning of Section 3(38) of ERISA) with respect to the account balance in the TIAA Real Estate Account. TIAA acknowledges that it is a fiduciary with respect to such assets.
- 8.6 **No Reversion.** Under no circumstances or conditions will any Plan Contributions of the Institution revert to, be paid to, or inure to the benefit of, directly or indirectly, the Institution. However, if Plan Contributions are made by the Institution by mistake of fact, these amounts may be returned to the Institution within one year of the date that they were made.
- 8.7 **Statements.** The Institution will determine the total amount of contributions to be made for each Participant from time to time on the basis of its records and in accordance with the provisions of this Article. When each contribution payment is made by the Institution, the Institution will prepare a statement showing the name of each Participant and the portion of the payment that is made for him or her, and will deliver the statement to the appropriate Fund Sponsors with the contributions payment. Any determination by the Institution, evidenced by a statement delivered

to the Fund Sponsors, is final and binding on all Participants, their Beneficiaries or contingent annuitants, or any other person or persons claiming an interest in or derived from the contribution's payment.

- 8.8 **Reporting.** Records for each Participant under this Plan are maintained on the basis of the Plan Year. At least once a year the Fund Sponsors will send each Participant a report summarizing the status of his or her Accumulation Account(s) as of December 31 each year. Similar reports or illustrations may be obtained by a Participant upon termination of employment or at any other time by writing directly to the Fund Sponsors.
- 8.9 **Calendar Year Election.** For purposes of determining the highly compensated employees for the Plan Year, the Institution may make a calendar year election in accordance with the provisions of the Code and regulations issued thereunder.

Article IX: Amendment and Termination

- 9.1 **Amendment and Termination.** While it is expected that this Plan will continue indefinitely, the Institution reserves the right to amend, otherwise modify, or terminate the Plan, or to discontinue any further contributions or payments under the Plan, by resolution of its Board. In the event of a termination of the Plan or complete discontinuance of Plan Contributions, the Institution will notify all Participants of the termination. As of the date of complete or partial termination, all Accumulation Accounts will become nonforfeitable to the extent that benefits are accrued.
- 9.2 **Limitation.** Notwithstanding the provisions of the "Amendment and Termination" section of Article IX, the following conditions and limitations apply:
- (a) No amendment will be made which will operate to recapture for the Institution any contributions previously made under this Plan. However, Plan Contributions made based on a mistake of fact may be returned to the Institution within one year of the date on which the Plan Contribution was made.
 - (b) No amendment will deprive, take away, or alter any then accrued right of any Participant insofar as Plan Contributions are concerned.

Article X: Miscellaneous

- 10.1 **Plan Non-Contractual.** Nothing in this Plan will be construed as a commitment or agreement on the part of any person to continue his or her employment with the Institution, and nothing in this Plan will be construed as a commitment on the part of the Institution to continue the employment or the rate of compensation of any person for any period, and all employees of the Institution will remain subject to discharge to the same extent as if the Plan had never been put into effect.
- 10.2 **Claims of Other Persons.** The provisions of the Plan will not be construed as giving any Participant or any other person, firm, or corporation, any legal or equitable right against the Institution, its officers, employees, or directors, except the rights as specifically provided for in this Plan or created in accordance with the terms and provisions of this Plan.

- 10.3 ***Merger, Consolidation, or Transfers of Plan Assets.*** In the event of a merger or consolidation with, or transfer of assets to, another plan, each Participant will receive immediately after such action a benefit under the plan that is equal to or greater than the benefit he or she would have received immediately before a merger, consolidation, or transfer of assets or liabilities.
- 10.4 ***Contracts - Incorporation by Reference.*** The terms of each Funding Vehicle issued to a Participant in accordance with the provisions of Article V are a part of the Plan as if fully set forth in the plan document and the provisions of each are incorporated by reference into the Plan. The terms of the Funding Vehicle control in any case where there is any inconsistency or ambiguity between the terms of the Plan and the terms of the Funding Vehicle.
- 10.5 ***Non-Alienation of Retirement Rights or Benefits.*** No benefit under the Plan may, at any time, be subject in any manner to alienation, encumbrance, the claims of creditors or legal process to the fullest extent permitted by law. No person will have power in any manner to transfer, assign, alienate, or in any way encumber his or her benefits under the Plan, or any part thereof, and any attempt to do so will be void and of no effect. However, this Plan will comply with any judgment, decree or order which establishes the rights of another person to all or a portion of a Participant's benefit under this Plan to the extent that it is a "qualified domestic relations order" under section 414(p) of the Code.

