DRAFT AGENDA
2011-2012 BOARD OF GOVERNORS
September 15 & 16, 2011

Day & Time: Thursday, 2:00 PM – 5:00 PM
Friday, 8:00 AM – 12:00 PM

Location: Mayflower Renaissance Hotel
Chinese Ballroom
Washington, DC

1. Opening of the Meeting
2:00 PM – 2:05 PM

1.1. Call to Order. Victoria Rockwell

1.2. Adoption of the Agenda. Victoria Rockwell
A motion should be made to accept the Agenda as circulated on September 1, 2011.

1.3. Announcements and Recognition of Special Guests. Victoria Rockwell

2. Discussion Items
2:05 PM – 5:00 PM

2.1. Committee of the Whole. Victoria Rockwell
A motion should be made to approve going “as if in Committee of the Whole,” where open discussion is permitted and only a memo of issues discussed by topic is maintained by the Secretary.

2.2. Report on Executive Session. (5 minutes) INFORMATIVE
Victoria Rockwell

2.3. Report on Sector Management Committee. (5 minutes) INFORMATIVE
Marc Goldsmith

*Executive Session Planned for 12:15 PM – 1:55 PM and separate Agenda will be sent to those invited to attend.
2.4. **Strategic Discussion.**

2.4.1. **Facilities Task Force Update.** (10 minutes) INFORMATION
Thomas Pestorius
(Agenda Item 2.4.1)

2.4.2. **Update on ASME Engagement Model.** (20 minutes) INFORMATION
Roy Arbeit & Thomas Pestorius
(Agenda Item 2.4.2)

2.4.3. **ASME.org Task Force Update.** (30 minutes) SUBSEQUENT ACTION
Said Jahanmir
(Agenda Appendix 2.4.3)

BREAK 3:15 PM to 3:30 PM

2.4.4. **Public Affairs & Outreach Sector Update.** (10 minutes) INFORMATION
Stacey Swisher Harnetty

2.4.5. **Student & Career Task Force Update.** (10 minutes) INFORMATION
Stacey Swisher Harnetty & Thomas Libertiny

2.4.6. **K&C Realignment Update.** (10 minutes) INFORMATION
Thomas Libertiny

2.4.7. **ASME Foundation & Metrics.** (45 minutes) INFORMATION
Matt Schatzle
(Agenda Appendix 2.4.7)

2.4.8. **Japan Task Force Update.** (15 minutes) INFORMATION
John Koehr & John Bendo

RECOMMENCE FRIDAY 8:00 AM

2.4.9. **Audit Process, Year-end Financials & Reserves.** (60 minutes) INFORMATION
Webb Marner, Reginald Vachon & Michael Weis
(Agenda Appendix 2.4.9)

2.4.9.1. **Approval of FY11 Audited Financial Statements.** SUBSEQUENT ACTION
Webb Marner
(Agenda Appendix 2.4.9.1)

2.4.9.2. **Approval of FY12 Auditor.** SUBSEQUENT ACTION
Webb Marner

BREAK 9:00 AM to 9:10 AM
2.5. Generative Discussion.

2.5.1. Global Trends, (60 minutes) DISCUSSION
Rob Pangborn & Matthew Burrows
(Agenda Appendix 2.5.1)

2.5.2. Reflections on Retreat, (60 minutes) DISCUSSION
Victoria Rockwell & Tom Loughlin
(Agenda Appendix 2.5.1)

2.6. Administrative.

2.6.1. COG Update, (10 minutes) INFORMATION
Robert Pangborn
(Agenda Item 2.6.1)

3. Action Items
11:20 AM – 11:25 AM

3.1. Motion to Return to Formal Session.
   A motion should be made to move out “as if in Committee of the Whole.”

3.1.1. ASME.org Task Force Update. ACTION
   Said Jahanmir
   (Agenda Appendix 2.4.3)

3.1.2. Approval of FY11 Audited Financial Statements. ACTION
   Webb Marner
   (Agenda Item 2.4.9.1)

3.1.3. Approval of FY12 Auditor. ACTION
   Webb Marner

4. Consent Calendar
11:25 AM – 11:30 AM

The Consent Calendar is limited to items of a routine or non-controversial nature, grouped together to save Board time. Consent Items for Receipt are report items for information, followed by Consent Items for Action that the Board is asked to take action on as a group.

Governors are encouraged to contact ASME Headquarters with their questions prior to the meeting as it is not expected that Consent Receipt or Action items are to be removed from the Agenda. Reports, whether for information or action, are to be in writing and part of the Consent Calendar, unless otherwise approved by the President.
4.1. Consent Items for Receipt

4.1.1. Committee on Honors Annual Report. John Cipolla
(Agenda Appendix 4.1.1)

4.1.2. Committee on Organization and Rules Annual Report. Dennis Achgill
(Agenda Appendix 4.1.2)

4.1.3. Committee of Past Presidents Annual Report. Terry Shoup
(Agenda Appendix 4.1.3)

4.1.4. Sector Management Committee Report. Marc Goldsmith
(Agenda Appendix 4.1.4)

4.1.5. Motion for Consent Receipt. ACTION

4.2. Consent Items for Action

4.2.1. Identification of Items to be removed from Consent Calendar.
Any action item(s) may be removed from the consent calendar by request from any member of the Board of Governors.

4.2.2. Approval of Minutes from Meeting on June 12, 2011.

4.2.3. Approval of Minutes from Meeting on June 15, 2011.

4.2.4. Committee on Organization and Rules. Dennis Achgill

4.2.4.1. Proposed Appointments.
(Agenda Appendix 4.2.4.1)

4.2.4.2. Proposed By-Law Revisions for First Reading.

4.2.4.2.1. *B5.2.6.1 Pension Plan Trustees.
(Agenda Appendix 4.2.4.2.1)
*Pending COR Review on September 8, 2011

4.2.5. Strengthening the US Manufacturing Sector. Thomas Libertiny
(Agenda Appendix 4.2.5)

4.2.6. Peer Review Solution. Stacey Swisher Harnetty
(Agenda Appendix 4.2.6)

4.2.7. BOG Operation Guide. Amos Holt
(Agenda Appendix 4.2.7)
4.2.8. Dates of Future Meetings.

<table>
<thead>
<tr>
<th>DATE</th>
<th>DAY</th>
<th>TIME</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 12, 2011</td>
<td>Saturday</td>
<td>9:00 AM – 10:30 AM</td>
<td>Denver, CO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Executive Session</td>
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<td></td>
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<td>11:00 AM – 4:00 PM</td>
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<tr>
<td>*February 16, 2012</td>
<td>Thursday</td>
<td>12:00 PM – 2:00 PM</td>
<td>Web conference</td>
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<tr>
<td>April 19, 2012</td>
<td>Thursday</td>
<td>12:00 PM – 1:30 PM</td>
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<td>Friday</td>
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<td>June 3, 2012</td>
<td>Sunday</td>
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<td>Executive Session</td>
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<td></td>
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<td>12:00 PM – 4:00 PM</td>
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<td>June 6, 2012</td>
<td>Wednesday</td>
<td>10:00 AM – 11:30 AM</td>
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</tbody>
</table>

(a) 2011-2012 Board of Governors (b) 2012-2013 Board of Governors
*Denotes change in date for approval

4.3. Motion for Consent Action.  

5. Contingency Time for Discussion and Other Business
11:30 AM - 12:00 PM

Subject to the President's discretion, Contingency Time may be used for discussion of items pulled from the Consent Calendar and Other Business.

6. Adjournment.
12:00 PM
List of Appendices

2.4.1 Facilities Task Force Update
2.4.2 Update on ASME Engagement Model
2.4.3 ASME.org Task Force Update
2.4.7 ASME Foundation & Metrics
2.4.9 Audit Process, Year-end Financials & Reserves
2.4.9.1 Approval of FY11 Audited Financial Statements
2.5.1 Global Trends
2.5.2 Reflections on Retreat
2.6.1 COG Update
4.1.1 Committee on Honors Annual Report
4.1.2 Committee on Organization and Rules Annual Report
4.1.3 Committee of Past Presidents Annual Report
4.1.4 Sector Management Committee Report
4.2.4.1 Proposed Appointments
4.2.4.2.1 B5.2.6.1 Pension Plan Trustees
4.2.5 Strengthening the US Manufacturing Sector
4.2.6 Peer Review Solution
4.2.7 BOG Operation Guide
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted:  August 26, 2011
BOG Meeting Date:  September 16, 2011

To:  Board of Governors
From:  HQ Facilities Assessment Task Force
Presented by:  Tom Pestorius
Agenda Title:  HQ Facilities Task Force Update

Agenda Item Executive Summary:

An update is provided regarding the status of the NY HQ project and other ASME office locations.

Proposed motion for BOG Action:

Information.

Attachments:

HQ Task Force PowerPoint Presentation
ASME HQ Facilities Task Force

BOG Update - September 2011

Tom Pestorius

ASME HQ Facilities Task Force

Phase 3 Update

• NYC HQ Project
  – Phase 3 - Implementation
  – Timelines and Impacts

• Other Locations

• Next Steps
Phase 3 - Update

Current Phase
• Phase 3 is the implementation phase for the next HQ location. It coordinates the efforts for design and construction. The Task Force will monitor and report on the progress of the project.

Completed Phases
• Phase 2 explored and evaluated early lease opportunities that met the business requirements for the next ASME HQ location. The phase was completed in April 2011 with a Task Force recommendation to the BOG to enter into a lease with 2 Park Avenue in New York, NY.

• Phase 1 defined the scope of the project and concluded with a report to the BOG in April 2010.

Phase 3 – Update
Status of Lease Negotiations

Two Park Ave.
• The lease has been executed.
• Architectural & engineering evaluations provided input for lease negotiations.
Phase 3 - Update
HQ Timelines & Impacts

- **FY2011 – FY2012** A project timeline for design, construction, and relocation is anticipated during FY2012.
- Preliminary cost estimates for the HQ project have been included in the FY2012-2014 budget cycle.
- Timelines and cost estimates will be revised when project specifics are more defined.
- Legal, architectural and project management services have been engaged.

Phase 3 - Update
Other ASME Locations

- **DC** – A ten year lease has been executed for new space in the current building. Other locations were explored and evaluated. Minor expansion included for the ASME Foundation, subtenants, & other ASME growth.
- **Others**
  - IPTI Houston – lease expired August 2011 – a 12 month extension was executed so that the Society can assess future requirements.
  - IGTI Atlanta – lease expires March 2013 – no action required at this time.
- **NJ** - Space requirements can be determined in FY2012-2014 based on HQ lease results, NJ staffing requirements, an assessment of future operations, and an evaluation of other office locations.
Phase 3 - Update
Next Steps in FY11-12

• Begin Phase 3 – Design/Construction/Relocation – Interviews are currently taking place with Senior Staff.
• Revise cost estimates, budgets, and timelines as the HQ project becomes more defined. (ongoing)
• Keep the BOG and the COFI informed. (ongoing)
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 12, 2011
BOG Meeting Date: September 15, 2011

To: Board of Governors
From: Marketing & Sales
Presented by: Roy Arbeit
Agenda Title: Update on Engagement Models

Agenda Item Executive Summary: (Do not exceed the space provided)

This will be a short briefing on our work effort to develop and test new engagement models.

Proposed motion for BOG Action: (if appropriate)

Information only.

Attachments:

PowerPoint Presentation
Engagement Model Update

Roy Arbeid
September 2011

100 - 3
200 - 10
300 - 5
Framework for breakthrough growth of engagement

ASME’s Content-driven Strategy and Business Model

Inside-out and Outside-in approach combined in an effective manner

Focus Group Locations

Sunnyvale, CA  Chicago  Houston  New York  London  Delhi  São Paulo  Shanghai
Key Qualitative Research Findings

• The traditional motivations for joining an organization are changing

• Joining/serving in an organization is not as attractive on its own as it once may have been

• Of greatest interest to almost every participant is information sharing and content. Therefore, ASME needs to facilitate this in order to stay relevant

Market research validates our hypothesis that the current “one size fits all” membership model focused on in-person engagement through Sections & Divisions is inadequate

Key Qualitative Research Findings

• How does the market view ASME?
  – ASME has a positive image, both in the U.S. and abroad. Among those who know ASME, the Society is seen as accurate and reliable, and as the definitive source of codes and standards for mechanical engineering.
  – Even so, ASME is not known extensively overseas, and is sometimes thought of only as a provider of codes and standards, rather than as a multi-faceted professional society.
    • In general, engineers involved in industries where our codes are used were more likely to be aware of ASME.
    • Engineers in other industries or fields overseas rarely expressed any knowledge of or awareness of ASME.
Key Qualitative Research Findings

• What does the market want?
  – The ability to pose and get reliable answers to technical or practical business questions quickly and efficiently
  – To stay up to date on trends and new developments in their specific field or discipline
  – Greater access to technical information
  – Jobs and career resources
  • Students overwhelmingly indicated the importance of having ASME be a source for internships and jobs
  • Professionals wanted these resources primarily when looking for a new job
Transforming Engagement that will result in...

Begin Engagement at any point
Digital, Face to Face or Combination
Consume and/or Contribute

Govern & Lead
Chair a committee,
hold elected office, etc.

Communicate with other
engineers
Comment, complete profile,
offer to answer questions or
mentor, participate in Q&A,
offer professional
development advice, share
content

Rely on ASME Resources
Purchase products, sign up for
newsletter, use E-library, enroll
in course/training, attend
conference, attend meeting,
search jobs, search marketplace

Participate in society
activities
Serve on technical
division or code
committees, student
chapters and sections,
review papers

First Contact
Search on Google, social
media, link sharing, school
or other in-person contacts

Learn & Explore
Read content, watching
webcasts, subscribe to
podcasts

Communicate with other
engineers
Comment, complete profile,
offer to answer questions or
mentor, participate in Q&A,
offer professional
development advice, share
content

Rely on ASME Resources
Purchase products, sign up for
newsletter, use E-library, enroll
in course/training, attend
conference, attend meeting,
search jobs, search marketplace

Engagement Model Update to the BOG -
September 2011

Engagement Model Development
A Market-Driven Approach

---|---|---|---|---|---|---
Discovery | | | | | | 
Qualitative Research | | | | | | 
Quantitative Research | | | | | | 
Strategy Implementation | | | | | | 

Review of ASME Research, Analysis, interviews
We are here
US Focus groups/Online Bulletin Boards
Int. focus groups
Qualitative Findings
Determine initial feasibility of offerings and develop plan for quantitative research
Execute quantitative research
Quantitative Research Findings
Develop go-to-market strategy, product development plans where necessary and pilot testing program

...an integrated network and transformed community
Engagement Model Update to the BOG - September 2011

Next Steps

- Design/execute research that:
  - Quantitatively tests/measures various components of an engagement continuum in order to understand which components are most highly valued and encourage engagement
  - Helps to more fully define and develop key entry points on an engagement continuum
  - Answers questions of “marketability” of the individual components and as parts of bundled offerings in both the U.S. and international markets
- Determine initial feasibility and development plans of offerings
- Input from volunteers via the Board Liaison will continue to be solicited
- BOG and ELT support will be sought for a sequence of product development initiatives as needed and go-to-market strategy planning and pilot test implementation
ASME Board of Governors  
Agenda Item  
Cover Memo

Date Submitted: August 23, 2011  
BOG Meeting Date: September 15-16 21011

To: Board of Governors  
From: ASME.ORG Advisory Task Force  
Presented by: Said Jahanmir  
Agenda Title: Review of Funding Request and Progress of asme.org

Agenda Item Executive Summary: (Do not exceed the space provided)

Because of the complexity and breadth of ASME’s online activities, the ASME.org redesign project was structured as a multi-phased process to be completed over several years. The first phase of the project, which was completed in March 2011, provided a solid foundation and was a significant step toward achieving ASME’s online goals. The goals for the next phase of the project are ambitious; the scope covers all of ASME’s online activities, including groups, product hubs, conferences, calendars, e-commerce, job boards and a marketplace.

The Advisory Task Force reviewed the project approach for Phase 2/3 in June, and it was the assessment of the Task Force that the project was well-defined and properly scoped. A particular strength is the project’s holistic approach with all the design work addressed first to ensure cost-effective project planning. At the June BOG meeting, $900,000 in funding was approved so that the project could begin. The design phase of the project is underway, and progress is on track with the stated timeline and deliverables. Since June, the Task Force has completed further analysis and information-gathering in response to questions from BOG and COFI members. Based on the additional analysis and information review, the Advisory Task Force reaffirms its approval of the project approach and proposed budget for Phase 2/3.

Proposed motion for BOG Action: Motion to accept Task Force report. Subsequent Motion by COFI to approve requested funding.

Attachments: Task Force Report and Power Point Presentation
ASME.org Phase 2/3
Advisory Task Force Analysis and Review

Expanded Report for the BOG

August 25, 2011
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   • Exhibit 3 – High-Level Roadmap 18  
   • Exhibit 4 – Project Elements and Timetable 19  
B. Detailed Operating Cost Analysis 20  
C. Sample Project Status Report 21
Executive Summary

Because of the complexity and breadth of ASME’s online activities, the ASME.org redesign project was structured as a multi-phased process to be completed over several years. The first phase of the project, which was completed in March 2011, provided a solid foundation and was a significant step toward achieving ASME’s online goals. The goals for the next phase of the project are ambitious; the scope covers all of ASME’s online activities, including groups, product hubs, conferences, calendars, e-commerce, job boards and a marketplace.

The Advisory Task Force reviewed the project approach for Phase 2/3 in June, and it was the assessment of the Task Force that the project was well-defined and properly scoped. A particular strength is the project’s holistic approach with all the design work addressed first to ensure cost-effective project planning. At the June BOG meeting, $900,000 in funding was approved so that the project could begin. The design phase of the project is underway, and progress is on track with the stated timeline and deliverables.

Since June, the Task Force has completed further analysis and information-gathering in response to questions from BOG and COFI members. Based on a review of benchmarks, the proposed project costs are reasonable, especially given that the project includes both a redesign of the e-commerce platform and such community capabilities as user profiles and multi-security levels of access. ASME’s Phase 2/3 strategy will strengthen ASME’s differentiation from the other engineering websites and move ASME’s online presence to be on par with websites that are best-in-class.

The project has been designed to ensure that ASME.org can be sustained cost-effectively in the future. The technology approach is open source and modular in design, ensuring that future technology enhancements and upgrades are easy and cost-effective to implement. Improvements will be a constant part of the annual planning process. The staffing approach incorporates both a dedicated team with core competencies as well as integration of web-related responsibilities into the activities of existing ASME staff. Operational funding and staffing are at sustainable levels with the approved FY12 budget.

Best practice principles have been followed in planning for the future: put the user first, plan for the technology to evolve and change, stay committed to continuous improvement, align the online strategy with business priorities, and remain focused on innovation.

The ASME.org strategy recognizes the important role that the website can play in building market awareness and supporting revenue growth for ASME products, and Phase 2/3 features are being designed with these opportunities in mind. However, the website is not a product in itself and will not produce revenue streams of the size and magnitude as ASME’s core products.

Based on the additional analysis and information review, the Advisory Task Force re-affirms its approval of the project approach and proposed budget for Phase 2/3. Given the size and magnitude of the project, it is also recommended that progress be reviewed periodically to ensure transparency. The Task Force, as directed by the ASME President, will continue to provide advice and support to the project.
Recommendations

Based on the further analysis and information-gathering completed since the June BOG meeting, the Advisory Task Force re-affirms its approval of the project approach and proposed budget for Phase 2/3. Given the size and magnitude of the project, it is also recommended that progress be reviewed periodically to ensure transparency. The Task Force, as directed by the ASME President, will continue to provide advice and support to the project.
Background

The first phase of the redesign of ASME’s online presence was completed in March 2011. This phase provided a solid foundation and was a significant step toward achieving ASME’s online goals.

Because of the complexity and breadth of ASME’s online activities, the redesign project was structured as a multi-phased process to be completed over several years. This multi-phased approach was approved by the BOG in November 2009.

With the completion of the first phase, a discovery project to define the remaining phases of work was initiated in early April 2011. The goals of the discovery project were to:

- Develop a more detailed understanding of remaining needs
- Recommend potential project approaches
- Develop a roadmap, including identification of inter-dependencies
- Develop preliminary cost estimates and timeline

The discovery work involved several streams of activity, including interviews with stakeholders, a content audit, analysis of competitor websites and market research, a technical assessment and usability testing.

At the BOG meeting in June 2011, the Advisory Task Force presented a summary and assessment of the discovery project findings and recommended moving forward with Phase 2/3. Based on recommendations from the COFI, the BOG approved $900,000 (of the total $4.3 million investment request) to fund the first four months of the Phase 2/3 work and asked the Advisory Task Force to do further analysis and respond to questions raised by BOG and COFI members. The analysis and responses were requested before the September BOG meeting. This expanded Advisory Task Force report incorporates this additional information. It has been shared with the COFI and their comments are reflected in the report.

Advisory Task Force Members

The Advisory Task Force has the following participants:

- Said Jahanmir, Chair
- Julie Bachmann Kulik
- Howard Berkof
- Warren DeVries
- Reggie Vachon (Advisor)
- Michael Merker (ASME staff)
- Sharon Miller (ASME staff)
- Susan O’Neill (external consultant)
Project Update

Question

How is the project progressing and is it on track?

Response

The design stage of the Phase 2/3 project got underway at the beginning of July. It is important to note that all the features to be delivered in Phase 2/3 will be designed during the design stage so that all inter-dependences are identified and to provide ASME with flexibility in determining development priorities. Therefore, the design stage is quite extensive and will run until February 2012.

Several streams of activity are in progress as part of the design work including the development of page layouts and business requirements documentation. In addition, work has continued on optimization of the existing site (Phase 1 deliverable) for public search engines as well as measurement reporting.

Progress is on track with the stated project plan timeline and deliverables.

The Task Force has put in place a procedure to review the project’s progress on a regular basis. See Appendix B for a sample project status report to be delivered monthly to the Task Force for review and assessment.
Cost Analysis

Questions

1. What are the project costs for Phases 2 and 3?
2. What were the operating cost increments added to the base budgets in FY10 through FY12 for managing and staffing ASME.org?
3. What are the operating costs expected to be in the future to ensure that ASME.org is successful over the long term?
4. Has a staffing plan and structure been developed to ensure that ASME.org is effectively managed and maintained over the long term?

Responses

1. Project Costs

The proposed cost of Phase 2/3 is $4.3 million (including the $900k approved in June). This includes the following components:

- Design phase: $1,650k
- Development/programming phases: $2,200k
- Additional software/licenses, etc.: $450k

The breakdown by fiscal year is as follows:

- FY12: $3,400k (including the $900k approved in June)
- FY13: $900k

2. Operating Costs

The incremental changes made to the operating budget are shown in the table below:

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<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12*</th>
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<td>$850k</td>
<td>$2,095k</td>
<td>$2,043k</td>
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<tr>
<td>Dedicated Staff</td>
<td>4</td>
<td>5</td>
<td>12</td>
<td>16</td>
</tr>
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*FY12 numbers are included in the approved FY12 budget.

3. Future Funding

The plan is to avoid the need to request another multi-million dollar investment for at least five to ten years. This strategy has already been built into the design approach of the first phase and will continue in Phase 2/3 by adhering to the following principles: the technology approach is open source and modular in design, focus is on ensuring that future
technology enhancements and upgrades are easy and cost-effective to implement, and improvements will be a constant part of annual planning process. Therefore, the required funding will be included in the operations budget at a sustainable level to maintain a continually evolving web presence that meets the changing needs of ASME and various constituents..

With regard to future management and maintenance, it is anticipated that the internal staff level of 16 dedicated resources reached by the end of FY12, with the possible addition of one or two more staff over the next three years (FY13-15), is sufficient to handle continuous maintenance and the majority of future enhancements. Additional development outside the scope of internal staff will be included in operational funding for consulting/design work and will range from $75,000 to $200,000 on an annual basis. The annual cost will depend on the desired enhancements and the availability of operating funds as approved by the COFI and BOG.

4. Staffing Approach

The staffing approach incorporates both building a dedicated team with core competencies as well as integrating web-related responsibilities into the activities of existing ASME staff.

- Dedicated ASME.org unit of 16-18 resources with core competencies in web usability, design, analytics, search engine optimization, etc. This will provide ASME with the experience and expertise to maximize the benefits from the redesign and to continue developing ASME.org after the capital fund investment is completed.

- Integration of responsibility for web content into day-to-day activities of existing ASME staff. Discussions with the ELT are underway to formally define cross-organizational Content Area Teams to focus on maintaining the quality and freshness of the content throughout ASME.org. In addition, a cross-organizational Taxonomy Team has already been established to manage the taxonomy definitions and protocols used to tag the content throughout the site.
Comparisons and Benchmarks

**Question**

What impact will Phase 2/3 features have on ASME.org in comparison with other sites and are there benchmarks for similar projects?

**Responses**

1. **Comparisons**

A comparison analysis was conducted of four other engineering sites as summarized below.

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<th>Features</th>
<th>ASME Planned</th>
<th>ASME Old</th>
<th>IEEE</th>
<th>ASCE</th>
<th>ASM</th>
<th>SWE</th>
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<td><strong>Community:</strong></td>
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<tr>
<td>Support for members</td>
<td>★★★</td>
<td>★</td>
<td>★★</td>
<td>★★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Ability to connect to others</td>
<td>★★★</td>
<td>★</td>
<td>★★</td>
<td>★★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Conferences &amp; training</td>
<td>★★★</td>
<td>★★</td>
<td>★★</td>
<td>★★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Calendar</td>
<td>★★★</td>
<td>★</td>
<td>★★</td>
<td>★★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Jobs</td>
<td>★★★</td>
<td>★★</td>
<td>★★</td>
<td>★★</td>
<td>N/A</td>
<td>★★</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-Commerce</td>
<td>★★★</td>
<td>★★</td>
<td>★★</td>
<td>★★★</td>
<td>★★</td>
<td>★</td>
</tr>
<tr>
<td>Monetization</td>
<td>★★★</td>
<td>★</td>
<td>N/A</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Account management</td>
<td>★★★</td>
<td>★</td>
<td>★</td>
<td>★★★</td>
<td>★★</td>
<td>★</td>
</tr>
<tr>
<td><strong>Other:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support for mobile devices</td>
<td>★★★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
</tbody>
</table>

User Experience: *** High ** Medium * Low N/A Not applicable

Key observations:
- None of the other engineering sites reviewed meet industry standards in the Community or Revenue areas. ASME’s Phase 2/3 strategy will strengthen ASME’s
differentiation from these other engineering websites and move ASME’s web presence to be on par with websites that are best-in-class.

- The user experience of the other sites appears to be driven by technology capabilities rather than an overarching user experience strategy.
- The sites have an inconsistent and un-integrated user experience (with the possible exception of SWE). Conference sites as well as technical committee sites have different user interfaces from the primary site.
- Online registration is available for many but not all conferences.
- There is little to no cross-selling (i.e., promoting relevant content on conference pages)
- Online shopping cart capabilities exist but are clumsy and below industry standards.

2. Benchmarks

Benchmarking examples are outlined in the table below.

<table>
<thead>
<tr>
<th>Benchmarking Examples</th>
<th>Community Features</th>
<th>Revenue Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Commerce site for athletic apparel company (including account profiles)</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>- Project: Strategy, design and front-end development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Timeframe: 9 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Estimated Costs: $2.0 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-Commerce site for consumer cosmetics company</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>- Project: Full build of global master site; profiles and collaboration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Timeframe: 9 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Estimated Costs: $2.1 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>User registration system to provide secure access to private collaborative space for a large accounting firm</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>- Project: Full build of registration system including integration with internal directory system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Timeframe: 12 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Estimated Costs: $1.8 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-business strategy of a Big 4 accounting firm to sell knowledge content and diagnostic tools to small businesses</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>- Project: Capabilities will include user account management, networking capabilities, information retrieval, diagnostic tool interaction, and online payment processing. Project is in progress and is confidential.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Timeframe: 24-30 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Estimated Costs: $6-8 million</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It is important to note that ASME’s Phase 2/3 includes both Community and Revenue features while three of the four examples above included only one or the other of these feature sets. The fourth example includes both feature sets.
Monetization Strategy

Question

What is the strategy to use ASME.org to support revenue growth?

Response

While ASME.org has a strategically important role in building market awareness and supporting revenue growth for ASME products (Membership, Conferences, Courses, Standards, Journals, Books, etc.), the web site is not a product in itself. It is first and foremost a marketing support tool.

There are some opportunities to use ASME.org for revenue generation, and these are incorporated into the new online strategy. However, it is important to note that none of these opportunities are expected to produce revenue streams of the size and magnitude as ASME’s core products.

The opportunities are outlined below, and Phase 2/3 features are being designed with these opportunities in mind.

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Strategy</th>
</tr>
</thead>
</table>
| E-commerce platform              | • Create single check-out cart  
• Optimize product and membership purchase paths to add up-sells and eliminate drop-offs  
• Optimize product pages to increase cross-selling |
| Jobs                             | • Make ASME.org the “go to” place for posting and finding all ME jobs                                                                 |
| Marketplace                      | • Create on-line space that enables users to advertise lower profile products and services                                              |
| Advertising and sponsorships     | • Develop high-profile “sponsorship” relationships with large businesses and organizations  
• Add premium profiles for consultants and businesses in Profiles and Directory areas                                         |
Planning for the Future

**Question**

What is the plan to ensure that the new ASME.org strategy is implemented and maintained successfully over the long term?

**Response**

The long-term success and effectiveness of ASME.org is a high priority for the ASME ELT. The web strategy is an integral component of the broader ASME enterprise-wide business strategy. Key elements of the ASME.org implementation plan are:

- Enterprise focus including standardization of processes and a consistent approach to managing all of ASME’s web pages
- Expanded dedicated web team with experts in key areas
- Annual operating budget to ensure operational funding for maintenance and enhancements
- Ongoing change management program driven by the ELT

The long-term plan for ASME.org is based on the following best practice principles:

<table>
<thead>
<tr>
<th>Best Practice Principles</th>
<th>ASME.org Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Put the user first</td>
<td>• A cohesive user experience will remain first priority&lt;br&gt;• Governance and processes being put in place to manage a cohesive approach to user experience on an ongoing basis</td>
</tr>
<tr>
<td>Plan for technology to evolve and change</td>
<td>• Technology approach is open source and modular in design&lt;br&gt;• Focus is on ensuring that future technology enhancements and upgrades are easy and cost-effective to implement</td>
</tr>
<tr>
<td>Stay committed to continuous improvement</td>
<td>• The site will never be considered done – enhancement and improvement will be a constant&lt;br&gt;• User feedback is critical input to planning future enhancements</td>
</tr>
<tr>
<td>Align digital strategy with business priorities</td>
<td>• Ongoing strategic priority for ELT&lt;br&gt;• “Web First” internal communications and change management program</td>
</tr>
<tr>
<td>Remain focused on innovation</td>
<td>• Web team has resources that have expertise in the digital marketplace and they will monitor new digital trends&lt;br&gt;• Innovation will be part of annual planning process</td>
</tr>
</tbody>
</table>
Appendices
Appendix A
Project Description

The goals for the redesign of ASME.org are ambitious, and the scope covers all of ASME’s online activities, including groups, product hubs, conferences, calendars, e-commerce, job boards and a marketplace.

During the discovery process it became clear that the most effective way of bringing existing capabilities up to 21st century industry standards as well as adding critical innovations, was to group the remaining work into two major categories:

- **Community**
  - Volunteer activities
  - Member engagement
  - Features to attract non-members
- **Revenue**
  - E-Commerce platform
  - Job boards
  - Marketplace for products and services
  - High-profile sponsors

By using these groupings it is easier to understand the user experience relationships between features and ensure that a cohesive user experience is developed for each of the three user groups:

- Volunteers – a key focus will be providing a new generation of volunteers with contemporary tools
- Members - the priority will be to provide features that demonstrate the value of ASME membership and to keep them engaged and active
- Non-members – focus will be on features to attract new members and grow ASME membership (both individual and corporate)

Features have been identified for each user group. See Exhibit 1 for the Community Features.

The Revenue category will focus on work that optimizes the e-commerce platform as well as adding capabilities that attract a wider range of advertisers and sponsors. Updating the Job Board and bringing it up to industry standards is also included. Exhibit 2 shows the Revenue Features.

The inter-dependences among the remaining work also became clear. The project roadmap shown in Exhibit 3 illustrates these inter-dependencies. Four types of work will need to be completed:

- Additional core functionality
- Community features
- Revenue features
- Ongoing improvement to existing features
The recommended project approach is holistic, addressing all the capabilities that need to be built in a comprehensive design stage. This design stage will include interaction design, visual design, development of detailed functional specifications, and extensive usability testing. By understanding the inter-dependencies of features upfront, the development phases of the project can be scoped and planned more effectively.

In this way, all the needed features will be defined and designed in one process at the beginning of the project, and then based on priorities set by ASME, the development and deployment of additional core functionality and features will be completed during three over-lapping development phases. A side benefit of this approach is that it provides ASME with the opportunity to build in-house capability to support new features as they are developed.

The project timeline is approximately 18 months, and while this is a challenging timeframe, it can be achieved with consistent and dedicated focus. Exhibit 4 provides the proposed project timetable.
## Exhibit 1 -- Community Features

<table>
<thead>
<tr>
<th>Community Type</th>
<th>Feature</th>
<th>Feature Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volunteers</td>
<td>Group Pages</td>
<td>Give groups a new public face, including better promotion of open positions</td>
</tr>
<tr>
<td>Volunteers</td>
<td>Profiles &amp; Directory</td>
<td>Create better opportunities for volunteers to find each other and showcase their expertise</td>
</tr>
<tr>
<td>Volunteers</td>
<td>Product Hubs</td>
<td>One place connecting all content and activity around a standard or product</td>
</tr>
<tr>
<td>Volunteers</td>
<td>Updated Topics</td>
<td>Highlight content, schedules and participation opportunities for conferences and groups</td>
</tr>
<tr>
<td>Volunteers</td>
<td>Newsletters</td>
<td>Unified newsletter strategy to help volunteers communicate with regular ASME members</td>
</tr>
<tr>
<td>Members</td>
<td>Profiles &amp; Directory</td>
<td>Create opportunities to connect around expertise and event attendance</td>
</tr>
<tr>
<td>Members</td>
<td>Expanded Topics</td>
<td>Expand content offerings to include articles from conferences and journals</td>
</tr>
<tr>
<td>Members</td>
<td>Calendar</td>
<td>Publicize conferences, trainings and other opportunities for members to connect</td>
</tr>
<tr>
<td>Members</td>
<td>Webinars</td>
<td>Content recorded at conferences and meetings for members who cannot attend in person</td>
</tr>
<tr>
<td>Members</td>
<td>Q&amp;A</td>
<td>Establish a forum for knowledge sharing</td>
</tr>
<tr>
<td>Members</td>
<td>Conference Basic Information</td>
<td>Easily searchable conference information, letting members connect before and after</td>
</tr>
<tr>
<td>Members</td>
<td>Social Integration</td>
<td>Let members connect their activity within ASME with their existing online habits</td>
</tr>
<tr>
<td>Members</td>
<td>Newsletters</td>
<td>Seamlessly managed communication about relevant content</td>
</tr>
<tr>
<td>Non-Members</td>
<td>Expanded Topics</td>
<td>Publicly communicate the depth and breadth of ASME’s activity and offerings</td>
</tr>
<tr>
<td>Non-Members</td>
<td>Commenting</td>
<td>Give non-members a gateway to participate in other ASME discussions</td>
</tr>
<tr>
<td>Non-Members</td>
<td>Calendar</td>
<td>Publicize conferences, trainings and other opportunities for members to connect</td>
</tr>
<tr>
<td>Non-Members</td>
<td>Q&amp;A</td>
<td>Capture more of the activity occurring outside ASME, including on LinkedIn &amp; Engineering Tips</td>
</tr>
</tbody>
</table>
## Exhibit 2 -- Revenue Features

<table>
<thead>
<tr>
<th>Feature</th>
<th>Feature Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Hubs</td>
<td>One place connecting all content and activity around a standard or product</td>
</tr>
<tr>
<td>Profiles &amp; Directory</td>
<td>Premium profiles for consultants and businesses</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>High profile relationships with large businesses and organizations</td>
</tr>
<tr>
<td>Marketplace</td>
<td>A Craigs-list style forum for products and services</td>
</tr>
<tr>
<td>Product Pages</td>
<td>Updates to the product pages to optimize and enhance cross-selling</td>
</tr>
<tr>
<td>Reseller Information</td>
<td>Basic feed of information to keep resellers up to date</td>
</tr>
<tr>
<td>Job Board</td>
<td>The go-to place for posting all ME jobs</td>
</tr>
<tr>
<td>Account Management</td>
<td>A single place for registrants to manage their ASME-related information</td>
</tr>
<tr>
<td>Purchase Flow</td>
<td>Updates to the product and membership purchase paths to eliminate drop-off and add upsells</td>
</tr>
</tbody>
</table>
Exhibit 3 – High Level Roadmap
### Exhibit 4 -- Project Elements and Timetable

<table>
<thead>
<tr>
<th>Project Elements</th>
<th>Estimated Start Date</th>
<th>Estimated End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Interaction Design</td>
<td>June 2011</td>
<td>February 2012</td>
</tr>
<tr>
<td>• Visual Design</td>
<td>July 2011</td>
<td>January 2012</td>
</tr>
<tr>
<td>• Functional Specifications</td>
<td>August 2011</td>
<td>February 2012</td>
</tr>
<tr>
<td>• Usability Testing</td>
<td>October 2011</td>
<td>February 2012</td>
</tr>
<tr>
<td><strong>Development – Core Functionality</strong></td>
<td>October 2011</td>
<td>May 2012</td>
</tr>
<tr>
<td><strong>Development – First Batch of Features</strong></td>
<td>March 2012</td>
<td>June 2012</td>
</tr>
<tr>
<td><strong>Development – Second Batch of Features</strong></td>
<td>June 2012</td>
<td>December 2012</td>
</tr>
</tbody>
</table>
Appendix B
Detailed Analysis of ASME.org Operating Costs

This table outlines the incremental costs that were added to the base budgets in FY09 through FY12.

<table>
<thead>
<tr>
<th>ASME.org Cost Summary ($000s)</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries/Benefits</td>
<td>460</td>
<td>463</td>
<td>1,078</td>
<td>1,380</td>
</tr>
<tr>
<td>Consultants/People</td>
<td>14</td>
<td>83</td>
<td>377</td>
<td>50</td>
</tr>
<tr>
<td>Total Labor Costs</td>
<td>474</td>
<td>546</td>
<td>1,455</td>
<td>1,430</td>
</tr>
<tr>
<td>Operating Costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Services</td>
<td>63</td>
<td>121</td>
<td>250</td>
<td>300</td>
</tr>
<tr>
<td>Vivisimo/Software</td>
<td>110</td>
<td>120</td>
<td>206</td>
<td>220</td>
</tr>
<tr>
<td>Other Costs</td>
<td>26</td>
<td>63</td>
<td>184</td>
<td>93</td>
</tr>
<tr>
<td>Total Operating Costs</td>
<td>199</td>
<td>304</td>
<td>640</td>
<td>613</td>
</tr>
<tr>
<td>TOTAL COSTS</td>
<td>673</td>
<td>850</td>
<td>2,095</td>
<td>2,043</td>
</tr>
</tbody>
</table>

This table shows the dedicated ASME.org resources for FY09 through FY12.

<table>
<thead>
<tr>
<th>ASME.org Staffing Summary</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Web</td>
<td>4</td>
<td>5</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Editorial</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4</td>
<td>5</td>
<td>12</td>
<td>16</td>
</tr>
</tbody>
</table>
Appendix C
Sample Project Status Report for Advisory Task Force

Month: July

Summary of Activities
During July, HUGE completed a presentation of conceptual ideas and changes to be made on key existing pages to the ASME Core Team and began work on the first batch of wireframes focusing on Community features.

We are currently collecting feedback on the first set of Community wireframes. These wireframes showed the details of the proposed member profile and directory search pages.

We also continued to provide search engine (Google) strategy and recommendations for driving traffic to the current live site.

Key Deliverables
• Wireframes (Batch 1 – Community) – in process, projected delivery early September.
• Business Requirements – in process, to be completed with wireframe batches
• Content Strategy Recommendations Memo - in process, projected delivery late August

Issues (if any)
Risk: The current membership research will affect the community features that are currently being developed in the wireframes. Close involvement in the research process is key to continued success.

Risk: The next phases will require a greater degree of internal change than phase one to support the new features. HUGE will need the assistance of the Core Team and ELT to socialize these changes.

Planned for coming Month (August)
HUGE will continue the development of wireframes with a focus on Community features and Groups pages.
HUGE will begin the deep dive into the existing content to provide content recommendations for the upcoming interaction design.

Footnote: Definitions and Schedule
Requirements: drafting of documentation that defines the business requirements, user scenarios, and business impact for Phase 2 and 3. Requirements documentation will be concurrent with interaction design. Timing: June to December.
Interaction Design: development and finalization of wireframes that depict the step-by-step user interaction for each feature area. Requires several iterative stages for each feature area to work through processes, inter-dependencies and implications for technology. Timing: July to January
Content Strategy: development of strategy as it relates to the content management, structure and taxonomy of the site. To be developed up front and used to guide feature placement in wireframes and editorial topics on the site. Timing: August to September
Visual Design: development and application of style guide into final visual comps to define the look & feel of the user experience. Requires several iterative stages to ensure that user experience is intuitive, consistent and integrated. Runs in parallel with interaction design steps. Timing: Mid-August through February
Functional Specifications: detailed technical documentation of what is to be developed for each feature area. This documentation is used by the developers to program the technology and build the web pages. Specifications will be developed for each feature area as the design elements are completed. Timing: October through February
Usability Testing: user testing of prototypes to test interaction and visual designs. Testing includes observation of users behavior while using the prototypes, time tests, and other tests to ensure that interaction and visual designs are optimized. Test results used to fine-tune and finalize designs. Timing: December to February
Development: technology implementation, programming, testing and launching of web pages. Timing: October 2011 to December 2012 (Full timing and scope to be determined by design.)
### Advisory Task Force Review
Phase 2/3 of ASME.org Project

*Howard Berkof*, Past Chair, Management Division  
*Warren DeVries*, Member of COFI  
*Said Jahanmir*, Chair and BOG Representative  
*Julie Bachmann Kulik*, BOG ECLIPSE Intern 2009-2010  
*Michael Merker*, ASME Staff  
*Sharon Miller*, ASME Staff  
*Susan O’Neill*, External Consultant  
*Reginald Vachon*, Advisor to Task Force and Chair of COFI

#### BOG Meeting
September 14-15, 2011

### Background

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2009</td>
<td>BOG approved multi-phased approach to ASME’s online redesign</td>
</tr>
<tr>
<td>December 2010</td>
<td>Task Force created to review Phase 1 project</td>
</tr>
<tr>
<td>March 2011</td>
<td>Phase 1 of project completed and new ASME.org launched</td>
</tr>
<tr>
<td>April 2011</td>
<td>Task Force delivered report on Phase 1 project</td>
</tr>
<tr>
<td></td>
<td>Planning for Phase 2/3 (Community/Revenue features) begun</td>
</tr>
<tr>
<td>May 2011</td>
<td>Task Force reviewed preliminary plans for Phase 2/3 project</td>
</tr>
<tr>
<td>June 2011</td>
<td>Task Force presented a preliminary analysis of Phase 2/3 plans</td>
</tr>
<tr>
<td></td>
<td>BOG approved first $900k of Phase 2/3 funding and asked Task Force for further analysis</td>
</tr>
<tr>
<td>July 2011</td>
<td>Design work for Phase 2/3 begun</td>
</tr>
<tr>
<td>August 2011</td>
<td>Task Force findings presented and endorsed by the COFI</td>
</tr>
<tr>
<td>December 2012</td>
<td>Target date for completion of Phase 2/3</td>
</tr>
</tbody>
</table>
Financial Overview

- Phase 2/3 project costs: $4.3 million (including the $900k approved in June)
  - FY12: $3.4 million  FY13: $900k
- Operating cost analysis – incremental changes to the operating budget
<table>
<thead>
<tr>
<th>Labor and Other Operating Costs</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>$673k</td>
<td>$850k</td>
<td>$2,095k</td>
<td>$2,043k</td>
<td></td>
</tr>
<tr>
<td>Dedicated Staff</td>
<td>4</td>
<td>5</td>
<td>12</td>
<td>16</td>
</tr>
</tbody>
</table>

- Implications for future budgets
  - Additional capital investment not expected for 5-10 years
  - Operations at sustainable levels in FY12
  - Expect operational funding requirements to be $75k to $200k annually and to be part of normal annual budget process
- Project costs in total (Phases 1 and 2/3): $6.5 million

Project Assessment

- Benchmark analysis
  - Capital costs for ASME.org project in line with other projects delivering similar Community and Revenue features
- Comparisons
  - Planned features will differentiate ASME from other engineering sites
  - User experience strategy is a key difference
- Project framework addresses all design issues upfront -- more cost-effective in the long run
- Best practice principles used in planning for the future
Recommendations

- Advisory Task Force re-affirms its approval of the project approach and proposed budget for Phase 2/3.

- Phase 2/3 project is progressing well and Task Force recommends the project’s continuation.
  - Remaining capital funding request: $3.4 million
  - Project costs is in line with industry benchmarks

- Project progress should be monitored, and the Task Force will continue to provide advice and support to the project.
Date Submitted:  August 31, 2011  
BOG Meeting Date:  September 15, 2011  

To:  Board of Governors  
From:  ASME Foundation  
Presented by:  Matt Schatzle  
Agenda Title:  Foundation Update  

Agenda Item Executive Summary:  (Do not exceed the space provided)  

An update will be given on the activities and progress of the ASME Foundation since its relocation to Washington DC.  