10.6 *Claims Review.*

Effective Date. This section shall be effective as of January 1, 2002.

(a) All claims for benefits under the Plan shall be filed in writing with the Plan Administrator.

(b) If the claim is wholly or partially denied, the Plan Administrator shall furnish the claimant written notice of its decision within ninety (90) days after receipt of the claim by the Plan Administrator. The notice of denial shall set forth in a manner calculated to be understood by the claimant:

(i) The specific reason or reasons for the denial;

(ii) Specific references to pertinent Plan provisions on which the denial is based;

(iii) A description of any additional material or information necessary for the claimant to perfect a claim and an explanation of why such material or information is necessary; and

(iv) An explanation of the Plan's claims review procedure.

(c) If the Plan Administrator determines that an extension of time will be necessary to process the claim, written notice of the extension shall be provided to the claimant prior to the expiration of the ninety-day period. The length of the extension shall not exceed ninety days.

The extension notice shall specify the circumstances requiring the extension and the anticipated date for which the Plan Administrator wishes to render a decision. The claimant shall have at least forty-five days within which to provide the specific information. If the Plan Administrator files an extension due to a claimant's failure to

submit information necessary to decide a claim, the period for making the determination shall be tolled from the date the extension notice is sent to the claimant until the date the claimant responds to the request for the additional information.

(d) Within sixty (60) days after the receipt of a notice of denial, the claimant may file with the Plan Administrator a written request for a full review of the Plan Administrator's decision. The review on appeal shall not afford deference to the initial adverse benefit determination and shall be conducted by the appropriate named fiduciary who is neither the individual who made the adverse benefit determination nor the subordinate of such individual.

The claimant shall have the opportunity to submit written comments, documents, records and other information relating to the claim for benefits. Upon request of the claimant and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim shall be made available to the claimant. The review shall take into account all comments, documents, records and other information submitted without regard to whether such information was submitted or considered in the initial benefit determination.

If the benefit application is denied upon review, the named fiduciary shall provide a written explanation of its adverse determination explaining the specific reason(s) for the adverse determination, specific references to the Plan provisions on which the denial is based, a statement that the claimant is entitled to receive documents relevant to your claim, upon request and free of charge, and a statement describing any voluntary appeal procedures offered by the Plan and the right to receive information about those procedures, and a statement of the claimant's right to bring an action under Section 502(a) of ERISA.

(e) The decision of the review shall be made within a reasonable period of time, and not later than sixty (60) days after the receipt of the request for review, unless special circumstances require an extension of time for processing. If an extension is required, the claimant shall be provided a notice of the extension prior to the expiration of the sixty-day period, of which such notice shall satisfy the requirements outlined in Section 10.6(c) above.

Article XI: Top Heavy Rules

11.01 *Modification of Top-Heavy Rules*

1. Effective Date. This section shall apply for purposes of determining whether the plan is a top-heavy plan under section 416(g) of the Code for plan years beginning after December 31, 2001, and whether the plan satisfies the minimum benefits requirements of section 416(c) of the Code for such years.

2. Determination of Top-Heavy Status.

2.1 Key Employee. Key employee means any employee or former employee (including any deceased employee) who at any time during the plan year that includes the determination date was an officer of the employer having annual compensation greater than \$130,000 (as adjusted under section 416(i)(1) of the Code for plan years beginning after December 31, 2002), a 5-percent owner of the employer, or a 1-percent owner of the employer having annual compensation of more

than \$150,000. For this purpose, annual compensation means compensation within the meaning of section 415(c)(3) of the Code. The determination of who is a key employee will be made in accordance with section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

2.2 Determination of Present Values and Amounts. This section 2.2 shall apply for purposes of determining the present values of accrued benefits and the amounts of account balances of employees as of the determination date.

2.2.1 Distributions During Year Ending on the Determination Date. The present values of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the plan and any plan aggregated with the plan under section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the plan under section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting 5-year period for 1-year period.

2.2.2 Employees not Performing Services During Year Ending on the Determination Date. The accrued benefits and accounts of any individual who has not performed services for the employer during the 1-year period ending on the determination date shall not be taken into account.

3. Minimum Benefits. For purposes of satisfying the minimum benefit requirements of section 416(c)(1) of the Code and the plan, in determining years of service with the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410(b) of the Code) no key employee or former key employee.

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(Signature of Plan Administrator)