Proposed motion for BOG Action:  (if appropriate)  

None  

Attachments:  

Attached are some of the slides that will be presented. The complete presentation will be available at the meeting.
ASME Foundation Update
ASME Board of Governors Meeting
September 2011

The New Foundation Model

- Support ASME Strategic Priorities and Focus Areas.
- Become a conduit for the cultivation of outside funds in support ASME program priority areas. (Presentation today)
- Build a stronger fundraising capacity and promote an increased philanthropic culture within ASME.
- Be the professional resource at ASME for members, divisions, and staff for philanthropy and fundraising.
- Provide increased support for ASME programs.
ASME Foundation Model

External Funding Supporting ASME:
- Foundation & Corporate Contributions
- Individual Gifts & Planned Gifts
- Endowments

Other Funding Sources:
- Capital Campaigns
- Member Units and Divisions
- Member Appeals
- ASME Donor Societies

Contributions that support ASME Programs

Foundation Proactively Solicits Support for ASME Programs

ASME Programs:
- K-12 STEM and Pre-College
- Public Policy/Federal Fellows
- Humanitarian Engineering
- Eng for Global Development
- Eng for Change (E4C)
- Student Development
- Scholarships and Loans
- Honors and Awards

ASME Targeted Focus Areas

- K-12 STEM and Pre-College Programs
- University Student, Faculty and Curriculum Development
- Humanitarian Engineering programs and projects
- Public Policy and Federal Fellows
- Other emerging opportunities
**K-12 STEM and Pre-College**

- Pipeline for STEM Professionals and Engineers
- Encourage middle school and high school students to pursue science and engineering
- Partnerships in FIRST, Future Cities, Eweek, EWB-USA and Project Lead the Way
- Curriculum support for teachers
  - Student Competitions

**University Student, Faculty and Curriculum Development**

- Student Design competitions
- Scholarship and loan programs
- ASME Innovation Showcase (IShow)
- Inspire Innovation Workshops
Humanitarian Engineering

- Engineering for Change (E4C)
  - In partnership with other societies.
  - NSF, USAID, other NGO’s
- Opportunities for corporations, engineers and members to get involved
- ASME Engineering for Global Development

Public Policy & Federal Fellows

- Federal Fellows Program with ASME engineers serving in Congressional offices and the Executive Branch providing advice and counsel on issues that have science and engineering aspects.
- Educational events on Capitol Hill
- Washington Internship for Students in Engineering (WISE)
Scholarship and Honors Program

Maintain and expand existing ASME Foundation programs in Scholarships, Awards, and Honors.

- Increased scholarship support from $60,000 in FY2010 to $250,000 in FY2011.
- Donors established 3 new awards in FY2011 and the Foundation will fully fund 80 total awards in FY 2012.
- Over $1,000,000 in current student loans.

Some FY12 Foundation Highlights

- As ASME expands and develops programs in the priority areas Foundation needs to develop cases for support
- ASME marketing and public communications departments have hired an agency and writer to develop a full suite of marketing and communication material for the Foundation
- Foundation Web site (Phase II of ASME new site)
- Gift Processing, Donor Stewardship and analysis of historical giving will be improved with TIMMS/Personify fall software enhancement. Dashboard development from Information Tech team
- Contact with major donor prospects, cultivation by staff and board of directors will be improved with staff additions.
- Board of Governors role as ambassadors of ASME and communicating opportunities to prospective donors
ASME Foundation was the major sponsor of E-week Family Day - 13,900 kids at the National Building Museum. Up from 6,000 in 2010. Sponsorship allowed advertising on the radio, in public transportation and online.

- EWB International Conference Sponsorship – 900 engineering students in attendance. Hosted the Cyber Café which was branded for E4C.
- ASME Foundation supported a combined networking event for the Mechanical Engineering Education Conference and IAB Meeting in Florida.
- EPA Sustainable Design Expo on the National Mall debuted E4C
- Sponsored DC Sail Charter Schools STEM scholarships
- Supported STEM programs various school districts

Partnering with ASME

- Conducting a campaign with Codes and Standards on a Marc Bressler Memorial Scholarship Fund ($100,000 fundraising plan)
- Working with the Petroleum Division of IPTI is establishing a large fund at ASME Foundation that will provide support to IPTI-PD and ASME program areas.
- Managing Old Guard solicitations. Growing Old Guard / ASME Foundation partnership.
- Supporting ASME engagement with big funders like NSF, the World Bank and USAID.
Diversifying the Field

- Largest area of growth for mechanical engineering new students is with women, as well as under-represented minorities.
- **Recent Statistics:**
  - *In 2007 women earned (NSF 09-305, 2009):*
    - 18.5% of engineering BS degrees (93% domestic)
    - 22.6% of engineering MS degrees (61% domestic)
    - 20.9% of engineering PhD degrees (40% domestic)
  - Only 11.4% of above degrees are in mechanical engineering
  - There has been no real growth in the number of women earning engineering BS degrees since the mid-1980s.
  - Women comprise:
    - 11.5% of employed engineers (all degree levels combined)
    - 12.3% of full-time engineering faculty
- **In FY2011-2012 ASME has:**
  - Female President, Vicki Rockwell
  - Female Chairman of the Committee on Honors, Karen Thole from Penn State

---

ASME and Women in Engineering

**Total of all Society Level Awards — (1880-2011)**

<table>
<thead>
<tr>
<th>Total Awards Given</th>
<th>Total # Female Recipients</th>
<th>Total # Male Recipients</th>
<th>Total Female Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3619</td>
<td>119</td>
<td>3496</td>
<td>4.68%</td>
</tr>
</tbody>
</table>

**Sampling of ASME Major Society Level Awards**

<table>
<thead>
<tr>
<th>Award</th>
<th>Date</th>
<th># Woman Recipients</th>
<th># Male Recipients</th>
<th>Year(s) Woman Won</th>
<th>% of Female Winners</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASME Medal</td>
<td>1920</td>
<td>79</td>
<td>0</td>
<td>79 N/A</td>
<td>0%</td>
</tr>
<tr>
<td>Spirit of St. Louis Medal</td>
<td>1929</td>
<td>53</td>
<td>0</td>
<td>53 N/A</td>
<td>0%</td>
</tr>
<tr>
<td>Timoshenko Medal</td>
<td>1957</td>
<td>61</td>
<td>0</td>
<td>61 N/A</td>
<td>0%</td>
</tr>
<tr>
<td>George Westinghouse Medals: Gold</td>
<td>1952</td>
<td>54</td>
<td>0</td>
<td>54 N/A</td>
<td>0%</td>
</tr>
<tr>
<td>Gas Turbine Award</td>
<td>1963</td>
<td>108</td>
<td>0</td>
<td>108 N/A</td>
<td>0%</td>
</tr>
<tr>
<td>Calvin W. Rice Lecture Award</td>
<td>1934</td>
<td>48</td>
<td>0</td>
<td>48 N/A</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Percentage of Female Award Recipients by Decade**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage: 0.206%</td>
<td>Percentage: 0.61%</td>
<td>Percentage: 1.77% ; 3.24%</td>
<td>Percentage: 4.59% ; 6.92%</td>
<td>Percentage: 5.66% ; 8.48%</td>
<td>Percentage: 5.22% ; 7.76%</td>
<td></td>
</tr>
</tbody>
</table>
Women in Engineering

ASME Scholarship Applicants by Year

<table>
<thead>
<tr>
<th>Gender</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male:</td>
<td>306</td>
<td>211</td>
<td>106</td>
<td>114</td>
<td>737</td>
<td>81.4%</td>
</tr>
<tr>
<td>Female:</td>
<td>56</td>
<td>61</td>
<td>30</td>
<td>21</td>
<td>168</td>
<td>18.6%</td>
</tr>
</tbody>
</table>

ASME Scholarship Recipients by Year

<table>
<thead>
<tr>
<th>Gender</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male:</td>
<td>50</td>
<td>25</td>
<td>20</td>
<td>46</td>
<td>141</td>
<td>77.5%</td>
</tr>
<tr>
<td>Female:</td>
<td>8</td>
<td>10</td>
<td>9</td>
<td>14</td>
<td>41</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

Closing the Gender Gap: Why It Matters

- Gaining Different Solutions to problems old and new
  - To infuse the field of engineering with a new set of solutions from differing perspectives
  - People with dissimilar life-contexts see the world through a different lens and will thus offer a differing set of solutions
  - Women make-up more than 50% of undergraduate student population
In 2011 the Foundation established the new Kate Gleason Scholarship and Award with a gift of $100,000 from the Gleason Foundation.

- Approved Society Level Award will recognize significant achievement or lifetime of service by a female engineer.
- Awards a $3000 scholarship to a female engineering student.
- Established in honor of Kate Gleason who was the first female member of ASME
- The Kate Gleason Award will be given out at Congress in Denver with a program that highlights women in engineering and the Gleason Family in attendance.

With your help, we can enable ASME to Reach an Extra Margin of Excellence!

Following is not good enough, we must lead.
Ralph Coats Roe
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted:  September 1, 2011
BOG Meeting Date:  September 15-16, 2011

To:  Board of Governors
From:  ASME Treasurer & Committee on Finance & Investment (COFI) Chair
Presented by:  Webb Marner & Reggie Vachon
Agenda Title:  Update on FY11 Audit and ASME Finances

Agenda Item Executive Summary:  (Do not exceed the space provided)

-  Audit Process & Timeline
-  Audit Summary & Results
-  Financial Highlights
  -  Financial Position Statement – Total Assets
  -  Revenue & Expense Summary
-  General Fund Balance (Reserves)
-  ASME Total Fund Balance
-  Motions For Action

Proposed motion for BOG Action:  (if appropriate)

Approve Marks Paneth and Shron as FY12 Auditors

Attachments:  PowerPoint Presentation – Update on FY11 Audit & ASME Finances
Update on FY11 Audit and ASME Finances

Webb Marner – Treasurer
Reggie Vachon – COFI & Audit Chair
Mike Weis – Assistant Treasurer

Outline

• Audit Process & Timeline
• Financial Highlights
  • Financial Position Statement – Total Assets
  • Revenue & Expense Summary
• General Fund Balance – Reserves
• ASME Total Fund Balance
• Motion For Action
Audit Process

June – Engagement letters issued and signed
July – Audit Plan presented to Audit Committee
July – Auditors meet with Tom Loughlin – set expectations
July 28 – Management closes financial statements
July-Aug – 3-4 weeks fieldwork
Aug 19 – Draft FY11 Unaudited Statements complete
Aug 22 – Exit meeting with Auditors, Webb Marner, Reggie Vachon, Tom Loughlin, Mike Weis, & Ken Hunt
Aug 25 – Auditors present statements to Audit Committee
Aug 25 – Audit Committee recommends to COFI
Sept 16 – COFI recommends BOG approval

Audit Summary & Highlights

• Marks Paneth’s third year auditing ASME
• Process was extensive (3-4 weeks in-house)
  • Accounting & Information Technology Processes & Controls
  • Information Technology Systems
• ASME received an unqualified & clean opinion
• No material weaknesses – robust processes
• ASME ranks in the top 10% of Marks Paneth’s clients - 150 Non-profits
Audit Summary & Highlights

• Recommendations on areas for improvement
  • Monitoring of Government Funding
  • Conformity Assessment record keeping
  • Segregation of Audit Committee members from COFI
  • Social Media policy
  • IHS Royalties – (last year item)
  • Timesheet approval policy – (last year item)
• Suggested improvement – Reduce the number of Adjusted Journal Entries Recorded
• Foundation, Pension and Auxiliary audits are underway

Conference Audits

• Three conference audits were completed in FY11
  • 2010 ASME Turbo Expo Conference
  • 2010 Pressure Vessel & Piping Conference
  • 2010 International Heat Transfer Conference

Two more scheduled in the coming months
• 2010 Bio Engineering Conference
• 2010 ICONE Conference (Nuclear)
Audited Financials
(Excludes Foundation & Auxiliary)

- Net assets increased from $63M to $90M
- Total assets increased from $116M to $160M
- Total revenue $101M (includes Institutes)

The primary driver for the increase in net assets are boiler code, journals and strong investment returns

- Net from operations and investments was $23.5M
- All operating ratios (last page of financials) either met or exceeded the established benchmarks for non-profits

Marks Paneth stated “ASME was financially strong with a high degree of liquidity and demonstrated consistent profitability.”

ASME Statement of Financial Position - June 2011 ($Millions)

- Total Assets: $159.9M
  - Cash & Cash Equivalents: $123.1M (8%)
  - Accounts Receivable: $11.0M (7%)
  - Prepaid Exp & Inventories: $9.2M (6%)
  - Investments: $3.4M (2%)
  - Land, Buildings & Equip.: $13.2M (8%)

Cash & Cash Equivalents
Accounts Receivable
Prepaid Exp & Inventories
Investments
Land, Buildings & Equip.

Total
Assets:
FY11 Financial Summary

Financial Operations:

• ASME’s operations finished year with an $8.1M surplus or $7.2M favorable vs the budget of $0.9M.

• Revenue ended year at $101.0M or $7.7M favorable vs budget of $93.3M.

• Expense ended year at $92.9M vs the budget of $92.4M or ($0.5M) unfavorable.

• Major contributors were Conformity Assessment, Publishing, Training & Development, and IPTI.

• Investments finished year up an estimated 20% with approximately $14.5M to the General Fund.

<table>
<thead>
<tr>
<th></th>
<th>Budget ($M)</th>
<th>Actual ($M)</th>
<th>Variance ($M)</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>93.3</td>
<td>101.0</td>
<td>7.7</td>
<td>+ 8.2</td>
</tr>
<tr>
<td>Expense</td>
<td>92.4</td>
<td>92.9</td>
<td>(0.5)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Net</td>
<td>+0.9</td>
<td>+ 8.1</td>
<td>+7.2</td>
<td></td>
</tr>
</tbody>
</table>

Figures include IGTI & IPTI.
General Fund Balance

$Millions

FY 2011 Actual = $71.1M.

Fund Balance ($millions)

Foundation & Auxiliary figures are preliminary and unaudited.
Total ASME Fund Balance ($millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Custodian/Other</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2007</td>
<td>15.9</td>
<td>48.4</td>
</tr>
<tr>
<td>FY 2008</td>
<td>15.9</td>
<td>46.4</td>
</tr>
<tr>
<td>FY 2009</td>
<td>12.4</td>
<td>48.4</td>
</tr>
<tr>
<td>FY 2010</td>
<td>14.4</td>
<td>48.4</td>
</tr>
<tr>
<td>FY 2011</td>
<td>18.7</td>
<td>48.4</td>
</tr>
</tbody>
</table>

Concluding Remarks

- ASME received an unqualified and clean opinion on the FY 2011 Audit
- Conference Audits are underway per the revised P-12.1 Policy
- ASME had an excellent year financially with strong performances in both operations and investments
COFI Recommended Motions:

BOG:

• Approve ASME FY11 Audited Financial Statements as presented by Marks Paneth & Shron

• Approve Marks Paneth & Shron as ASME’s FY12 Auditor
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted:  September 1, 2011
BOG Meeting Date:  September 15-16, 2011

To:  Board of Governors
From:  ASME Treasurer
Presented by:  Webb Marner
Agenda Title:  FY 2011 Audited Financial Statements

Agenda Item Executive Summary:  (Do not exceed the space provided)

Approval of FY11 Audited Financial Statements

Proposed motion for BOG Action:  (if appropriate)

• To approve ASME’s FY11 Audited Financial Statements as presented by Marks Paneth & Shron

Attachments:  FY2011 Audited Financial Statements prepared by Marks Paneth & Shron
CONSOLIDATED FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

YEAR ENDED JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)
AMERICAN SOCIETY OF MECHANICAL ENGINEERS

CONSOLIDATED FINANCIAL STATEMENTS
(TOGETHER WITH INDEPENDENT AUDITORS’ REPORT THEREON)

YEARS ENDED JUNE 30, 2011

(With Comparative Totals for June 30, 2010)

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<th>Page</th>
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</thead>
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<tr>
<td>Consolidated Statements of Financial Position</td>
<td>2</td>
</tr>
<tr>
<td>Consolidated Statements of Activities</td>
<td>3</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows</td>
<td>4</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>5-23</td>
</tr>
</tbody>
</table>
Independent Auditors’ Report

The Board of Governors of
the American Society of Mechanical Engineers:

We have audited the accompanying consolidated statement of financial position of The American Society of Mechanical Engineers D/B/A ASME (the “Society”) as of June 30, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Society’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Society’s 2010 consolidated financial statements and, in our report dated September 2, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 consolidated financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The American Society of Mechanical Engineers D/B/A ASME as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Marks Paneth & Shron UP

New York, NY
August 31, 2011
ASME
Consolidated Statements of Financial Position
As of June 30, 2011
(With Comparative Totals as of June 30, 2010)

<table>
<thead>
<tr>
<th>Assets</th>
<th>General</th>
<th>Designated and restricted</th>
<th>2011 Total</th>
<th>2010 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (note 14)</td>
<td>$ 9,856,934</td>
<td>$ 1,134,202</td>
<td>$ 10,991,136</td>
<td>$ 9,298,924</td>
</tr>
<tr>
<td>Accounts receivable, less allowance for</td>
<td>8,103,639</td>
<td>1,072,345</td>
<td>9,175,975</td>
<td>6,621,172</td>
</tr>
<tr>
<td>doubtful accounts of $172,300 in 2011 and</td>
<td>741,931</td>
<td>3,462</td>
<td>745,393</td>
<td>847,647</td>
</tr>
<tr>
<td>$178,000 in 2010</td>
<td>2,618,237</td>
<td>64,843</td>
<td>2,683,080</td>
<td>1,106,430</td>
</tr>
<tr>
<td>Inventories</td>
<td>101,661,071</td>
<td>21,475,960</td>
<td>123,137,031</td>
<td>87,182,967</td>
</tr>
<tr>
<td>Prepaid expenses, deferred charges, and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments (note 5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, furniture, equipment, and</td>
<td>13,124,734</td>
<td>81,763</td>
<td>13,206,497</td>
<td>11,047,249</td>
</tr>
<tr>
<td>leasehold improvements, net (note 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 136,106,537</td>
<td>$ 23,832,575</td>
<td>$ 159,939,112</td>
<td>$ 116,114,389</td>
</tr>
</tbody>
</table>

**Liabilities and Net Assets**

| Liabilities:                                |              |                          |            |            |
| Accounts payable and accrued expenses       | $ 1,310,055  | $ 4,345,522               | $ 5,655,577 | $ 5,306,309 |
| Accrued salary and employee benefits (notes | 21,583,268   | —                        | 21,583,268 | 21,318,341 |
| 8 and 9)                                   |              |                          |            |            |
| Deferred publications revenue              | 17,443,226   | —                        | 17,443,226 | 1,665,114  |
| Deferred dues revenue                       | 3,510,470    | —                        | 3,510,470  | 3,275,303  |
| Accreditation and other deferred revenue    | 21,166,912   | 813,097                  | 21,980,009 | 21,810,344 |
| **Total liabilities**                      | 65,013,931   | 5,158,619                | 70,172,550 | 53,375,411 |

**Commitments (note 12)**

| Net assets:                                 |              |                          |            |            |
| Unrestricted                                | 71,092,606   | 18,137,300               | 89,229,906 | 62,294,696 |
| Temporarily restricted (notes 5, 10, and 11)|              | 400,089                  | 400,089    | 307,715    |
| Permanently restricted (notes 5, 10, and 11)|              | 136,567                  | 136,567    | 136,567    |
| **Total net assets**                        | 71,092,606   | 18,673,956               | 89,766,562 | 62,738,978 |

| Total liabilities and net assets            | $ 136,106,537| $ 23,832,575              | $ 159,939,112 | $ 116,114,389 |

See accompanying notes to the consolidated financial statements.
### AGENDA APPENDIX 2.4.9.1

#### Consolidated Statements of Activities

**Years Ended June 30, 2011**

(With Comparative Totals for Year Ended June 30, 2010)

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
<th>Designated and Restricted (notes 1, 10 &amp; 11)</th>
<th>2011 Total</th>
<th>2010 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenue (note 7):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership dues, publications, accreditation, conference fees, and other revenue by sector:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>$23,660,926</td>
<td>$500</td>
<td>$23,661,426</td>
<td>$23,590,630</td>
</tr>
<tr>
<td>Knowledge and Community</td>
<td>1,323,302</td>
<td>3,092,201</td>
<td>4,415,503</td>
<td>2,820,048</td>
</tr>
<tr>
<td>Institutes</td>
<td>6,461,956</td>
<td>4,663,290</td>
<td>11,125,246</td>
<td>10,001,497</td>
</tr>
<tr>
<td>Codes and Standards</td>
<td>62,128,239</td>
<td>594,272</td>
<td>62,722,511</td>
<td>48,833,381</td>
</tr>
<tr>
<td>Centers</td>
<td>54,790</td>
<td>120,666</td>
<td>175,456</td>
<td>356,614</td>
</tr>
<tr>
<td>Strategic Management</td>
<td>95,197</td>
<td>369,012</td>
<td>464,209</td>
<td>321,970</td>
</tr>
<tr>
<td>Members' voluntary contributions</td>
<td>—</td>
<td>377,740</td>
<td>377,740</td>
<td>416,598</td>
</tr>
<tr>
<td>Miscellaneous (note 4)</td>
<td>2,604,993</td>
<td>808,909</td>
<td>3,413,902</td>
<td>2,737,624</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td>96,329,403</td>
<td>10,026,590</td>
<td>106,355,993</td>
<td>89,078,362</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services by sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>24,443,037</td>
<td>51,427</td>
<td>24,494,464</td>
<td>23,791,557</td>
</tr>
<tr>
<td>Knowledge and Community</td>
<td>6,133,685</td>
<td>2,952,205</td>
<td>9,085,890</td>
<td>7,422,961</td>
</tr>
<tr>
<td>Institutes</td>
<td>5,821,162</td>
<td>3,624,443</td>
<td>9,445,605</td>
<td>8,616,612</td>
</tr>
<tr>
<td>Codes and Standards</td>
<td>33,867,946</td>
<td>1,399,466</td>
<td>35,267,412</td>
<td>30,136,013</td>
</tr>
<tr>
<td>Centers</td>
<td>1,702,999</td>
<td>118,317</td>
<td>1,821,316</td>
<td>2,223,335</td>
</tr>
<tr>
<td>Strategic Management</td>
<td>5,198,514</td>
<td>535,055</td>
<td>5,733,569</td>
<td>3,856,336</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>77,167,343</td>
<td>8,680,913</td>
<td>85,848,256</td>
<td>76,046,814</td>
</tr>
<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Governors and Committees</td>
<td>1,547,790</td>
<td>176,789</td>
<td>1,724,579</td>
<td>1,464,759</td>
</tr>
<tr>
<td>General administration</td>
<td>11,133,436</td>
<td>—</td>
<td>11,133,436</td>
<td>10,367,468</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>89,848,569</td>
<td>8,857,702</td>
<td>98,706,271</td>
<td>87,879,041</td>
</tr>
<tr>
<td>Excess of operating revenue over operating expenses</td>
<td>6,480,834</td>
<td>1,168,888</td>
<td>7,649,722</td>
<td>1,193,321</td>
</tr>
<tr>
<td><strong>Nonoperating activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends, net of investment fees of $223,972 in 2011 and $238,488 in 2010</td>
<td>2,117,135</td>
<td>437,467</td>
<td>2,554,602</td>
<td>2,514,194</td>
</tr>
<tr>
<td>Realized/unrealized gain on investments (note 5)</td>
<td>12,415,680</td>
<td>2,686,516</td>
<td>15,102,196</td>
<td>7,445,043</td>
</tr>
<tr>
<td><strong>Increase in net assets (note 10)</strong></td>
<td>21,013,649</td>
<td>4,292,871</td>
<td>25,306,520</td>
<td>11,158,558</td>
</tr>
<tr>
<td>Pension and post-retirement changes other than net periodic costs (notes 8 and 9)</td>
<td>1,721,064</td>
<td>—</td>
<td>1,721,064</td>
<td>(7,211,667)</td>
</tr>
<tr>
<td><strong>Increase in net assets (note 10)</strong></td>
<td>22,734,713</td>
<td>4,292,871</td>
<td>27,027,584</td>
<td>3,946,891</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>48,357,893</td>
<td>14,381,085</td>
<td>62,738,978</td>
<td>58,792,087</td>
</tr>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td>$71,092,606</td>
<td>$18,673,956</td>
<td>$89,766,562</td>
<td>$62,738,978</td>
</tr>
</tbody>
</table>

See accompanying notes to the consolidated financial statements.
ASME

Consolidated Statements of Cash Flows

Years Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>$ 27,027,584</td>
<td>$ 3,946,891</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,987,463</td>
<td>1,855,544</td>
</tr>
<tr>
<td>Realized/unrealized gain on investments</td>
<td>(15,102,196)</td>
<td>(7,445,043)</td>
</tr>
<tr>
<td>Bad debt (recapture) expense</td>
<td>(5,700)</td>
<td>28,000</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in accounts receivable</td>
<td>(2,539,103)</td>
<td>756,390</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>102,254</td>
<td>(189,349)</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses, deferred charges, and deposits</td>
<td>(1,576,650)</td>
<td>172,435</td>
</tr>
<tr>
<td>Increase in accounts payable and accrued expenses</td>
<td>349,268</td>
<td>121,607</td>
</tr>
<tr>
<td>Increase in accrued employee benefits</td>
<td>264,927</td>
<td>10,008,204</td>
</tr>
<tr>
<td>Increase (decrease) in deferred publications revenue</td>
<td>15,778,112</td>
<td>(9,008,147)</td>
</tr>
<tr>
<td>Increase in deferred dues revenue</td>
<td>235,167</td>
<td>247,751</td>
</tr>
<tr>
<td>Increase in accreditation and other deferred revenue</td>
<td>169,665</td>
<td>6,550,139</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>26,690,791</td>
<td>7,044,422</td>
</tr>
</tbody>
</table>

Cash flows from investing activities:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments</td>
<td>(35,953,418)</td>
<td>(28,704,628)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>15,101,550</td>
<td>26,142,930</td>
</tr>
<tr>
<td>Acquisition of fixed assets</td>
<td>(4,146,711)</td>
<td>(2,957,853)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(24,998,579)</td>
<td>(5,519,551)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>1,692,212</td>
<td>1,524,871</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>9,298,924</td>
<td>7,774,053</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$10,991,136</td>
<td>$9,298,924</td>
</tr>
</tbody>
</table>

See accompanying notes to the consolidated financial statements.
ASME
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(1) Organization

Founded in 1880, The American Society of Mechanical Engineers (the “Society”), also known as ASME, is the premier organization for promoting the art, science, and practice of mechanical engineering throughout the world. The Society is incorporated as a not-for-profit organization in the State of New York and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”).

The Society’s mission is to promote and enhance the technical competency and professional well-being of its members and, through quality programs and activities in mechanical engineering, better enable its practitioners to contribute to the well-being of humankind.

The accompanying consolidated financial statements do not include the assets, liabilities, revenue and expenses of the Society’s sections (unincorporated geographical subdivisions which are not controlled by the Society), with the exception of direct section appropriations from the Society, which are included in the expenses of the Knowledge and Community Sector. In addition, they do not include The ASME Foundation, Inc. (the “Foundation”) or The American Society of Mechanical Engineers Auxiliary, Inc. (the “Auxiliary”), which are separately incorporated organizations affiliated with, but not controlled by, the Society.

The Society has four limited liability corporations (“LLC”) that are fully consolidated into the Society’s statements. These are the Innovative Technologies Institute (“ITI”) LLC, the Standards Technology (“ST”) LLC, the Asia Pacific (“AP”) LLC, and the Engineering for Change (“E4C”) LLC. ITI develops standards primarily in the risk assessment/management area. ST develops standards for emerging technologies. AP promotes the understanding and use of ASME Codes & Standards, along with other ASME services, in the growing markets of the Asia Pacific region. E4C facilitates the development of affordable, locally appropriate and sustainable solutions to the most pressing humanitarian challenges. These operations are included in the designated and restricted column of the consolidated financial statements. All significant intercompany transactions have been eliminated.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The Society’s net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Society and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

(Continued)
Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions (note 10). Restricted contributions are recorded as unrestricted revenues if the restrictions are fulfilled in the same time period in which the contribution is received.

Revenue and Expenses

The Society’s revenue and expenses are classified in a functional format. Classifications are composed principally of the following:

Services Sector – Revenue includes member dues, publication sales, and certain meeting, conference, and exhibit fees. Member dues are recognized over the applicable membership period. Publication sales are recognized upon shipment of the publications. Meeting, conference, and exhibit fees are recognized in the period in which the program is held. Expenses relate to membership activities, as well as membership standards, grades, recruitment, and retention, and to the Society’s technical activities.

Knowledge and Community Sector – Revenue is composed principally of technical division meeting and conference fees, as well as revenue from research activities. All conference and meeting fees are recognized in the period the program is held. Research revenue is recognized as expenses are incurred. Expenses are associated with the Society’s technical activities, including research.

Institutes Sector – Revenue includes all registration fees for continuing education courses provided by the Society, and meeting, conference, and exhibit fees from the International Gas Turbine Institute (“IGTI”) and the International Petroleum Technology Institute (“IPTI”). All fees are recognized in the period the program is held. Expenses relate to the Society’s continuing education program, development and accreditation of engineering curricula, and to IGTI and IPTI technical activities.

Codes and Standards Sector – Revenue includes publication sales of Codes and Standards and accreditation program fees. Revenue from the sale of Codes and Standards is recognized over the life of the code sold. The principal product affecting revenue and expenses for this financial statement component is the Society’s Boiler and Pressure Vessel Code (“the Boiler Code”). The Boiler Code is published every three years. This publication cycle causes variances in the related revenue and deferred publications revenue accounts from year to year. The 2011 Boiler Code was released in July 2010. The next Boiler Code is scheduled to be released in July 2013.

Centers Sector – Revenue includes conference and seminar fees, grants, and donations. Fees are recognized in the period the program is held. Grant revenue is recognized as expenses are incurred. Contributions are recognized according to donor restrictions. Expenses are associated with programs for improving engineering education, promoting diversity in the profession, public awareness, and development of future Society leaders.

(Continued)
Strategic Management Sector – Revenue is composed principally of sales of miscellaneous publications and government grant revenue. Publication sales are recognized upon shipment of the publications and government grant revenue is recognized as expenses are incurred. Expenses relate to the Society’s programs to identify emerging issues of interest to members, provide technical advice to government, disseminate information to the public, support the active involvement of women and minorities in the Society and engineering, and for government sponsored programs.

**Cash Equivalents**

Cash equivalents include commercial paper maturing within 90 days unless renewed, and money market funds that are not maintained in the investment portfolio.

**Investments**

Although available for operating purposes when necessary, the investment portfolio is generally considered by management to be invested on a long-term basis.

Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and interest and dividends are recognized as revenue in the period earned.

**Fair Value Measurements**

Fair value measurements are the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

Effective July 1, 2010, the Society adopted Accounting Standards Update 2010-6 ("ASU 2010-6"), Fair Value Measurements and Disclosures ("Topic 820"), "Improving Disclosures about Fair Value Measurements". ASU 2010-6 modified existing disclosures to require disclosures by asset or liability class when providing fair value measurement disclosures (see note 5).

**Property, Furniture, Equipment, and Leasehold Improvements**

Property, furniture, and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 30 years. Leasehold improvements are amortized over the lease term or the useful life of the asset, whichever is less.

**Inventories**

Inventories are stated at lower of cost or market. Unit cost, which consists principally of publication printing costs, is determined based on average cost.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

(Continued)
Nonoperating Activities

The statements of activities distinguish between operating and nonoperating activities. Nonoperating activities include investment returns (interest and dividends, as well as appreciation or depreciation in fair value of investments), certain pension and post-retirement changes, and nonrecurring revenues and expenses. All other activities are classified as operating.

Designated Funds

The Designated Funds are primarily made up of the ASME Development Fund, the ASME Custodial Fund, the ITI LLC, the ST LLC, the AP LLC, and the E4C LLC funds. The ASME Development Fund is funded by member voluntary contributions for the purpose of launching new programs. The ASME Custodial Fund holds and invests division and section funds. These funds are used by divisions and sections to support engineering discipline specific programs and local engineering programs.

Accounts Receivable

Historically, ASME has not experienced significant bad debt losses. As of June 30, 2011 and 2010, ASME determined that an allowance for uncollectible accounts is necessary for accounts receivable in the amount of $172,300 and $178,000, respectively. This determination is based on historical loss experience and consideration of the aging of the accounts receivable. Accounts receivables are written off when all reasonable collection efforts have been exhausted.

Subsequent Events

ASME has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through August 31, 2011, the date the consolidated financial statements were available to be issued. No events have occurred subsequent to June 30, 2011 through August 31, 2011, that would require adjustment to or disclosure in the accompanying consolidated financial statements.

Uncertain Tax Positions

ASME has no uncertain tax positions as of June 30, 2011 and 2010 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions. ASME is no longer subject to federal or state and local income tax examinations by tax authorities for the year ended June 30, 2008 and prior years.

(Continued)
ASME
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(3) Change in Accounting Principle

During fiscal-year ended June 30, 2010, the Society changed its method of recording certificate revenue for the Conformity Assessment program (included in the Codes and Standards sector). Previously, the certificate portion of conformity assessment revenue was recognized when received, with the balance of the revenue recognized when the survey was completed and the certificate issued. In order to better match the revenues to the service provided, the Society now recognizes all conformity assessment revenue when the survey is completed and the certificate is issued. In fiscal year 2010, the cumulative effect of the change to the new accounting policy was approximately $3.1 million.

(4) Transactions with Related Parties

The Society performs certain administrative functions for the Auxiliary. The Society charges for all direct expenses along with additional charges for office space and other support services, and then records a donation for the services. In fiscal years 2011 and 2010, such charges totaled $24,773 and $21,446, respectively. The contributed services are included in the supporting services sector expenses on the accompanying consolidated statement of activities.

The Society performs certain administrative functions for the Foundation as well as managing the development office. The Society charges the Foundation for all direct expenses along with additional charges for office space and other support services, and then records a donation for the services. In fiscal years 2011 and 2010, such charges totaled $507,971 and $361,575, respectively. The contributed services are included in the supporting services sector expenses on the accompanying consolidated statement of activities. In fiscal years 2011 and 2010, the Foundation made total contributions of $25,000 and $125,000, respectively, to ASME in support of honors and awards. Foundation payments for services are included in miscellaneous revenue in the consolidated statement of activities. In fiscal years 2011 and 2010, the Society contributed $39,000 for award programs and $263,875 for NED scholarships, respectively, to the Foundation.

(5) Investments

Investments of the Society, as well as amounts held on behalf of the Foundation and the Auxiliary, are pooled on a fair value basis.

Investments, measured at fair value on a recurring basis, are classified as Level 1 and consist of the following at June 30, 2011 and 2010:

(Continued)
### Notes to Consolidated Financial Statements
#### June 30, 2011 and 2010

<table>
<thead>
<tr>
<th>Common and preferred stock - managed funds:</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer discretionary</td>
<td>$565,506</td>
<td>$98,050</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>241,152</td>
<td>455,820</td>
</tr>
<tr>
<td>Energy</td>
<td>483,038</td>
<td>293,952</td>
</tr>
<tr>
<td>Financials</td>
<td>570,158</td>
<td>811,154</td>
</tr>
<tr>
<td>Health care</td>
<td>—</td>
<td>148,716</td>
</tr>
<tr>
<td>Industrials</td>
<td>1,285,308</td>
<td>536,021</td>
</tr>
<tr>
<td>Information technology</td>
<td>516,200</td>
<td>384,412</td>
</tr>
<tr>
<td>Materials</td>
<td>644,301</td>
<td>153,150</td>
</tr>
<tr>
<td>Telecom services</td>
<td>300,898</td>
<td>267,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>351,805</td>
<td>278,555</td>
</tr>
<tr>
<td><strong>Total common and preferred stock - managed funds</strong></td>
<td><strong>4,958,366</strong></td>
<td><strong>3,426,830</strong></td>
</tr>
</tbody>
</table>

| Equity - mutual funds:                     |            |            |
| Consumer discretionary                     | 8,081,205  | 6,732,428  |
| Consumer staples                           | 6,049,067  | 3,973,899  |
| Energy                                     | 13,105,877 | 6,209,566  |
| Financials                                 | 9,119,724  | 6,204,070  |
| Health care                                | 8,816,103  | 6,363,558  |
| Industrials                                | 8,331,838  | 5,410,911  |
| Information technology                     | 10,894,990 | 7,430,269  |
| Materials                                  | 6,816,465  | 4,942,461  |
| Telecom services                           | 2,669,348  | 1,239,354  |
| Utilities                                  | 1,545,270  | 964,683    |
| REIT's                                     | 755,182    | 17,482     |
| **Commodities - gold & silver**            | 521,453    | —          |
| **Total equity - mutual funds**            | 76,706,522 | 49,488,681 |

| Bonds and fixed income - managed funds      | 29,759,830 | 26,617,739 |
| Mutual funds - bonds and fixed income       | 31,822,335 | 26,202,613 |
| Money market funds                          | 3,939,575  | 1,721,613  |

| **Total Portfolio**                         | 147,186,628| 107,457,476|
| **Less undivided interest held on behalf of the Foundation** | (22,623,679) | (19,120,805) |
| **Less undivided interest held on behalf of the Auxiliary** | (1,425,918) | (1,153,704) |

**TOTAL ASME**

$123,137,031   $87,182,967

(Continued)
Realized/unrealized gain (loss) on investments for the years ended June 30, 2011 and 2010 consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realized gain (loss) on investment transactions</td>
<td>$1,885,962</td>
<td>$(847,403)</td>
</tr>
<tr>
<td>Unrealized gain</td>
<td>13,216,234</td>
<td>8,292,446</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,102,196</strong></td>
<td><strong>$7,445,043</strong></td>
</tr>
</tbody>
</table>

Investments are subject to market volatility which could substantially change the carrying value in the near-term.

The fair value hierarchy defines three levels as follows:

- **Level 1** – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

- **Level 2** – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

- **Level 3** – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

### (6) Property, Furniture, Equipment, and Leasehold Improvements

Property, furniture, equipment, and leasehold improvements at June 30, 2011 and 2010 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$583,077</td>
<td>$583,077</td>
</tr>
<tr>
<td>Building and building improvements</td>
<td>2,798,516</td>
<td>2,775,455</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>21,777,650</td>
<td>17,866,015</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>4,503,171</td>
<td>4,344,301</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>5,587,700</td>
<td>5,536,692</td>
</tr>
<tr>
<td>Others</td>
<td>54,032</td>
<td>54,032</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35,304,146</strong></td>
<td><strong>31,159,572</strong></td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(22,097,649)</td>
<td>(20,112,323)</td>
</tr>
<tr>
<td><strong>Total Net Book Value</strong></td>
<td><strong>$13,206,497</strong></td>
<td><strong>$11,047,249</strong></td>
</tr>
</tbody>
</table>

(Continued)
Construction in Progress of $3,866,478 is included in the above property, furniture, equipment, and leasehold improvements at June 30, 2011. The estimated cost to complete these projects at various dates through January 2013 is approximately $5,340,000.

Depreciation and amortization expenses amounted to $1,987,463 and $1,855,544 for the years ended June 30, 2011 and 2010, respectively. During the years ended June 30, 2011 and 2010, ASME wrote off fully depreciated property and equipment amounting to $2,137 and $281,064, respectively.

(7) Operating Revenue

Operating revenue is presented principally by Sector in the accompanying consolidated statements of activities. Set forth below is revenue for the years ended June 30, 2011 and 2010, summarized by type:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>$8,084,246</td>
<td>$8,011,941</td>
</tr>
<tr>
<td>Publication revenue</td>
<td>48,912,650</td>
<td>40,871,941</td>
</tr>
<tr>
<td>Accreditation revenue</td>
<td>26,929,752</td>
<td>20,288,550</td>
</tr>
<tr>
<td>Conferences, exhibits, and course fees</td>
<td>14,262,808</td>
<td>13,780,606</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>4,374,895</td>
<td>2,971,102</td>
</tr>
<tr>
<td>Member's voluntary contributions</td>
<td>377,740</td>
<td>416,598</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,413,902</td>
<td>2,737,624</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>106,355,993</strong></td>
<td><strong>89,078,362</strong></td>
</tr>
</tbody>
</table>

(8) Pension Plans

The Society has a noncontributory defined benefit pension plan (the “Plan”) covering approximately 75% of its employees. Normal retirement age is 65, but provisions are made for early retirement. Benefits are based on salary and years of service. The Society funds the Plan in accordance with the minimum amount required under the Employee Retirement Income Security Act of 1974, as amended. The Society uses a June 30 measurement date.

The Society adopted the recognition and disclosure provisions of ASC 715-30, “Employer’s Accounting for Defined Benefit Pension and Other Postretirement Plans” (“ASC 715-30”). ASC 715-30 requires organizations to recognize the funded status of the defined benefit pension and other postretirement plans as a net asset or liability and to recognize changes in that funded status in the year in which the changes occur through a separate line within the change in unrestricted net assets, apart from expenses, to the extent those changes are not included in the net periodic cost. The funded status reported on the consolidated statements of financial position as of June 30, 2011 and 2010, in accordance with ASC 715-30 was measured as the difference between fair value of plan assets and the benefit obligation on a plan-by-plan basis.

The following table provides information with respect to the Plan as of and for the years ended June 30, 2011 and 2010:

(Continued)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligation at June 30,</td>
<td>$ (50,549,875)</td>
<td>$ (44,493,370)</td>
</tr>
<tr>
<td>Fair value of plan assets at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30,</td>
<td>37,198,917</td>
<td>30,518,250</td>
</tr>
<tr>
<td>Funded status</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ (13,350,958)</td>
<td>$ (13,975,120)</td>
</tr>
<tr>
<td>Amounts recognized in the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>consolidated statements of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial position:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued employee benefits</td>
<td>(13,350,958)</td>
<td>(13,975,120)</td>
</tr>
<tr>
<td>Total net periodic benefit cost</td>
<td>3,478,349</td>
<td>2,582,985</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>2,000,000</td>
<td>—</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>735,839</td>
<td>1,500,570</td>
</tr>
<tr>
<td>Weighted average assumptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>used to determine benefit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>obligations at June 30:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>5.75%</td>
<td>6.00%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td>Weighted average assumptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>used to determine net periodic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>benefit cost for the years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ended June 30, 2011 and 2010:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>6.00%</td>
<td>7.25%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>7.50</td>
<td>7.50</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.50</td>
<td>3.50</td>
</tr>
</tbody>
</table>

The accumulated benefit obligation for the Plan was $38,962,608 and $34,094,752 at June 30, 2011 and 2010, respectively.

Other changes in plan assets and benefit obligations recognized in the change in unrestricted net assets for the years ended June 30, 2011 and 2010 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gain (loss)</td>
<td>$ 789,452</td>
<td>$(7,948,724)</td>
</tr>
<tr>
<td>Prior service (cost) credit</td>
<td>—</td>
<td>576,467</td>
</tr>
<tr>
<td>Amortization of loss</td>
<td>1,346,980</td>
<td>641,458</td>
</tr>
<tr>
<td>Amortization of prior service</td>
<td>(33,921)</td>
<td>91,798</td>
</tr>
<tr>
<td>(cost) credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net amount recognized in change in unrestricted net assets</td>
<td>$ 2,102,511</td>
<td>$(6,639,001)</td>
</tr>
</tbody>
</table>

The net periodic pension cost for the years ended June 30, 2011 and 2010 includes reclassifications of amounts previously recognized as changes in unrestricted net assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of (gain) loss</td>
<td>$ 1,346,980</td>
<td>641,458</td>
</tr>
<tr>
<td>Amortization of prior service</td>
<td>(33,921)</td>
<td>91,798</td>
</tr>
<tr>
<td>(cost) credit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Continued)
Amounts that have not been recognized as components of net periodic benefit cost but included in unrestricted net assets to date as the effect of adoption of ASC 715-30 as of June 30, 2011 and 2010 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>$15,594,123</td>
<td>$17,730,555</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>(300,539)</td>
<td>(334,460)</td>
</tr>
<tr>
<td>Net amounts recognized in unrestricted net assets</td>
<td>$15,293,584</td>
<td>$17,396,095</td>
</tr>
</tbody>
</table>

The fair value hierarchy defines three levels, as further described in Note 5. Plan assets carried at fair value at June 30, 2011 and 2010 are classified in the table as Level 1 as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$3,347,903</td>
<td>$4,882,920</td>
</tr>
<tr>
<td>Fixed-income mutual funds</td>
<td>16,367,523</td>
<td>10,376,205</td>
</tr>
<tr>
<td>Equities mutual funds</td>
<td>17,483,491</td>
<td>15,259,125</td>
</tr>
<tr>
<td>Plan assets total</td>
<td>$37,198,917</td>
<td>$30,518,250</td>
</tr>
</tbody>
</table>

The expected long-term rate of return for the Plan’s total assets is based on both the Society’s historical rate of return and the expected rate of return on the Society’s asset classes, weighted based on target allocations for each class. The typical asset allocation consists of 40-65% of the funds to be invested in equity securities, with the remaining funds to be invested in debt securities and cash equivalents.

The Society’s pension plan weighted average asset allocations at June 30, 2011 and 2010, by asset category, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds invested in equity securities</td>
<td>47%</td>
<td>50%</td>
</tr>
<tr>
<td>Mutual funds invested in debt securities</td>
<td>44</td>
<td>34</td>
</tr>
<tr>
<td>Cash</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer discretionary</td>
<td>$1,615,503</td>
<td>$986,730</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>1,293,073</td>
<td>630,315</td>
</tr>
<tr>
<td>Consumer products &amp; services</td>
<td>—</td>
<td>2,140,413</td>
</tr>
<tr>
<td>Energy</td>
<td>2,121,779</td>
<td>1,500,493</td>
</tr>
<tr>
<td>Financials</td>
<td>2,080,509</td>
<td>2,086,641</td>
</tr>
<tr>
<td>Health care</td>
<td>1,804,226</td>
<td>1,389,066</td>
</tr>
<tr>
<td>Industrials</td>
<td>1,596,051</td>
<td>680,934</td>
</tr>
<tr>
<td>Information technology</td>
<td>1,980,456</td>
<td>1,987,071</td>
</tr>
<tr>
<td>Manufacturing &amp; materials</td>
<td>2,391,195</td>
<td>3,281,209</td>
</tr>
<tr>
<td>Telecom services</td>
<td>605,019</td>
<td>105,142</td>
</tr>
<tr>
<td>Utilities</td>
<td>403,625</td>
<td>395,079</td>
</tr>
<tr>
<td>Bonds &amp; other fixed income</td>
<td>19,500,183</td>
<td>14,990,893</td>
</tr>
<tr>
<td>REIT</td>
<td>273,689</td>
<td>10,651</td>
</tr>
<tr>
<td>Commodities</td>
<td>187,814</td>
<td>—</td>
</tr>
<tr>
<td>Money market funds</td>
<td>1,365,539</td>
<td>349,349</td>
</tr>
<tr>
<td><strong>TOTAL PLAN INVESTMENTS</strong></td>
<td>$37,218,661</td>
<td>$30,533,986</td>
</tr>
</tbody>
</table>

The Society expects to contribute $4,000,000 to the Plan in fiscal year 2012.

Amounts in unrestricted net assets and expected to be recognized as components of net periodic benefit cost over fiscal year 2012 are as follows:

- Net (gain) loss: $1,174,931
- Prior services cost (credit): $(33,921)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$2,051,642</td>
</tr>
<tr>
<td>2013</td>
<td>2,210,812</td>
</tr>
<tr>
<td>2014</td>
<td>2,794,366</td>
</tr>
<tr>
<td>2015</td>
<td>3,126,640</td>
</tr>
<tr>
<td>2016</td>
<td>2,931,936</td>
</tr>
<tr>
<td>2017-2021</td>
<td>19,930,179</td>
</tr>
</tbody>
</table>

In addition to the Plan, the Society maintains the ASME Benefit Restoration Plan ("SERP"). ASME’s SERP is a non-qualified, unfunded deferred compensation plan for the benefit of ASME executives whose compensation exceeds a federally imposed limit on the amount of compensation that can be contributed to qualified (i.e., tax-exempt) retirement plans. The effect of the federal limits was that the compensation of persons at or below the limit was fully eligible for qualified retirement contributions, while those with compensation greater than the limit “lost” the additional compensation for purposes of calculating their retirement plan contributions.

(Continued)
In 1994, ASME initiated the SERP as a “Benefits Restoration Plan” in order to “restore” more highly compensated employees to a measure of parity with employees who earn lower amounts and whose full compensation is taken into account for purposes of calculating retirement plan contributions. Participants in the SERP are those employees whose compensation exceeds the $225,000 compensation limit for qualified plan contributions, subject to ASME’s Board of Governors’ approval.

The following table provides information with respect to the SERP as of and for the years ended June 30, 2011 and 2010:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligation at June 30,</td>
<td>$ (795,624)</td>
<td>$ (427,841)</td>
</tr>
<tr>
<td>Fair value of plan assets at June 30,</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Funded status</td>
<td>$ (795,624)</td>
<td>$ (427,841)</td>
</tr>
<tr>
<td>Amounts recognized in the consolidated statements of financial position:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued employee benefits</td>
<td>(795,624)</td>
<td>(427,841)</td>
</tr>
<tr>
<td>Total net periodic benefit cost</td>
<td>51,362</td>
<td>48,416</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Weighted average assumptions used to determine benefit obligations at June 30:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>5.75%</td>
<td>6.00%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td>Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2011 and 2010:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>6.00%</td>
<td>7.25%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.50</td>
<td>3.50</td>
</tr>
</tbody>
</table>

The accumulated benefit obligation for the SERP was $454,234 and $319,839 at June 30, 2011 and 2010, respectively.

Other changes in SERP assets and benefit obligations recognized in the change in unrestricted net assets for the years ended June 30, 2011 and 2010 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gain (loss)</td>
<td>$ (328,028)</td>
<td>$ (301,337)</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>-</td>
<td>302,158</td>
</tr>
<tr>
<td>Amortization of loss</td>
<td>49,077</td>
<td>12,264</td>
</tr>
<tr>
<td>Amortization of prior service cost (credit)</td>
<td>(37,470)</td>
<td>(5,223)</td>
</tr>
<tr>
<td>Net amount recognized in change in unrestricted net assets</td>
<td>$ (316,421)</td>
<td>$ 7,862</td>
</tr>
</tbody>
</table>

The net periodic pension cost for the years ended June 30, 2011 and 2010 includes reclassifications of amounts previously recognized as changes in unrestricted net assets as follows:

(Continued)
ASME
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of loss</td>
<td>$49,077</td>
<td>$12,264</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>(37,470)</td>
<td>(5,223)</td>
</tr>
</tbody>
</table>

Amounts that have not been recognized as components of net assets benefit costs but included in unrestricted net assets to date as the effect of adoption of ASC 715-30 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>$781,583</td>
<td>$502,632</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>(282,448)</td>
<td>(319,918)</td>
</tr>
<tr>
<td>Net amounts recognized in unrestricted net assets</td>
<td>$499,135</td>
<td>$182,714</td>
</tr>
</tbody>
</table>

Amounts in unrestricted net assets and expected to be recognized as components of net periodic benefit cost over fiscal year 2012 are as follows:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (gain) loss</td>
<td>$83,873</td>
<td></td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>(37,470)</td>
<td></td>
</tr>
</tbody>
</table>

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ending June 30:</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>$</td>
</tr>
<tr>
<td>2013</td>
<td>29,156</td>
</tr>
<tr>
<td>2014</td>
<td>66,366</td>
</tr>
<tr>
<td>2015</td>
<td>30,755</td>
</tr>
<tr>
<td>2016</td>
<td>64,132</td>
</tr>
<tr>
<td>2017-2021</td>
<td>429,444</td>
</tr>
</tbody>
</table>

The Society has a qualified defined contribution plan covering all eligible full-time employees hired after December 31, 2005. The Society is required to match employee contributions in accordance with the pension plan agreement. The maximum plan contribution per year will not exceed the amount permitted under IRS Code Section 415, and will also be subject to the limitations of IRS Code Section 403(b). Pension expense for the years ended June 30, 2011 and 2010 are $256,889 and $221,253, respectively.

The Society also maintains a thrift plan under Section 403(b) of the Code covering substantially all employees. The Society’s contribution was approximately $848,000 and $834,000 for the years ended June 30, 2011 and 2010, respectively.

(Continued)
(9) Postretirement Healthcare and Life Insurance Benefits

The Society provides certain healthcare and life insurance benefits to retired employees (the "Postretirement Plan"). For eligible retirees prior to 1995, the life insurance benefit is non contributory and the healthcare coverage is subsidized by ASME. The Society no longer provides life insurance benefits to retirees. The Society currently permits eligible early retirees (55 with twenty years of service or age 62 with ten years of service) to remain on the group health insurance plan until age 65, by paying the full insurance cost. The estimated cost of such benefits is accrued over the working lives for those employees expected to qualify for such benefits. The Society uses a June 30 measurement date. This benefit was terminated for current employees as of July 1, 2005, and is in effect only for then-current participants. As discussed in note 8, the Society adopted the provisions of ASC 715-60.

The following table provides information with respect to the postretirement benefits as of and for the years ended June 30, 2011 and 2010:

<table>
<thead>
<tr>
<th>Postretirement benefit obligation</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 2,357,876</td>
<td>$ 2,437,762</td>
</tr>
<tr>
<td>Accrued benefit recognized</td>
<td>2,357,876</td>
<td>2,437,762</td>
</tr>
<tr>
<td>Net periodic postretirement benefit cost</td>
<td>(19,694)</td>
<td>(29,839)</td>
</tr>
<tr>
<td>Employer contribution</td>
<td>125,218</td>
<td>127,684</td>
</tr>
<tr>
<td>Plan participants’ contribution</td>
<td>73,972</td>
<td>71,338</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>199,190</td>
<td>199,022</td>
</tr>
</tbody>
</table>

Estimated amounts that will be amortized from unrestricted net assets into net periodic benefit cost in the fiscal year ending in 2012 are as follows:

| Actuarial (gain)/loss            | $ (38,491) |
| Prior service cost/(credit)     | (161,434) |

Weighted average assumptions used to determine benefit obligations at June 30:

| Discount rate            | 5.25% | 5.50% |
| Expected return on plan assets | n/a   | n/a   |
| Rate of compensation increase | 3.50% | 3.50% |
| Healthcare cost trend:    |       |       |
| Increase from current year to next fiscal year | 8.00% | 8.50% |
| Ultimate rate increase    | 5.00%  | 5.00% |
| Fiscal year that the ultimate rate is attained | 2018 | 2018 |

Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2011 and 2010:

| Discount rate            | 5.50% | 6.75% |
| Expected return on plan assets | n/a   | n/a   |
| Rate of compensation increase | 3.50% | 3.50% |
| Healthcare cost trend:    |       |       |
| Increase from current year to next fiscal year | 8.50% | 7.50% |
| Ultimate rate increase    | 5.00%  | 5.00% |
| Fiscal year that the ultimate rate is attained | 2018 | 2015 |

(Continued)
Amounts that have not been recognized as components of net periodic benefit costs, but included in unrestricted net assets to date as the effect of adoption of ASC 715-60 as of June 30, 2011 and 2010, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (gain) loss</td>
<td>$ (762,344)</td>
<td>$ (665,936)</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>(235,697)</td>
<td>(397,131)</td>
</tr>
<tr>
<td>Net amount recognized in unrestricted net assets</td>
<td>$ (998,041)</td>
<td>$ (1,063,067)</td>
</tr>
</tbody>
</table>

The net periodic benefit cost for the years ended June 30, 2011 and 2010 includes reclassifications of amounts previously recognized as changes in unrestricted net assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of gain</td>
<td>$ (35,787)</td>
<td>$ (48,866)</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>(161,434)</td>
<td>(161,434)</td>
</tr>
</tbody>
</table>

Other changes in postretirement plan assets and benefit obligations recognized in the change in unrestricted net assets for the years ended June 30, 2011 and 2010 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial gain</td>
<td>$ 96,408</td>
<td>$ (419,093)</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>(161,434)</td>
<td>(161,434)</td>
</tr>
<tr>
<td>Net amounts recognized in unrestricted net assets</td>
<td>$ (65,026)</td>
<td>$ (580,527)</td>
</tr>
</tbody>
</table>

Healthcare cost rate trend:

1. Assumed health care cost trend rate for the next year
   General description of the direction and pattern of change in the assumed trend rates thereafter
   Ultimate trend rate and when that rate is expected to be achieved
   8.0%
   -0.5% per year to 5%, then 5% thereafter
   5.0%

2. One Percentage Point Increase:
   Effect on total service and interest cost
   Effect on end of year postretirement benefit obligations
   $ 13,430
   114,353

3. One Percentage Point Decrease:
   Effect on total service and interest cost
   Effect on end of year postretirement benefit obligations
   $ (11,668)
   (100,842)

(Continued)
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$209,086</td>
</tr>
<tr>
<td>2013</td>
<td>207,129</td>
</tr>
<tr>
<td>2014</td>
<td>195,266</td>
</tr>
<tr>
<td>2015</td>
<td>183,769</td>
</tr>
<tr>
<td>2016</td>
<td>188,251</td>
</tr>
<tr>
<td>2017-2021</td>
<td>1,068,228</td>
</tr>
</tbody>
</table>

The Society expects to contribute $209,086 to the postretirement benefit plan in fiscal year 2012.

(10) Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets and the income earned on permanently restricted net assets are restricted by donors to the following purposes at June 30, 2011 and 2010:

```
<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Temporarily restricted</td>
<td>Permanently restricted</td>
</tr>
<tr>
<td>Award programs</td>
<td>$187,195</td>
<td>$40,110</td>
</tr>
<tr>
<td>The Engineering Library</td>
<td>212,842</td>
<td>74,695</td>
</tr>
<tr>
<td>Membership programs</td>
<td>52</td>
<td>21,762</td>
</tr>
<tr>
<td></td>
<td>$400,089</td>
<td>$136,567</td>
</tr>
</tbody>
</table>
```

Temporarily restricted net asset activity has not been separately presented in the consolidated statements of activities. There was no activity in permanently restricted net assets during 2011 and 2010. Temporarily restricted activity for 2011 and 2010 is summarized below:

```
<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends, net of investment fees</td>
<td>$18,952</td>
<td>$22,721</td>
</tr>
<tr>
<td>Realized/unrealized gain in fair value of investments</td>
<td>123,126</td>
<td>78,920</td>
</tr>
<tr>
<td>Contributions</td>
<td>—</td>
<td>250</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(49,704)</td>
<td>(43,669)</td>
</tr>
<tr>
<td>Increase in temporarily restricted net assets</td>
<td>$92,374</td>
<td>$58,222</td>
</tr>
</tbody>
</table>
```

The increase in unrestricted net assets in 2011 and 2010 was $26,935,210 and $3,888,669, respectively.

(Continued)
(11) **Endowment Net Assets**

The Society recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA") on September 17, 2010. NYPMIFA replaces the prior law which was the Uniform Management of Institutional Funds Act ("UMIFA"). In addition, the Organization recognizes that NYPMIFA requires that the Board of Directors appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of the endowment fund.

The Board of Governors of the Society have interpreted NYPMIFA law as requiring the preservation of the historical dollar value of the original donor restricted endowment gift as of the gift date, absent of explicit donor stipulations to the contrary. See Note 2 for how the society maintains its assets. The Society's investment policy is to provide for safety and marketability of principal, maintenance of purchasing power, reasonable yield on invested funds, and minimum idle cash in working funds. Any surplus should be invested. The policy has charged the Committee on Finance and Investments ("COFI") with investment decision responsibility. The policy further states that the COFI will have the advice of professional counsel in deciding the desired ratio of equities to fixed-income securities, and in deciding investment purchases and sales. To this end, the COFI uses the professional firm of Lowery Asset Consulting ("LAC"). LAC does not trade in any securities, only provide analysis and advice. The current equity-to-fixed ratio goal is 60% equity to 40% fixed, dependent on market conditions.

Changes in endowment net assets for the year ended June 30, 2011:

<table>
<thead>
<tr>
<th>Endowment net assets, beginning of year</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$307,715</td>
<td>$136,567</td>
<td>$444,282</td>
<td></td>
</tr>
<tr>
<td>Contributions to endowment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Activity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>18,952</td>
<td></td>
<td>18,952</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>14,541</td>
<td>-</td>
<td>14,541</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>108,585</td>
<td>-</td>
<td>108,585</td>
</tr>
<tr>
<td>Total investment activity</td>
<td>142,078</td>
<td>-</td>
<td>142,078</td>
</tr>
<tr>
<td>Amount appropriated for expenditure</td>
<td>(49,704)</td>
<td>-</td>
<td>(49,704)</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$400,089</td>
<td>$136,567</td>
<td>$536,656</td>
</tr>
</tbody>
</table>

(Continued)
Changes in endowment net assets for the year ended June 30, 2010:

<table>
<thead>
<tr>
<th>Endowment net assets, beginning of year</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$249,493</td>
<td>$136,567</td>
<td>$386,060</td>
<td></td>
</tr>
<tr>
<td>Contributions to endowment</td>
<td>250</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td>Investment Activity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>22,721</td>
<td>-</td>
<td>22,721</td>
</tr>
<tr>
<td>Realized loss on investments</td>
<td>(7,603)</td>
<td>-</td>
<td>(7,603)</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>86,523</td>
<td>-</td>
<td>86,523</td>
</tr>
<tr>
<td>Total investment activity</td>
<td>101,891</td>
<td>-</td>
<td>101,891</td>
</tr>
<tr>
<td>Amount appropriated for expenditure</td>
<td>(43,669)</td>
<td>-</td>
<td>(43,669)</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$307,715</td>
<td>$136,567</td>
<td>$444,282</td>
</tr>
</tbody>
</table>

Endowment net assets of $536,656 and $444,282 are included with investments on the consolidated statements of financial position for the fiscal year ended June 30, 2011 and 2010, respectively.

(12) Commitments

The Society’s principal offices are located at 3 Park Avenue, New York, under a lease expiring on September 30, 2013. On February 15, 2007, the Society vacated, and the landlord took back, one of the four floors originally occupied, reducing the rent by 25%. On December 15, 2010, the Society leased additional space, expiring on September 30, 2013. Approximate rental payments are $2,161,000 for fiscal year 2011, $2,315,000 per year for fiscal years 2012 through 2013, and payment for partial fiscal year 2014 of $578,700.

In connection with this lease, the Society has provided as security a $2,332,000 letter of credit. No amounts have been drawn against this letter of credit.

The Society entered into a rental agreement to move its principal offices to 2 Park Avenue, New York. The lease is effective from January 1, 2012 to December 31, 2026. Lease payments on an annual basis are approximately $4,300,000 for years 1-5, $4,665,000 for years 6-10, and $5,062,000 for years 11-15.

In connection with this lease, the Society has provided as security a $2,134,133 letter of credit. No amounts have been drawn against this letter of credit.

The Society entered into a new lease agreement for the property located at 1828 L Street NW, Washington, DC. The lease is effective from November 1, 2011 to October 31, 2022. The first four months of lease payments have been abated thereby reducing the rent to approximately $129,000 in fiscal year 2012. Future lease payments are approximately $394,000 for fiscal year 2013, $403,000 for fiscal year 2014, and $414,000 for fiscal year 2015. The remaining rent payments of approximately $3,408,000 will be paid in fiscal years 2016 to fiscal year 2022.

(Continued)
In addition to its principal offices, the Society also has a number of other lease commitments for regional offices and office equipment expiring through 2026.

The following is a schedule of the approximate minimum future rentals on all leases at June 30, 2011:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$4,853,000</td>
</tr>
<tr>
<td>2013</td>
<td>7,083,000</td>
</tr>
<tr>
<td>2014</td>
<td>5,311,000</td>
</tr>
<tr>
<td>2015</td>
<td>4,682,000</td>
</tr>
<tr>
<td>2016 - 2026</td>
<td>58,449,000</td>
</tr>
<tr>
<td></td>
<td>$80,378,000</td>
</tr>
</tbody>
</table>

Rent expense under all of the Society’s leases was approximately $2,630,000 and $2,500,000 in 2011 and 2010, respectively. The Society sublet space in one of its operating offices and subrental income was approximately $78,000 and $77,000 in 2011 and 2010, respectively.

(13) Line of Credit

The Society had established a $5,000,000 secured, uncommitted line of credit to service short-term working capital needs. The line of credit, renewable annually, expires on December 31, 2011. Terms are LIBOR plus 1.50%, the bank has a general lien on the assets of the Society, and interest will be automatically deducted from the Society’s bank account monthly. As of June 30, 2011 and August 31, 2011, the Society had not drawn any funds from this line of credit.

(14) Concentration of Credit Risk

ASME maintains cash and cash equivalents in several major financial institutions. Cash in banks are insured by the Federal Deposit Insurance Corporation (“FDIC”). During 2009, FDIC insurance coverage for interest-bearing accounts was increased from $100,000 to $250,000, expiring December 31, 2013. For non-interest-bearing accounts, such coverage is unlimited to December 31, 2012. During the current fiscal year, ASME may have cash balances in the financial institutions in excess of the limit. As of June 30, 2011, cash accounts in financial institutions exceeded the federal insured limits by approximately $14,048,000.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 31, 2011
BOG Meeting Date: September 16, 2011

To: Board of Governors
From: Philip Hamilton
Presented by: Rob Pangborn and Matthew Burrows
Agenda Title: Global Trends

Agenda Item Executive Summary: (Do not exceed the space provided)
Rob Pangborn, on behalf of COG, will introduce guest speaker Dr. Matthew Burrows, Counselor, National Intelligence Council, who will discuss the Council’s report, “Global Trends 2025: A Transformed World.”

Proposed motion for BOG Action: (if appropriate)
None

Attachments:
Burrows Biography, link to Global Trends 2025 report

July 20, 2011

Dr. Mathew J. Burrows  
Counselor and Director, Analysis and Production Staff  
National Intelligence Council

Dear Dr. Burrows:

It is my pleasure to invite you to address the ASME Board of Governors at our meeting September 15-16, 2011 at the Mayflower Hotel in Washington, D.C. Andy Reynolds of the State Department recommended you as a speaker for our meeting.

ASME (American Society of Mechanical Engineers) is a global engineering society with more than 120,000 members in over 140 countries around the world. We conduct technical conferences, educational programs and other initiatives to help the global engineering community develop solutions to critical challenges such as energy, water, and access to education. ASME codes and standards, covering engineering disciplines ranging from elevators to bioprocess equipment and piping systems, are used in over 100 countries around the globe.

ASME’s Board would be very interested in your remarks on key global trends that may impact science, engineering and technology. The NIC’s report, “Global Trends 2025: A Transformed World” is of great interest to us, especially the sections dealing with energy, water, resource scarcity, demographics and workforce issues. These matters relate directly to the Society’s three strategic priorities of energy, engineering workforce development and global impact.

Although there is flexibility in our meeting agenda to accommodate your availability, I would like to schedule your talk to begin at 9:00 AM on Friday, September 16. We will plan one hour for this session, with part of that time devoted to questions and discussion following your remarks.

Thank you for your consideration of this invitation. If you have any questions, please contact Phil Hamilton in ASME’s Washington office at 202-785-7498 or hamiltonp@asme.org.

I look forward to hearing from you.

Sincerely,

Victoria A. Rockwell  
President
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 31, 2011
BOG Meeting Date: September 16, 2011

To: Board of Governors
From: Philip Hamilton
Presented by: Victoria Rockwell and Tom Loughlin
Agenda Title: Review and Reflections on BOG Retreat

Agenda Item Executive Summary: (Do not exceed the space provided)

Victoria Rockwell will introduce this session with a brief summary of the BOG retreat. Tom Loughlin will then facilitate a continuing board discussion on the board’s global strategy and any follow-up items from the retreat.

Proposed motion for BOG Action: (if appropriate)
None

Attachments:
Session intro slides
Review
of the
Board of Governors’ Retreat
July 13-15, 2011
The Ritz-Carlton, Powerscourt
Enniskerry, Ireland

BOG Retreat Objectives

Objectives were for the Board:

• To gain a deeper understanding of ASME’s global activities.
• To gain knowledge about global trends and issues and how they may provide opportunities and threats for ASME.
• To engage in strategic and generative discussions about ASME’s strategic priorities, with an emphasis on expanding our global impact.
• To have greater ownership of the strategic direction.
BOG Retreat Breakout Groups

High-Level Review of Top Global Issues

• **Relevance and Sustainability**
  - Low carbon energy/green technologies
  - Passion for addressing humanitarian challenges
  - Social relevance of engineers

• **Diverse geographic opportunities and challenges**
  - Different needs in each region/country requires flexible approach
  - Strategic partnerships
  - BRIC growth

• **Global Technology & Competition for Standards**
  - Open source
  - Collaboration & mutual acceptance
  - Free information on the web
  - Changing models for delivery
  - Threat to revenue stream

• **Workforce**
  - Limited technical information in some parts of the world – youth bubble
  - Different needs in different regions
  - Variations in qualifications/certifications
Continuing Dialogue on ASME’s Global Strategy

As We continue the Generative discussions:

• **Assess** the Key take-aways from the retreat
• **Review** the Implications affecting our global strategic directions
• **Analyze** how the Implications of ASME’s Global Strategy impact the energy, workforce strategies
• **Integration and adjustments** - other
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 26, 2011
BOG Meeting Date: September 15-16, 2011

To: Board of Governors
From: Committee on Governance
Presented by: Rob Pangborn
Agenda Title: COG Report to the BOG

Agenda Item Executive Summary: (Do not exceed the space provided)

A report of the activities of the Committee on Governance, along with a list of COG priorities for FY12 is attached. A presentation will be provided at the September 15 BOG meeting.

Proposed motion for BOG Action: Receipt

Attachments: Report
Committee on Governance
BOG Update

ROB PANGBORN
COG Priorities for FY12

- Recruitment & Training of BOG Members
- Assessing Perspectives or Knowledge of Importance to the BOG
- Evaluation & Monitoring of Governance Structures and Processes
- Effective Communication from BOG level throughout Society

Recruitment & Training of BOG Members

- Review current BOG training provided by VOLT (on-going)
- Solicit input from NC (Oct)
- Input from Leadership TF Chair (Nov)
- Survey BOG & SVP on training needs
Assessing Perspectives or Knowledge of Importance to the BOG

- Generative BOG speaker & topic for September
- Possible future BOG Speakers
  - Running list being developed
  - Suggestions welcome
- Possible future BOG Topics
  - Global impacts of trends from different viewpoints
    - industry
    - economist
  - China’s/India’s/Latin America’s cultural mores and interests and where that may lead ASME

Evaluation & Monitoring of Governance Structures and Processes

- Prior BOG Survey under review
- Develop a plan for surveying BOG on Board Performance
Effective Communication from BOG level throughout Society

- Address perceived gaps in communication between BOG and rank and file units
- Conduct survey of leadership at various levels

Committee on Governance
FY 12 Composition

Rob Pangborn, chair FY12
Richard Benson, member FY13
Betty Bowersox, member FY14
Questions/Comments
Date Submitted: August 23, 2011
BOG Meeting Date: September 15, 2011

To: Board of Governors
From: Committee on Honors
Presented by: Karen Thole
Agenda Title: COH Annual Report

Agenda Item Executive Summary: (Do not exceed the space provided)

Committee on Honors Annual Report to the Board of Governors

Proposed motion for BOG Action: (if appropriate)

Consent Item for Receipt

Attachments:
Committee on Honors Annual Report to the Board of Governors  
2010-2011

I  EXECUTIVE SUMMARY

The Committee held a meeting during the November 2010 Congress in Vancouver and their yearly face to face meeting on April 8, 2011 at the New York ASME headquarters. Major activities were in the following areas:

- The COH conducted its triennial review of sixteen rules of award.
- The COH reviewed and approved 63 Award nominations in 2011.
- The Committee on Honors approved three new Society-Level Awards.
- The COH approved the ASME representatives to the Joint Boards of Award.

II  ACTIVITIES FOR THE YEAR OF REPORT

The following outlines the degree of success for each of the COH accomplishments for 2010-2011:

a. Dedicated Service Award.

Program Effectiveness. The presentations are intended to bring recognition to those individuals who have provided 10 years of significant service to ASME. Of the 107 potential Dedicated Service Awards, 59 nominations were submitted.

The following is a breakdown of the different areas showing submittals received in relation to the maximum potential: Presidents- 8 of 29; Board of Governors—6 of 9; Knowledge and Community- 13 of 22; Energy Conversion- 2 of 5; Environment & Trans Group- 1 of 5; Engineering & Tech Mgmt Group- 2 of 4; Manufacturing Groups- 3 of 5; Pressure Tech Group- 2 of 4; Systems & Designs Group – 1 of 8; Codes and Standards—10 of 6; Institute Sector- 2 of 3; Centers- 5 of 5; Strategic Mgmt Sector-2 of 2; Auxiliary- 2 of 2.
b. **Rules of Award.**

The Committee continued its triennial review of the rules of award to ensure that the procedures reflected in the documents correspond to those of the award committees. This ongoing activity helps to identify areas of concern that must be addressed, as well as to provide the Committee and special award committees the opportunity to make suggestions relative to procedures.

c. **Selection of Award Recipients.**

During the year, the General Awards Committee and the Committee on Honors reviewed and acted favorably upon nominations for 63 of the Society's 72 awards. Twelve recipients were international. Eighteen recipients were from Industry.

The Committee considered the six nominations for the 2011 Honorary Membership. Five nominations for Honorary Member were recommended to the Board of Governors for approval.

The Committee also considered two nominations for the 2011 ASME Medal, and recommended a single nomination to the Board of Governors for approval.


d. **New Awards.**

The Committee on Honors approved and recommended to the Board of Governors the establishment of three Society Level Awards:

- ASME Technical Communities Globalization Medal
- ASME Nancy DeLoye Fitzroy and Roland Fitzroy Medal
- ASME Kate Gleason Award

e. **Membership Promotion.**

Thirteen recipients were invited to join ASME.
f. **Appointments.**

The Committee is pleased to note that its membership is diverse, but complies with the requirements as outlined in the By-Laws. In addition, upon the recommendation of the appropriate administrative bodies, the Committee on Honors recommended to the Committee on Organization and Rules the appointment of individuals to serve on several Joint Award Committees. The Committee on Honors also approved the General Awards Committee and special award committee personnel as recommended.
Date Submitted: August 25, 2011  
BOG Meeting Date: September 16, 2011  

To: Board of Governors  
From: Committee on Organization and Rules  
Presented by: Dennis Achgill  
Agenda Title: Committee on Organization and Rules  

Agenda Item Executive Summary: (Do not exceed the space provided)  

Attached, please find the Committee on Organization and Rules Annual Report for Fiscal Year 2011.  

Proposed motion for BOG Action: (if appropriate)  
None  

Attachments:  
Report
Committee on Organization and Rules Annual Report to the Board of Governors
2010-2011

The Committee on Organization and Rules (COR) provided significant support this year to the Board of Governors, the Committees reporting to the Board of Governors and the five Sectors. This was done while COR implemented extensive efficiencies in its operations and carried out its work well within its budget. For FY2010-2011, the committee held 6 meetings via telephone and one-face-to-face meeting.

In response to requests from the President, Board of Governors, its Committees and Sectors COR reviewed proposed changes to the Constitution, 7 By-Laws and 18 Society Policies and recommended changes to be adopted by the Board of Governors.

COR completed a comprehensive review and approval process of the By-Laws for the new Public Affairs and Outreach Sector.

COR completed a comprehensive review and approval process of all the By-Laws and Policies for the change use of the term Board of Directors.

COR reviewed 26 appointments or reappointments and made recommendations for approval to the BOG. COR continued to strictly enforce the examination of appointments and reappointments to make sure of compliance with Society Policy.

COR conducted a review of changes proposed by the Nominating Committee for the MM-10 (Nominating Committee Manual) and offered suggested improvements to the documents.

COR made editorial changes to By-Laws and Policies. This adds efficiency for the Society, since additional action by the BOG was not required.

For greater efficiency, COR conducts the majority of business via email prior to their meetings.

As ASME continues to evolve, the importance of being agile to make necessary changes to rules quickly and efficiently is ever more important. COR is responsive to these needs and brings a corporate history and continuity to the process.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 26, 2011
BOG Meeting Date: September 15-16, 2011

To: Board of Governors
From: Committee of Past Presidents
Presented by: Warren Leonard
Agenda Title: 2010-2011 CPP Annual Report to the BOG

Agenda Item Executive Summary: (Do not exceed the space provided)

A report of the activities of the Committee of Past Presidents during 2010-2011 follows for information for the BOG as a Consent Item for Receipt.

Proposed motion for BOG Action: Receipt

Attachments: Report
During the past year, individual members of the Committee of Past Presidents (CPP) continued to play a vital role as ASME volunteer leaders. Service included many high level activities at ASME ranging from Complex System Failures, VOLT, Energy, Fellows, History and Heritage, and BOG Standing Committees including: Pension Plan Trustees, Committee on Finance and Investment, Committee on Honors, Committee on Executive Director Evaluation and Staff Compensation and Committee on Organization and Rules. Service also extended to organizations aligned with ASME such as the ASME Foundation and the Council on Competitiveness and are ways that the Past Presidents remain a vital part of ASME leadership.

The CPP held two meetings during FY11, on November 15, 2010 and June 13, 2011.

Congress

The Fellows Review Committee (FRC) which reports to the CPP met and advanced procedural changes to simplify the Fellows nomination process, resulting in By-Law revisions approved by the BOG. The Fellows Reception was expanded in 2010 with increased promotion and attendance almost doubling the number of fellows from the previous year.

CPP members provided input into the development of VOLT’s Volunteer Leadership Path and Emerging Leaders Program.

Keith Thayer continued to work with others on the update to the Energy Fact Book. Tom Barlow updated the Presidential Team Manual. Paul Torpey continued to serve on the History and Heritage Committee and progress is being made on the Oral History Project and Landmark Dedication activities.

The CPP once again sponsored the post Honors Dinner Reception, capping off the evening that began with the Honors Assembly.

Annual Meeting

With the Sector Realignment, the responsibility for ethics at ASME will be fully within the CPP in FY 12.

A Balanced Scorecard Objective of increasing the number of Fellows elected by 10% (over the previous three year average) was exceeded with a record of 137 new Fellows elected in FY11. The CPP and FRC played a role in exceeding this target.

Another Balanced Scorecard objectives that the CPP contributed to was to increase the number of Dedicated Service Awards (DSA) by 50% (over the previous three year average) and this measure was exceed by having a record setting 59 DSA’s presented in FY11. This was the first year that the CPP members were permitted to nominate individuals for a DSA.

The CPP again hosted the Leadership Recognition Reception to acknowledge service by outgoing officers. This year, the event took place at the Sixth floor Museum in Dallas, TX.
This report is an update of SMC activities since the June BOG meeting, including a report from the Events Committee and VOLT Academy.

None

Report
I. Single Vice President Candidate Option

The Nominating Committee (NC) has proposed revisions to the MM10 regarding the option of recommending a single candidate for the position of Vice President. The Senior Vice Presidents (SVPs) and the Presidential team have provided feedback to the proposed revisions. Vice Chair Bernard Hrubala is representing SMC in the discussions with the NC. The SMC has determined that this item is closed for SMC discussion.

II. Disaster Assessment Recovery Task Force (DART)

Clark McCarrell is coordinating the effort to draft a charter for a DART Task Force. The SMC will review the draft and a recommendation will be made by the SMC.

III. Annual Meeting

Stacey Swisher Harnetty has reported on feedback received regarding the 2011 Annual Meeting. Due to the number of business meetings it is very difficult for many people to attend the Plenary. While the Member Assembly, Opening Reception and Monday’s keynote luncheon were well received, attendance can vary at events depending on the topic. Going forward there probably is no need for an Annual Meeting Committee and there will be no black out period on Monday morning to accommodate a Plenary.

IV. Finance & Reporting Activity

Mike Weiss and David Webber are working on enhanced management reporting. A task force to review Full Cost Accounting/FAIR implementation (new title to be Uniform Accounting Reporting) is planned for launch later this year. Revenue reporting and distribution will be a part of the effort.

V. ASME Organization

SMC is interested in exploring the best ways to communicate the work of so many areas within the Society and how members/volunteers can gain an understanding of how the organization functions. This is an on-going topic and Marc Goldsmith is addressing it with the Presidential Team.

VI. Aging Infrastructure Assessment/ASME Complex Systems Failure

This topic is cross-cutting within the Society. SMC will explore options for a task force and a sector to champion the effort.

VII. Sector Updates

Standards & Certification – Ken Balkey, June Ling, Bill Berger

- During Boiler Code Week (Aug. 8), a meeting of ASME-Japan Society of Mechanical Engineers (JSME) and Codes & Standards leadership was held. It was followed by a public session to review post-Fukushima efforts of ASME and JSME. Key outcomes:
  - ASME Board on Nuclear Codes & Standards Task Force on Design Basis and Response to Severe Accidents being expanded to become multi-Standards Development Organization Task Force, with ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.
four focused Task Groups: (1) Design Based External Events; (2) Component Integrity (pressure boundary and containment integrity); (3) Safety System Response; (4) Severe Accident Management.

- Charter of Task Force is to collect and monitor information from the seismic tsunami event and severe accident at the Fukushima Daiichi Station to make recommended changes in impacted codes and standards. Coordinate effort with U.S. Nuclear Regulatory Commission (NRC), Nuclear Energy Institute (NEI) and other key stakeholders, and share information with other worldwide regulators, government bodies and industry stakeholders.

- While the Task Force membership will be kept relatively small (reps from ASME, NEI, NRC, American Nuclear Society, and JSME), the focused Task Groups will contain Code experts along with experts from nuclear steam supply system vendors, owners groups, and utilities as well.

- JSME has established its Task Force on External Hazard and Severe Accident with two task groups already addressing structural integrity and severe accidents.

- An overview of latest status of Fukushima Daiichi reactors was presented.

- A presentation was made on JSME’s “Design of Guideline for Severe Accident Management”. This work had been reviewed at major workshop in Japan with a member of Japan Nuclear Safety Commission participating. A summary of latest International Atomic Energy Agency and Japan government findings on the accident were also reviewed.

- Above report is being translated by JSME into English and will be provided to ASME Task Force for review in early September; comments to be provided back to JSME at Boiler Code meetings in November.

- Normative references to the latest editions of ASME B16.5 (Pipe Flanges and Pipe Fittings: Nominal Pipe Size (NPS) ½ through NPS 24) and B16.47 (Large Diameter Steel Flanges: NPS 26 through NPS 60) were included in revision of International Organization for Standardization (ISO) Standard 7005-1 Pipe Flanges, Part 1 Steel Flanges for Industrial and General Service Piping Systems. Second instance of ISO Standard including normative reference to ASME standards (other was B31.3, Process Piping).

- Number of international members on ASME standards development committees exceeded 600 (almost 13% of all Standards & Certification committee members). Of special note, establishment of China International Working Group and Korea International Working Group for BPV Committee III on Nuclear Facility Components. IWG’s allow international experts to participate by meeting in their own countries and discussing in their native language, yet the IWG’s are organizationally part of the ASME Committee.

- New on-line, assessment based training courses were launched, including for codes and standards on Nuclear Quality Assurance, B31.1 on Power Piping, and BPV Section XII on Transport Tanks.

- ASME Standards and Certification leaders had the opportunity to meet with the President and senior staff of Chattanooga State Community College and top executives of the Tennessee Valley Authority (TVA) to celebrate the first engineering technology graduates in the new Non-Destructive Examination (NDE) program at the school. TVA and Chattanooga State are key stakeholders in the emerging ASME NDE Personnel Certification Program to attract young people into this critical technology field and to have them appropriately certified to support inspection needs for a wide range of industries.

**Institutes – Dilip Ballal, Michael Ireland**

- The Institutes Sector Board (ISB) had two highly successful events in June: Ocean, Offshore, and Arctic Engineering Conference, Rotterdam, Netherlands (19-24 June) and ASME Turbo Expo. (6-10 June) in

ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.
Vancouver, BC. Attendance and number of papers presented set record highs. Many student scholarships were given, and well attended continuing education workshops were held. IPTI and IGTI are busy with the forthcoming 2011 Fall schedule of activities:

- IPTI - OTC Brasil Conference and Brazil Pipeline courses in Rio, Brazil (Oct. 4-6)
- 2. International Offshore Pipeline Forum (Oct. 17-20) Houston, TX
- 3. Planning for ASME India 2013 Pipelines Conference (October)
- IGTI - IGTI European Gas Turbine Training Week Courses: (Nov. 7-11)

Both IPTI and IGTI Boards will be meeting to discuss their strategy for the forthcoming year.

Public Affairs & Outreach – Stacey Swisher Harnetty, Phil Hamilton

- 2012 ASME IShow is expanding its reach, soliciting international student team applications for the first time. The ASME IShow is a platform for top collegiate teams to compete for over $20K in seed money to further develop their product. The 2012 ASME IShow competition will be held on Saturday, June 2, 2012, in conjunction with the ASME Annual Meeting in Montreal Quebec, Canada. Student team applications will be accepted from September 19, 2011 through January 13, 2012.

- The Industry Advisory Board Meeting will be held October 18-19 at ASME’s Headquarters to address, “ASME’s Role in Supporting the Development of Sustainable Energy Technologies.” Specifically, participants will be asked to share their thoughts on how an organization such as ASME can play a role in a low-carbon energy future. Dr. Arun Majumdar, Director, ARPA-E, has been invited to keynote the meeting, with Dr. Yogi Goswami and Barry Worthington, Executive Director, USEA, confirmed.

- ASME will be sponsoring the following four new Federal Fellows in 2011-2012.

  Legislative Fellows:

  - David McStravick received his B. S. and Ph. D. degrees in mechanical engineering from Rice University. He worked in the energy industry for 20+ years in various engineering product development and research positions.

  - Kenneth Miller is a Professor of Mechanical Engineering at St. Cloud State University. He received his M.S. and Ph.D. at the University of South Carolina before joining St. Cloud State University in 2001. His teaching and research are focused on energy, transportation, and thermal sciences.

  - Dr. Benjamin I. Cohen recently received his doctorate in Mechanical Engineering from Rensselaer Polytechnic Institute. His dissertation focused on combining clinical measurements and fundamental fluid mechanics principles to improve quantification of cerebrospinal fluid pressure, volume and flow abnormalities related to hydrocephalus.

  Executive Branch:

  - Charles E. "Chuck" Thorpe served as the dean of Carnegie Mellon University in Qatar from 2004-2010. Prior to being appointed dean, Thorpe was a faculty member in the Robotics Institute at the School of Computer Science at Carnegie Mellon Pittsburgh. A renowned roboticist, he also served as director of the Robotics Institute from 2000 to 2004, and is the founding head of its robotics master's program. Thorpe holds a Ph.D. from the School of Computer Science and is one of the University's first alumni to pursue a career in robotics.
ASME partnered with NASA for a kids-focused event in NYC; over 4000 attended; ASME participation and exhibits were highlighted in media coverage in the New York Times, local cable channel NY-1, and others. (CTRL+click to follow the links).


http://www.ny1.com/content/ny1_living/technology/145317/nasa-launches-programs-for-kids

ASME, The Hong Kong Polytechnic University, and the Chinese Mechanical Engineering Society are co-hosting the 2011 International Leadership Summit on Mechanical and Multi-disciplinary Engineering Education which will take place September 27-29. The Summit will address current research into future curriculum developments, comparative accreditation approaches, projected industry skill needs, and effective international ME department collaborations.

Knowledge & Community, Tom Libertiny, Michael Ireland

K&C activities will be reported separately to the Board.

VIII. VOLT Academy – Progress report submitted by Bill Cousins

OPERATIONS

VOLT Retreat is planned for October 7 – 9, 2011 in Minneapolis. This will bring together the VOLT Executive Committee to plan further VOLT activities and the incorporation of additional assignments brought on by the sector realignment including taking responsibility for the ECLIPSE Program and Leadership Diversity Training.

The Collaboration Space of the VOLT Resource Center was beta launched for the Chair, Past chair and VOLT staff prior to the 2011 Annual Meeting and on July 8 the beta launch was expanded to the VOLT Executive Committee. The user guide and diagram for the Resource Center’s Collaboration Space have been completed. The Collaboration Space utilizes Microsoft SharePoint and is being used to develop VOLT programs and VOLT training efforts including the 2012 LTC. The K&C training committee was provided space for their use during the beta test.

ACTIVITIES

• Officer Training
  o Committee on Governance (COG) invited the VOLT leadership to the August 10, 2011, COG teleconference and provided input into the development of the BOG training provided by VOLT.
  o On September 15 2011, VOLT will provide the BOG Nominee Orientation in Washington, DC and all three BOG Nominees will be participating.
  o VOLT has assumed responsibility for the Diversity Forum for ASME volunteer officers and will present this on November 13, 2011 in Denver, CO. The invitation for this biennially delivered program will be expanded to include other senior volunteers and all other Congress attendees on a first come first served basis.
  o VOLT is planning to hold an Officer-Elect Orientation in Denver on November 11, 2011 immediately prior to the Business Meeting.

• ECLIPSE The transfer of the ECLIPSE program to VOLT is well underway with a new ECLIPSE Program Chair in place who is also working with the outgoing chair. VOLT is working on refining the ECLIPSE marketing plan, enhancing the application and improving the selection process. Training was
delivered to both incoming and outgoing interns at the Annual Meeting in Dallas, where participants gave
the program a 3.46 rating out of a possible 4.0.

- **Nominating Committee (NC)**  A briefing for the Nominating Committee on the role of VOLT and the
  importance of training was presented on June 14, 2011 at the Nominating Committee’s Organizational
  Meeting in Dallas. The calendar for the coming year FY12 of VOLT delivered training for the NC has been
  finalized.

- **Ethics Programs**  Responsibility for Ethics Training programs has been picked up by the VOLT
  Academy. Planning for an effort in this area is underway. Some of the material in the VOLT Workshop at
  the Congress in November will be in this area.

- **VOLT Leadership Workshops**
  - On June 12, 61 volunteers participated in the VOLT Leadership Workshop, “Innovation for the
    21st Century Leader” in Dallas presented by Joel Barker, an independent scholar and futurist who
    pioneered the concept of paradigm shifts to explain profound change and the importance of vision
    to an organization. Attendees gave this program an overall rating of 3.65 on a 4.0 scale.
  - Plans are being finalized for a VOLT Leadership Workshop scheduled on November 13 from
    1:30-5:00 PM to be held in Denver at the Congress. The program will be on “Values-Based
    Leadership”.

- **LTC**  Planning for the 2012 Leadership Training Conference has begun. The identification of the various
  sessions and the schedule are presently being determined. A VOLT workshop will be held on Thursday
  afternoon before the start of the LTC, as we have done in the past few years.

IX. Events Committee (EC) – Progress report submitted by Jim Coaker

- This Committee has been newly established. Committee members:
  - James Coaker – Chair
  - Monica Moman-Saunders
  - Hamid Hamidzadeh
  - Robert Warrington
  - Ken Paulson

- A face-to-face kick-off meeting was held at the end of June, 2011.

- Three telecons were held in July/August.

- The EC is using Event Planning and Approval Tool (EPAT) software. It is designed to be similar to CA-
  1/CA-2 content, but with a more formal approval/checks and balances structure. There are a few wrinkles
  to be worked out as both staff and volunteers are adjusting to the software.

- Data entry of the proposed meetings has begun with about 12-15 events in the initial group.
Date Submitted: August 31, 2011
BOG Meeting Date: September 16, 2011

To: Board of Governors
From: Committee on Organization and Rules
Presented by: Dennis Achgill
Agenda Title: September 2011 Proposed Appointments

Agenda Item Executive Summary: (Do not exceed the space provided)

September 2011 Proposed Society Appointments as approved by Committee on Organization and Rules.

Proposed motion for BOG Action: (if appropriate)
To approve the appointments as detailed.

Attachments:

Appointments Listing.
### September 2011
PROPOSED APPOINTMENTS TO
Outside Organizations

<table>
<thead>
<tr>
<th>Outside Organization</th>
<th>Nominee</th>
<th>Appointment Position/Title</th>
<th>Appointment Term/Category</th>
<th>Initial Appointment</th>
<th>History</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fluid and Power Net International</td>
<td>Wayne J. Brook</td>
<td>Representative</td>
<td>8/2011 to 8/2013</td>
<td>N/A</td>
<td>Current Member Fluid Power Systems &amp; Tech Division Executive Committee</td>
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</table>

### September 2011
PROPOSED APPOINTMENTS TO
ASME Units

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<th>Appointment Position/Title</th>
<th>Appointment Term/Category</th>
<th>Initial Appointment</th>
<th>History</th>
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</thead>
<tbody>
<tr>
<td>Committee on Organization and Rules</td>
<td>Larry Dickinson</td>
<td>Member-at-Large</td>
<td>9/2011 to 9/2014</td>
<td>N/A</td>
<td>VOLT Member</td>
</tr>
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</table>
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 24, 2011
BOG Meeting Date: September 15, 2011

To: Board of Governors
From: Executive Director Evaluation Staff Compensation (EDESC) Committee
Presented by: Robert T. Simmons
Agenda Title: By-Law Amendment (Consent Agenda item)

Agenda Item Executive Summary: (Do not exceed the space provided)

The Pension Plan Trustees (PPT) is a sub-committee of the Executive Director Evaluation and Staff Compensation (EDESC) Committee. ASME By-Law B5.2.6.1 limits the terms for Trustees to no more than two full terms. The EDESC is requesting an amendment to By-Law B5.2.6.1 that would allow a third consecutive term under exceptional circumstances.

Upon adoption of the amendment, on behalf of the EDESC, Chair Simmons would recommend the re-appointment of Robert Nickell as Chair of the PPT for a third term beginning in July of 2012 through June of 2015.

The redlined version of the amended By-Law is attached, along with an explanatory memo. COR review and input is anticipated before the September 15th BOG Meeting.

Proposed motion for BOG Action: (if appropriate)

To approve the Amendment to By-Law B5.2.6.1 as reflected on page 3 of this document.

Attachments:
The Pension Plan Trustees (PPT) is a sub-committee of the Executive Director Evaluation and Staff Compensation Committee (EDESC). ASME By-Law B5.2.6.1 limits the terms for Trustees to no more than two full terms. The EDESC is requesting an amendment to By-Law B5.2.6.1 that would allow a third consecutive term under exceptional circumstances. The redlined version of the amended By-Law is attached.

Upon adoption of the amendment, on behalf of the EDESC, I would recommend the re-appointment of Robert Nickell as Chair of the PPT for a third term beginning in July of 2012 through June of 2015.

Chair Nickell’s expertise and knowledge of the complex area of Pension Plan investments are critical to the well-being of the PPT. In the past two years, under Nickell’s guidance, the Trustees have made significant strides to analyze and select a new investment model, to gain a greater understanding of pension liabilities and how they inform investment decisions, to document the Pension Plan Investment Strategy, to create an Operation Guide for the unit, and to revise the Pension Plan Trust Document. Under Nickell’s direction, the PPT has also worked on developing metrics to analyze progress in their new Liability Driven Investment model, which better matches the Plan investments with the Plan liabilities. While the development of these documents also helps to ensure information sharing and learning, succession planning will continue to be a topic on PPT agendas.

The EDESC contends that it is critical to the well-being of the PPT that Nickell continue to lead the PPT, given the work outlined above. This need was highlighted during the recent market downturn. Additionally, the EDESC believes that this amendment will provide ASME with the flexibility necessary to maintain the current knowledge and experience of Chair Nickell, and will allow more opportunity for successful knowledge transfer and succession planning.
B5.2.6.1 The Pension Plan Trustees, under the direction of the Committee on Executive Director Evaluation and Staff Compensation, shall have responsibility, as specified in the American Society of Mechanical Engineers Pension Plan, for the investment and ultimate distribution of the funds and may also act as Plan agent for the service of legal process.

The Pension Plan Trustees shall consist of five members: the Treasurer of ASME; the Assistant Treasurer, and three at-large members recommended by the Committee on Executive Director Evaluation and Staff Compensation for appointment by the Board of Governors.

The terms of the at-large members shall be three years ending at the close of the second Society-Wide Meeting on a schedule established by the Committee on Executive Director Evaluation and Staff Compensation. Members-at-large may serve no more than two consecutive full terms. Except as provided in this section, a Pension Plan Trustee who is a member-at-large may serve no more than two consecutive full terms. To be eligible for a third consecutive full term, a member-at-large must be nominated by the Committee on Executive Director Evaluation and Staff Compensation upon a finding by the Committee that specifies exceptional circumstances warranting the third consecutive term, and a written statement of such findings must accompany the nomination when it is communicated to the Board of Governors by the Chair of the Committee. The nominee may then be appointed only upon the affirmative vote of two-thirds of the entire Board of Governors.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 24, 2011
BOG Meeting Date: September 15-16, 2011
To: Board of Governors
From: Knowledge & Community
Presented by: Thomas Libertiny, Senior VP
Agenda Title: Draft ASME General Position Paper on “Strengthening the U.S. Manufacturing Sector”

For inclusion on the Consent Calendar.

Agenda Item Executive Summary: (Do not exceed the space provided)

In July 2011, the Administration launched the Advanced Manufacturing Partnership (AMP), a national effort bringing together industry, universities, and the federal government to invest in manufacturing. The AMP is being developed based on the recommendation of the President’s Council of Advisors on Science and Technology’s recent report, “Ensuring American Leadership in Advanced Manufacturing.” ASME’s current Federal Fellow at OSTP has been working on this initiative for the past two years. Michael Molnar, who is a former ASME Federal Fellow, was recently appointed as the first “Chief Manufacturing Officer” at NIST, where he will be supporting this cross-agency AMP initiative.

ASME does not have a position paper on manufacturing. This position paper was, which was prepared by the Knowledge & Community Manufacturing Technology Group, provides recommendations for “prioritizing” federal funding to support the goals of the America COMPETES Act and for other programs that are focused on fostering cooperation among manufacturers, as well as the training and education of the manufacturing workforce.

Proposed motion for BOG Action: (if appropriate)

Approval is requested to release this paper as an “ASME General Position Paper.”

Attachments: Draft ASME General Position Paper on “Strengthening the U.S. Manufacturing Sector”
ASME General Position Paper

“Strengthening the U.S. Manufacturing Sector”

The American Society of Mechanical Engineers (ASME) supports the recommendations of the report, ‘Ensuring American Leadership in Advanced Manufacturing,’ prepared by the President’s Council of Advisors on Science and Technology (PCAST) and the President’s Innovation and Technology Advisory Committee (PITAC). The report proposes launching an Advanced Manufacturing Initiative (AMI), which would support innovation in advanced manufacturing through applied research programs for promising new technologies, public-private partnerships around broadly-applicable and precompetitive technologies, the creation and dissemination of design methodologies for manufacturing, and shared technology infrastructure to support advances in existing manufacturing industries.

The ongoing debate about our nation’s fiscal health has catalyzed an important discussion regarding how we make the difficult decisions that will improve our long term fiscal outlook. Advances in science and engineering have long been the foundation of our nation’s economic growth, prosperity, and national security. Our strength comes from our ability to produce the world’s best scientists and engineers, nurture new ideas and innovation, develop new technologies, translate ideas and technologies into production and create new industries. In the context of the debate over the future priorities for federal spending, it is critical that policies that promote long-term economic competitiveness—including foundational research and development (R&D), and science, technology, engineering, and math (STEM) education—remain among the highest priorities for domestic discretionary spending.

Comments on the Proposed Advanced Manufacturing Initiative (AMI)
The Advanced Manufacturing Initiative represents a new effort to combine and coordinate proven and effective federal efforts at key federal agencies to support America’s manufacturing base. As outlined in the PCAST report, this effort will include programs at the National Science Foundation, Department of Commerce (DOC), Department of Defense (DOD), and Department of Energy (DOE), and additional agencies that support basic and applied research in engineering and have a high impact on economic competitiveness and encourage innovation—such as the National Institute of Standards and Technology (NIST) at Commerce, the Defense Advanced Research Projects Agency (DARPA) at DOD, and ARPA-E at DOE.

In support of this effort, ASME recommends prioritizing federal funding to support the goals of the America COMPETES Act and for other programs that are focused on fostering cooperation among manufacturers and other R&D performers and users, or fostering the training and education of the manufacturing workforce, including:
The Manufacturing Technology Program (ManTech) at Defense;
The Defense Advanced Research Projects Agency (DARPA) at Defense;
The Advanced Research Projects Agency-Energy (ARPA-E);
The Industrial Technologies Program (ITP) at Energy’s Office of Energy Efficiency and Renewable Energy (EERE);
The Manufacturing Extension Partnership (MEP) at NIST;
The Technology Innovation Program (TIP) at NIST;
The Advanced Technological Education (ATE) at the National Science Foundation;
The National Nanotechnology Initiative (NNI), a cross-agency federal initiative to support advancements in nanotechnology;
The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs - cross agency programs which support innovation at small, high-tech businesses.

These programs have resulted in a number of innovations which have spawned new technologies and industries essential to U.S. manufacturing leadership\(^1\), and contributed to improved capabilities and cost savings for U.S. national security needs\(^2\). Many of these programs are operated in partnership with the private sector, leveraging and attracting additional outside funding to achieve innovations and create jobs. Underscoring the strong return on investment for federal funding of scientific and engineering oriented research, programs such as the MEP have generated a strong record of success, yielding $32 in new sales growth for every dollar of federal investment. Given the economic challenges our economy continues to face – particularly in the field of advanced manufacturing - strong funding for each of these initiatives will serve as a complementary effort to proven and successful programs aimed at encouraging innovation, job creation, and economic growth.

Manufacturing and the U.S. Innovation Ecosystem
If America is to remain a global economic leader, we must continue to invest in the scientific and engineering enterprise that generates new technologies, industries and jobs. However, since 2005 the National Academy of Science has demonstrated through a series of its ‘Rising Above the Gathering Storm’ reports that the United States is falling behind in critical measures of technology, education, innovation, and highly skilled workforce development. While these reports indicate that the U.S. still maintains a slight lead in many areas of research and discovery, the committee issuing the reports repeatedly stated that they were “deeply concerned that the scientific and technological building blocks critical to our economic leadership are eroding at a time when many other nations are gaining strength.”

Exacerbating an already troubling statistic, the decline in U.S. employment in manufacturing has accelerated over the last decade, as manufacturers moved overseas and shed a net 5.7 million jobs

\(^1\) NIST MEP Program Results Database: [http://ws680.nist.gov/mepmeis/SearchSS.aspx](http://ws680.nist.gov/mepmeis/SearchSS.aspx)
\(^2\) U.S. DOD ManTech Program Results: [https://www.dodmantech.com/award/successes/index.asp](https://www.dodmantech.com/award/successes/index.asp)
since 2000\textsuperscript{3}. These jobs represent the entire range of manufacturing activities, from simple assembly to highly complex advanced manufacturing, which was the focus of the PCAST report. In fact, the net U.S. trade deficit in Advanced Technology Products (ATP) increased by almost $25 billion from 2009 to 2010 alone. This trend is also accelerating, with the U.S. already running an ATP deficit of $26 billion from January to April, 2011\textsuperscript{4}.

These declines are particularly troubling for America’s long-term economic prosperity, because the jobs produced by manufacturing activities are generally high paid and represent an entry point into the middle class for a significant portion of the workforce and because the manufacturing jobs of the future are likely to involve advanced technological products. Furthermore, a strong manufacturing base is critical to America’s national security, because of the need to maintain domestic capacity for the manufacture of key products, and the need to maintain a highly skilled and creative workforce—the foundation for both a strong manufacturing economy and a strong national defense. Historically, the DOD has been able to leverage the strong U.S. industrial manufacturing base to meet procurement needs, and has invested in programs such as ManTech for over fifty years in order to advance manufacturing research and defense-essential manufacturing capabilities\textsuperscript{5}. However, the U.S. defense establishment is not large enough to support an industrial base solely through its operational needs. Continued erosion of the U.S. manufacturing base will only increase procurement costs for the DOD, placing further strains on defense funding resources in a time of already tightened defense budgets.

America’s manufacturing sector holds significant promise for expansion and job creation. U.S. manufacturers produce over 20 percent of all global manufacturing products, account for 12 percent of U.S. GDP and employ about 11 percent of the private sector workforce—a critical source of high-paying jobs for millions of Americans. U.S. manufacturers are also a critical part of our innovation enterprise, performing almost two-thirds of advanced stage research and development activities. The impact of manufacturing extends to other sectors of the economy, with manufacturers contributing more on a dollar for dollar basis than any other sector of the economy thanks to the multiplier effect of manufacturing on the shipping, power, financial, and a host of other highly skilled service sector industries\textsuperscript{6}. These strengths represent a foundation for action from leaders in U.S. government, industry, and research centers, which can work together to spur recovery, innovation, and growth in the U.S. manufacturing sector.

Spurring recovery among U.S. manufacturers will require careful consideration of tax, trade, innovation, and regulatory policies targeted specifically to the challenges facing U.S. manufacturers and the manufacturing export market of the future. America’s economic competitors attract investment in manufacturing through a variety of policies to promote innovation in key industries,

\begin{itemize}
  \item 3 U.S. DOD ManTech Program Authority: https://www.dodmantech.com/program/govdocs.asp
  \item 6 The Manufacturing Institute, NAM, Fig. 8: http://www.nam.org/Resource-Center/Facts-About-Manufacturing/~/media/0F91A0FBEA1847D087E719EAA8D4D4D8.ashx
\end{itemize}
including massive investments in public-private research partnerships, research parks and scientific testing facilities, tax exemptions, intellectual property rights guarantees, and regulatory or trade policy perks for investors. The U.S. has fallen behind in several factors important to a healthy manufacturing base while production has increased overseas.

To remain competitive in the global market, U.S. manufacturers require qualified workers, an efficient and competitive fiscal and regulatory environment, open markets, and strong partnerships to ensure a healthy innovation pipeline. Thus far, ideas to promote a U.S. manufacturing recovery range from launching more aggressive trade and tax incentives to the redevelopment of our energy and transportation sectors. While certain policies may be beneficial to all businesses in general (i.e. lower tax rates, and greater access to markets), our recommendations focus on the challenges most significant to the U.S. manufacturing sector. Specific recommendations are as follows:

**Promoting Innovation and Competitiveness**

The government plays a key role promulgating policies that encourage innovation and set the groundwork for competitiveness. These policies must be mindful of the long-term, capital-intensive nature of investments in manufacturing capacity, as well as those of engineering and basic science innovation. They must also account for the U.S. standing among global competitors and should be continually reviewed to ensure that U.S. manufacturers receive competitive rates of taxation and incentives for investment at home as well as open markets and intellectual property protections abroad. The World Economic Forum’s 2010 ‘Global Enabling Trade’ report found that the U.S. ranks 116 out of 125 economies in terms of tariffs faced abroad. Likewise, the U.S. has fallen behind other countries in offering critical tax incentives for manufacturers, including strength of the R&D tax credit and of special benefits such as the Depreciation Tax Credit. While these policies impact a variety of industries, each credit has a particular impact on U.S. manufacturers because of their need to invest in new equipment and processes.

With annual outlays of approximately $260 billion, the private sector accounts for almost two-thirds of total R&D spending in the U.S, with the manufacturing sector supporting 65 percent of all industrial R&D activities. R&D Magazine forecast U.S. industrial R&D growth at 3.4 percent in 2011, a strong rate considering the struggling economy but half of the 6.8 percent average annual growth over the 1981 to 2008 period. The majority of this private R&D effort is focused on developmental applications and moving products to market which is a fundamentally different activity from the research supported by the federal government and academia. In order to ensure strong growth in domestic R&D and to support the U.S. manufacturing innovation pipeline from fundamental advancements in science all the way through technology commercialization, the federal government should:

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8 R&D Magazine, 2011 Global R&D Funding Forecast: [www.rdmag.com](http://www.rdmag.com)
Expand and make permanent the R&D tax credit and support new efforts to drive research through the ‘valley of death’ transition from initial technology concepts to commercialization.

- Encourage and sustain the formation of R&D partnerships among government, industry, and universities.

- Prioritize long-term federal research projects and support a balanced portfolio of engineering and scientific research among the physical and life sciences. Congress should do this by supporting the goals of the America COMPETES Act – an effort focused on the NSF, DOE Office of Science, and NIST – agencies that support basic research in engineering and have a high impact on economic competitiveness.

- Extend the first-year 50 percent bonus depreciation tax credit.

**Workforce Development and STEM Education**

Federal investments in fundamental scientific discovery and technological development have declined almost 60 percent in the last 40 years. Fewer research dollars over time have resulted in fewer companies with skilled workers capable of designing and building complex systems. As a result, the U.S. is increasingly dependent on immigration to meet its technical workforce needs. The NSF’s 2010 S&T Indicators report found that over 50 percent of Doctorate level engineers working in the U.S. engineering fields came from foreign backgrounds, an increase from 41 percent in 2000, and the Government Accountability Office and National Science Foundation have consistently reported that the U.S. remains dependent on foreign talent for a large percentage of highly skilled workers to perform the critical tasks needed to sustain the key parts of our industrial base, particularly with respect to aerospace and defense industries.

The decline in the U.S. manufacturing base and rise of manufacturing competitors abroad poses further workforce training and capacity issues for the economy. As other nations develop their production and design capacity, the U.S. ability to attract foreign talent will erode as foreign nations are better able to educate and retain the best science and engineering talent. As the manufacturing workforce becomes increasingly more global and technology-driven, it is essential that the United States align its K-12 core curriculum, undergraduate and graduate education systems to the knowledge and skill requirements of its 21st century workforce. While some of these indicators have suffered decades of neglect and will take decades to correct, all require immediate attention and a national commitment to improvement. Accordingly, the federal government should:

- Encourage partnerships to involve private organizations and businesses in addressing STEM education improvements.

- Support scholarships to students and workers pursuing manufacturing engineering degrees and technical certificates who are willing to work in a manufacturing environment after graduation.

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9 PCAST Report to the President on Ensuring American Leadership in Advanced Manufacturing, 2011
Strengthen tax incentives for workforce development and continuing education, including those at the graduate level, both for employers and employees.

Conduct a high level review of the health and sustainability of the U.S. high-tech workforce to ensure that education and immigration policies are working to expand the number of highly-skilled workers in STEM fields.

Conclusion
Manufacturing has tremendous potential in sparking economic growth and job creation in the U.S. In addition to being a critical part of the U.S. national security apparatus, innovation pipeline, and process for job creation, manufacturing holds the promise for the establishment of entirely new industries and the reinvention of new methods of doing business. The U.S. maintains leadership in a range of machinery and equipment manufactured goods, as well as in the pharmaceutical, transportation, food processing, and electronic products industries, with each sector slated for future expansion fed by global demand from expanding and emerging markets. Other countries have already recognized the importance of spurring the creation of new products and industries – particularly in energy technology sector – and have taken steps to ensure a healthy science and engineering workforce and a competitive market for attracting investment. In closing, the key steps the U.S. should immediately take to signal our commitment to a long-term growth strategy include:

- Commit to long-term federal investment in engineering and scientific research and support a balanced portfolio of engineering and scientific research among the physical and life sciences. Congress should do this by supporting the goals of the America COMPETES Act – an effort to double investments at the NSF, DOE Office of Science, and NIST that support basic research in engineering and have a high impact on economic competitiveness. Expand and make permanent the R&D tax credit and strengthen tax incentives for workforce development and continuing education.
- Support scholarships to students and workers pursuing science and engineering degrees and technical certificates for those who are willing to work in a manufacturing environment after graduation and encourage and sustain the formation of R&D and STEM education partnerships among government, industry, and universities.

Draft position paper prepared by the Knowledge & Community Technical Divisions, Manufacturing Technical Group and approved for release by:
- Thomas Libertiny, Senior Vice President, K&C
- Mindy Grinnan, Vice President, Technical Communities, K&C
- Amit Bagchi, Ph.D., Chair, Manufacturing Technology Group
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 15, 2011
BOG Meeting Date: September 15-16, 2011
To: Board of Governors
From: Public Affairs & Outreach
Presented by: Stacey Swisher Harnetty, Senior VP
Agenda Title: ASME Resolution on “Commitment to Peer Review”

Agenda Item Executive Summary: (Do not exceed the space provided)

Attached is a Resolution reaffirming ASME’s “commitment to the practice of peer review as a crucial part of the allocation of public funds in support of the nation’s research and development endeavor.”

It has been approved by the Senior Vice President of the Public Affairs and Outreach Council and the Vice President of the Board on Government Relations.

Proposed motion for BOG Action: (if appropriate)

Approval is requested to release this ASME Resolution as an ASME General Position Paper to reaffirm ASME’s commitment to peer review.

Attachments: ASME Resolution: Commitment to Peer Review
ASME General Position Paper

ASME Resolution: Commitment to Peer Review

The American Society for Mechanical Engineers (ASME), a professional society representing over 120,000 engineers, scientists and other professionals, recognizes that:

- Basic research and development (R&D) is critical to innovation and the creation of new and improved products for the marketplace.
- Competitive extramural grant programs of the Federal government (e.g., National Science Foundation, Office of Naval Research, Department of Energy Office of Science, National Institutes of Health) are the mainstay of scientific, engineering, and education research leading to economic benefits for the nation.
- The research community strongly supports the peer review systems of the aforementioned agencies.
- Research and development appropriations are fixed by legislation but the ratio of directed to competitive expenditures is variable.

ASME is opposed to the earmarking of basic research funds, which compromises the peer review process.

Whereas, the industry/university/government partnership is essential to the progress of science, engineering, education, and the resulting innovation.

Whereas, peer review ensures the quality of research and education in science and engineering, based on consistent and critical criteria enforced by professional evaluation.

Be it resolved, that ASME reaffirms its commitment to the practice of peer review as a crucial part of the allocation of public funds in support of the nation’s research and development endeavor.
Date Submitted: August 26, 2011
BOG Meeting Date: September 15 & 16, 2011

To: Board of Governors
From: Governance
Presented by: Warren Leonard
Agenda Title: Proposed Revisions to the BOG Operation Guide

Agenda Item Executive Summary: (Do not exceed the space provided)

A review of the BOG operation was led by Past President Amos Holt. Proposed changes are shown that were made for clarity and consistency and reflecting actual practices.

Proposed motion for BOG Action: (if appropriate)

To approve the proposed revisions to the BOG Operation Guide as presented.
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ATTACHMENT C Board of Governors – Suggested Seating Arrangements (4.3.11)
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PREFACE

0. Position Description

0.1. The Board

0.1.1 The Board - Collectively

0.1.1.1 The job of the Board is to represent the membership by setting strategic direction and determining and demanding appropriate organizational performance.

1. Role Within the Organization’s Government:
   The Board is charged with establishing the policies and procedures for the governance of the Society, for the management, financial and legal responsibilities for governance of the Society. Through the Constitution and By-Laws, policies and procedures and Assignment of Duties, the Board delegates day-to-day operations to other units of the Society.

2. General Expectations

   (a) Determine and support the organization’s vision, mission and purpose as shown in Attachment G.

   (b) Further the objective of the organization by having knowledge of and an appreciation for issues facing engineers worldwide, and of ASME’s markets and whom the organization serves.

   (c) Be proactive and devote the majority of its time to dealing with the future of the organization, set against but not over-analyzing the work of the past and the present.

   (d) Be knowledgeable of current programs so the organization can be prepared to embrace new programs and recognize those that are no longer strategically relevant must be retired.

   (e) Ensure, through strategic oversight, that the organization’s resources are sufficient, are used efficiently, and lead to desired outcomes.

   (f) Conducts business in an open and collaborative manner, following accepted rules and procedures, to ensure results that advance the goals of the society.
3. Job outputs:

(a) Strategic Oversight and Responsibilities:

- Reviewing programs and operations for their potential to further the organization’s vision, mission and purpose.
- Identifying key indicators for tracking the organization’s progress in determining, monitoring and strengthening programs and services.
- Approving and periodically reviewing, governing policies so that they are consistent with the organization’s vision and mission and at the broadest level, address:
  - Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good, for which need, at what cost).
  - Executive limitations: Constraints on executive authority that establish prudence and ethics boundaries within which all executive activity and decisions must take place.
  - Governance process: Specification of how the Board conceives, carries out and monitors its own task.
  - Board-staff linkage: How power is delegated and its proper use monitored; the Executive Director role, authority and accountability.
  - Public policy: Process for addressing specific public policy issues.

(b) Fiscal Oversight and Responsibilities:

- Ensuring adequate resources through a budget that reflects priorities in the strategic plan, using the advice and counsel of the Committee on Finance and Investment.
- Exercising prudence in the control, transfer, investment and disbursement of funds by providing proper financial oversight (fiduciary responsibility), using the advice and counsel of the Committee on Finance and Investment.

(c) Operational Oversight and Responsibilities:

- Selecting the Executive Director and understanding the procedures for his or her succession.
- Maintaining a climate of mutual trust and respect between the Board and the Executive Director.
- Supporting and assessing the Executive Director’s performance and determining his or her compensation.
- Selecting the Secretary, Assistant Secretary, the Treasurer, and Assistant Treasurer.
- Setting personal standards and instituting methods for maintaining legal and ethical integrity and accountability, using the advice and guidance of legal corporate and general counsel and the appropriate committees.
- Ensuring effective organizational planning through effective committee and task force structure and staffing, capitalizing on this to develop new leaders.
(d) Communications Responsibilities:
- Having an open dialogue between the ASME leadership and its membership on policy issues.
- Enhancing the organization’s public standing.
- Encouraging potential nominees to the Board who are clearly women and men of achievement and distinction and who can make significant contributions to the work of the Board and to the organization’s goals.
- Achieving harmony with ASME Foundation and ASME Auxiliary through understanding of respective roles and coordination of planning.
- Orienting new Board members and assessing and reporting Board performance.

0.1. 2 The Board – Individual Members

0.1.2.1 Prospective and incumbent Board members should be prepared to accept and practice the core values of the organization and support the vision and mission.

- In addition to and in support of the collective responsibilities of the Board individual member should commit themselves to the following responsibilities:

1. General Expectations

   a) Know the organization’s vision, mission, goals, Constitution and By-Laws, policies, programs, services, strengths, and needs.

   b) Maintain foresight about the future environment of the engineering profession and provide vision on how ASME should evolve to address this environment.

   c) Serve in leadership positions and undertake special assignments willingly and enthusiastically.

   d) Consider strategic objectives and avoid micromanagement

   e) Avoid prejudiced judgments and urge those with grievances to follow established policies and procedures.

   f) Encourage potential nominees to the Board who are clearly women and men of achievement and distinction and who can make significant contributions to the work of the Board and the organization’s progress.

   g) Provide support, as appropriate, for the organization’s fund-raising efforts.

2. Meetings
4. Relationship with Staff

a) Unless assigned to work directly with staff on some project or activity, avoid directing the work of staff and asking for special favors of the staff, including special requests for extensive information, without at least prior consultation with President, who may then bring these requests to the attention of the Executive Director.

b) Ensure mutual responsibilities of volunteers and staff collaboration on Board committees and task forces of ASME are clearly understood.

4. Avoiding Conflicts

a) Serve the organization as a whole rather than any special interest group or constituency, avoiding any preconception that you represent anything but the organization’s best interests.

b) Maintain independence and objectivity and do what a sense of fairness, ethics and personal integrity dictate, even though not obligated by law, regulation, or custom.

c) Avoid even the appearance of a conflict of interest that might embarrass the Board or the organization, and disclose any possible conflicts to the Board in a timely fashion.

d) Never accept (or offer) favors or gifts from (or to) anyone who does business with the organization.

e) Understand the conditions under which a Governor may speak for ASME. Take advantage of these opportunities when they are afforded.

5. Fiduciary Responsibilities

a) Study and understand the Society By-laws and policies regarding the fiduciary responsibilities of a member of the Board.

b) Faithfully read and understand the organization’s financial statements and otherwise assist the Board to fulfill its fiduciary responsibilities.
1. Our number one purpose is to serve our stakeholders to the best of our abilities. All of our actions, priorities and words must be judged against that. Therefore we conduct every board meeting (and board-staff interaction) as if the entire membership was watching and we ask ourselves: Would our members be proud of how we have conducted ourselves?

2. We seek to gather all the facts before entering into a discussion or making a decision. We acknowledge that the quality of our actions and decisions are only as good as the quality of our knowledge about the situation.

3. We believe in accountability, not blame. We acknowledge that mistakes and failures will occur and we will use these as learning opportunities.

4. When a mistake or failure occurs, we remind ourselves of Principle #1.

5. We work hard to observe each other doing the right thing. We will celebrate our successes.

6. Hidden agendas and gossip are forbidden.

7. Each of us agrees to listen with full attention when another person speaks.

8. We are careful to delineate the appropriate roles for board and staff by asking:
   - What is it that ONLY the board can do or should do?
   - What is it that ONLY the executive (or staff) can do or should do?
   - What areas require collaboration to achieve success?
   - By asking these questions we demonstrate our respect for each other's experience and expertise.

9. To improve board - staff collaboration we agree to ask the following kinds of questions:
   - The board will ask the staff: What is the impact of our decision on you? Have we listened to your perspective and wisdom about the implications of this?
   - When the staff brings forth an item for decision-making to the board: Have we explained this clearly? Do you feel you have enough information with which to make a good decision? Have we listened to and addressed the big questions you have raised?

10. Every person takes responsibility for the successful outcome of a meeting or interaction. These ground rules can be invoked by anyone whenever necessary.

0.3 Strategic Boards

0.3.1 What Strategic Boards Focus On

- Outcomes desired, rather than on activity required.
- Defining and delegating, rather than reacting and ratifying.
- Desired outcomes consistent with strategic intent and core values, rather than detailing how the outcome is to be achieved or managing work that has been accomplished.
- What needs to happen next, rather than what has already been done.
- Using information not collecting it.
- Honestly considering issues of capacity, core capability and strategic position in deciding what to do.

0.3.2 How Strategic Boards get work done

0.3.2.1 They:
- Choose to view mistakes that will occur in risk-taking and innovation as a rich opportunity to be learned from rather than covered up.
- Redefine measurement of success on the basis of indicators of quality not just quantity.
- Neither enables nor accepts dishonesty or manipulation, even when it is the path of least consequence.
- Are willing to change individual opinion or perspective, based on changing context/experience, but not based on political influence.
- Understand that it takes more than a single leader’s term to accomplish important things and that continuity is important.
- Make the investment in behavior that earns and sustains trust – consciously avoiding behavior that diminishes or demolishes trust.
- Create a sustaining process that gives governance the tools needed to lead intelligently.
- Encourage policy making as opposed to political behavior.
- Focus on value of what the organization produces for its stakeholders rather than the distribution of power.
- Understand that governance’s fiduciary responsibility is to define what will constitute value and ensure value is delivered.

1. The Charge

1.1 Article C4.1.1 of the ASME Constitution declares: "The affairs of the Society shall be managed by a Board of Governors chosen from its membership which shall have full control of the activities of the Society, subject to the limitations of the Constitution and By-Laws, Policies and procedures, and the laws of the State of New York."
1.2 By-Law B4.1.1.1 declares: "The Society and its individual members shall be governed by this Constitution and these By-Laws and by the current Society Policies and procedures established by the Board of Governors, including any amendments that may be made from time to time."

1.3 By-Law B4.1.7 declares: "An act of the Board of Governors which shall have received the expressed or implied sanction of the corporate membership at the following Business Meeting of the Society shall be deemed to be an act of the Society and cannot afterward be impeached by any member."

1.4 By-Law B4.1.10 states: "The Board of Governors may delegate to the Sectors established in these By-Laws, for a period of one year, specific responsibilities for the management of one or more programs of the Society, subject to the supervision of the Board and to any limitation prescribed by the Board of Governors or by applicable law."

2. The Organization

2.1 Article C4.1.1 states: "The voting members of the Board of Governors shall consist of the President, the most recent available past President, and nine members-at-large and the President-elect (if not currently a member-at-large)."

2.2 By-Law B4.3.5 states: "The Executive Director shall be the chief operating officer of the Society, an ex-officio member of the Board of Governors without vote, and shall have such powers and perform such duties as the Board of Governors may from time to time prescribe."

2.3 Article C4.1.1 states: "The nine members-at-large of the Board shall be elected from the corporate members of the Society of Member grade or higher."

3. The Terms

3.1 Article C4.1.1 states: "The term of each member-at-large shall be three years, with the term of three members-at-large beginning and ending during the second Business Meeting of the fiscal year of the Society at a time designated annually by the Board of Governors. Members-at-large of the Board of Governors shall be limited to one full term of service. Additional service as a member-at-large may occur after an interruption of one or more years or as a consecutive partial term."

3.2 Article C4.1.7 states: "Each Board of Governors at its first meeting shall appoint for one year an Executive Director, a Secretary and a Treasurer all of whom shall be corporate members of the Society who have reached at least the grade of Member. The Board of Governors may also appoint an Assistant Secretary and an Assistant Treasurer who shall be Officers of the Society."

4. Operation

4.1 Procedures

4.1.1 Operation Guide
8

To the extent consistent with the Constitution and By-Laws of the Society, this Operation Guide shall prescribe the rules and procedures to govern meetings of the Board of Governors.

4.1.2 Rules of Order

To the extent consistent with the Constitution, By-Laws and policies of the Society, and in the absence of a rule or procedure specified in this Operation Guide, the rules contained in the 10th Edition of Robert Rules of Order Newly Revised shall govern a meeting of the Board of Governors. If the Secretary is not present the Chair may appoint one of the individuals attending the session to be the parliamentarian to hold the meeting to these rules and any time limits set in the agenda (see 4.3.7 & 5.1.3.3).

4.1.3 Special Rules and Procedures

4.1.3.1 By a majority vote of the members present and voting, with a quorum in attendance, the Board of Governors at any meeting may adopt special rules and procedures to govern the remainder of that meeting or to govern the deliberations and voting on any item of business to be considered at that meeting or any adjournment thereof unless the action is in conflict with the laws of the State of New York. Meetings of the Special Nominating Committee may be held telephonically (by a device allowing all participants to hear and be heard simultaneously) and as such, need not be held in person.

The proposed special rules and procedures shall be presented in writing, but notice of the proposed special rules and procedures need not be given to the Board prior to the meeting.

4.1.3.2 By a majority vote of the members present and voting, with a quorum in attendance, the Board may at any meeting suspend the operation of any rule or procedure specified in this Operation Guide, or in Roberts Rules of Order (10th Edition), for the remainder of that meeting or during deliberation and voting on any item of business at that meeting.

4.1.3.3 No action taken by the Board of Governors shall be subject to challenge on the ground that it was inconsistent with any rule or procedure specified in this Operation Guide, or in the 10th Edition of Roberts Rules of Order Newly Revised, and any such rule or procedure shall be deemed to be suspended for the purposes of such action unless the presiding officer rules that a formal vote on suspending the rule or procedure shall be taken before voting on such action.

4.1.4 Filling Vacancies

Society By-Law B4.1.6.1 authorizes the Board of Governors to appoint a replacement for an elected Governor who is unable to serve on the Board. The same By-Law authorizes the Board of Governors to fill by appointment, for the unexpired portion of the term, a vacancy that occurs during the term of a
member of the Board. The procedure to be followed in filling a vacancy will be the same for both of these cases.

When a vacancy occurs or when a member of the Board announces an intention to resign at some future date, the President will appoint two members-at-large of the Board as a special nominating committee, which shall not include the member whose place is to be filled.

This special nominating committee shall review the names of those members of the Society who have been proposed for Governor but not nominated by the Nominating Committee within the last five (5) years. Attention should be paid to the type of previous ASME experience.

If the special nominating committee can find a sufficient number of suitable candidates from this list, the committee shall recommend to the Board of Governors one candidate or two candidates for a vacancy. If the list does not yield a sufficient number of suitable candidates, the special nominating committee shall request the Nominating Committee to recommend other members of the Society. If the recommendation of the Nominating Committee does not provide a candidate or candidates satisfactory to the special nominating committee, the special committee is to conduct a further search resulting in a satisfactory recommendation.

The special nominating committee will circulate to the Board the name(s) of the recommended candidate(s), together with supporting information, ten working days or more prior to the meeting, which will consider the filling of the vacancy or vacancies. The election to fill a vacancy will be done in an Executive Session of the Board. First there will be a discussion of the recommendation of the special nominating committee and then there will be a ballot by the voting members of the Board, including the President. Participation by a voting member who is absent may vote by telephone or by electronic means following the procedures detailed in section 4.3.10. If a vacancy remains unfilled, either the special nominating committee or a new special nominating committee will be requested to return to a future meeting with additional proposal(s).

4.1.5 The Executive Director has a succession plan for his/her position that is shared with the Board of Governors. See Attachment F.

4.2 Orders of Business and Agenda

4.2.1 Order of Business

4.2.1.1 The order of business at every annual or regular meeting of the Board of Governors, unless modified by the Board, shall be:

4.2.1.1.1 Opening of the Meeting

4.2.1.1.2 Call to Order

4.2.1.1.3 Adoption of the Agenda

4.2.1.1.4 Announcements and Recognition of Special Guests

4.2.1.1.5 Discussion Items
4.2.1.1.6 Committee of the Whole (The Board Moves Into “As if in Committee of the Whole” to Allow Open Discussion)

4.2.1.1.8 Report on Executive Session

4.2.1.1.9 Sector Management Committee Report

4.2.1.1.10 Generative Discussion

4.2.1.1.1011 Strategy Discussion

4.2.1.1.11 Discussion

4.2.1.1.1112 Action Items

4.2.1.1.12 Motion to return to Formal Session. A motion should be made to move out “as if in Committee of the Whole”

4.2.1.1.13 Consent Calendar

4.2.1.1.14 Consent Items for Receipt

4.2.1.1.15 Reports by the Treasurer

4.2.1.1.16 Other Reports for Receipt. (As needed from Standing Committees, Sectors, Task Forces or other units)

4.2.1.1.17 Report of the United Engineering Trustees

4.2.1.1.18 Motion for Receipt

4.2.1.1.19 Consent Items for Action

4.2.1.1.20 Approval of Minutes of Previous Meeting

4.2.1.1.21 Action from Committees of Board of Governors (as needed)

4.2.1.1.22 Action from Sectors (as needed)

4.2.1.1.23 Other Action Items (as needed)

4.2.1.1.24 Dates of Future Meetings

4.2.1.1.25 Identification of Items to be Removed from Consent Calendar and Motion to Approve the Remaining Consent Action Items

4.2.1.1.26 Contingency Time for Discussion and Other Business

4.2.1.1.27 Adjournment

4.2.1.1.30 The order of business for each meeting of the Board of Governors shall be embodied in an agenda prepared and distributed in advance of the meeting as above. The order of business may be modified and items may be added to the
agenda during any meeting by a majority vote of the members of the Board present and voting.

4.2.2 Agenda items at the BOG Meetings held during the Annual Meeting

4.2.2.1 Required actions of the outgoing Board relative to Honors and Awards shall take place in Executive Session.

4.2.2.2 Appointments (as required) to membership on the Board of Governors shall be made at the first meeting of the “new” Board.

4.2.3 BOG Agenda

4.2.3.1 The President shall be responsible for the preparation of the Agenda for each meeting of the Board of Governors. The Executive Office will request input to the agenda from all units reporting to the Board of Governors. Agenda items (other than single page summaries without action) must include a completed BOG Agenda Cover per Attachment A which will be an executive summary (not to exceed one page) and a proposed motion where appropriate. The Executive Director shall be responsible for the distribution of the Agenda.

4.2.3.2 The Agenda will include items placed on the “Consent Calendar”. The designation of items to be considered as “Consent Agenda” items will be determined by the President and may include such items as minutes of the last meeting, By-Law and Policy changes, Agreements of Cooperation, appointments, meeting schedules and other items which are not expected to require discussion.

Any member of the Board (or the sponsoring unit) may request that an item be removed from the Consent Calendar. However, every attempt should be made to resolve any concerns about an item prior to the meeting so that it may remain on the Consent Calendar.

Items such as Constitutional changes and financial matters will not normally be on the Consent Calendar.

4.2.4 Preparation of Agenda

4.2.4.1 In keeping with the directive to be a knowledge-based organization, items to be included in the order of business for each meeting of the Board of Governors together with the appropriate documentation to support each item, shall be brought to the attention of either the President or the Executive Director not less than 5 working days prior to the designated date of the distribution of the agenda as described in paragraph 4.2.5.1.

Items requiring Board action shall be supported by a recommendation by the Standing Committee, Sector or Council, Sector or Council Committee, Special Committee or Task Force having supervisory responsibility for the matter. Copies of all supporting documentation shall be distributed with the agenda, as described below.

Actions requiring a vote by the Board should have a draft motion.

4.2.5 Distribution of Agenda
4.2.5.1 The agenda for each regular, annual or special meeting shall be distributed, as appropriate, not less than 10 working days prior to the date of the meeting. A memo announcing the availability of the agenda and its supporting documentation on the website shall be distributed to:

4.2.5.1.1 Each member of the Board of Governors;
4.2.5.1.2 Each Senior Vice President and Vice President;
4.2.5.1.3 Each Chair of a Standing Committee of the Board and Each Past President;
4.2.5.1.4 The President elect/nominee, Governors-elect, Governor-nominees, Senior Vice Presidents-elects, Secretary/Treasurer, Assistant Secretary, and Assistant Treasurer;
4.2.5.1.5 Legal, Corporate and General Counsel; and
4.2.5.1.6 Executive Leadership Team

4.3 BOG Meetings

4.3.1 Notice

Notice of any meeting of the Board of Governors shall be distributed, as appropriate, to each of the individuals listed above in 4.2.5 not less than ten working nor more than fifty days before the date of the meeting.

The time and place of each regularly scheduled meeting and the purpose of each special meeting shall be set forth in the notice. All such notices shall be printed in the ASME NEWS available on ASME.org.

4.3.2 Regularly scheduled BOG meetings

The Board of Governors normally meets four times a year:

(1) Annual Meeting (normally June)
(2) During the Fall (normally September)
(3) International Mechanical Engineering Congress & Exposition (normally November)
(4) During the Spring (normally April)

The Spring or Fall meetings are normally held in New York, at ASME Headquarters. If any For the Spring or Fall meetings is not held in New York City, consideration should be given to holding meetings on Fridays and Saturdays, to reduce travel costs and time away from work.

4.3.3 Informal Meetings of the Board
4.3.3.1 A Board Planning Meeting is normally held once a year at the call of the President.

4.3.3.2 One or more Board Informational Meetings may be held during the year at the call of the President, these may be in the form of webinars or other means.

4.3.3.3 Board Planning Meetings and Board Informational Meetings are informal meetings that may occur only on invitation to all members of the Board of Governors. No corporate action may be taken at informal meetings, and the other provisions of these Guidelines applicable to meetings of the Board do not apply to informal meetings (except that the following individuals shall have standing invitations to attend each informal meeting of the Board of Governors:

- Each Senior Vice President;
- Each Chair of a Standing Committee of the Board;
- The President nominee, Governors-elect, Executive Director, Secretary/Treasurer, Assistant Secretary, and Assistant Treasurer; and
- Legal Corporate and General Counsel).

4.3.4 Quorum

A quorum for each meeting of the Board of Governors shall be seven voting members of the Board. In the absence of a quorum, those members of the Board of Governors who are present may adjourn the meeting to a later time or to another date.

4.3.5 Attendance at Meetings

4.3.5.1 The procedure relating to attendance of members of the Board at Board meetings is shown in Attachment B.

4.3.5.2 The following individuals have standing invitations to attend each meeting of the Board of Governors:

- Each Senior Vice President and each Senior Vice President-elect;
- Each Chair of a Standing Committee of the Board;
- The President nominee, Governor-nominees, Governors-elect, Executive Director, Secretary/Treasurer, Assistant Secretary, and Assistant Treasurer; and
- Legal Corporate and General Counsel.

4.3.6 Presiding Officer.

The President shall preside at each meeting of the Board. If the President is unable to preside, the order for presiding at the meeting shall be:

- the Past President member of the Board,
- the President elect
- a voting member of the Board elected by its members.

4.3.7 Open Meetings and Executive Session

Regularly scheduled meetings of the Board of Governors shall be open to all members of the Society. The presiding officer may at any time declare the Board to be in Executive Session. Upon such declaration, the meeting shall be

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**BOG Operation Guide**

*April 13, September 16, 2011*

**Approved June 6, 2010**

**Revisions**
closed to everyone other than the members of the Board of Governors, Past Presidents, Governors-Select and such other individuals as the presiding officer may request to attend. Whenever the Board enters into an Executive Session, if the Secretary is absent, the presiding officer shall appoint one of the individuals attending the session to record the minutes of the Executive Session. The presiding officer shall make a brief report on the subject matter of any Executive Session prior to the conclusion of the meeting for inclusion in the minutes of the Board's meeting. For all meetings of the Board the Secretary is the parliamentarian (See 5.1.3.3). If the Secretary is absent, the presiding officer shall appoint one of the individuals attending the session to be the parliamentarian.

4.3.7.1 When the Board takes a Corporate action at an Executive Session, a record will be retained by an individual designated by the presiding officer. Handwritten notes of other matters discussed in the Executive Session will be retained by an individual designated by the presiding officer as a historical reminder and not as an official record.

4.3.8 Voting

The Board of Governors shall act by unanimous consent, unless a member of the Board requests a vote by voice or by tally. In the event a member of the Board requests that the vote on an action be by voice or by tally, a member voting in opposition on the action may request that his/her vote be recorded in the minutes of the meeting and the vote shall be so recorded.

In the event a member, who has participated in the discussion, momentarily leaves a meeting at which an action is taken by the Board from which the absent member opposes, the absent member may request that his/her opposition be recorded in the minutes of that meeting, and his/her dissent shall be so recorded.

4.3.9 Special BOG Meetings

Special meetings of the Board of Governors may be called at any time by the President and shall be called by the Executive Director upon the written request of any three members of the Board of Governors.

4.3.10 Action of the Board by Telephone Meetings or by Electronic Voting

4.3.10.1 Background: The Board of Governors normally meets four times per year and votes on items requiring action by the Board of Governors. However, agility and responsiveness to keep pace with a changing environment from time to time may require action by the Board of Governors between regularly scheduled or specially called meetings. Thus, procedures for the Board of Governors are presented for taking action in the absence of a regular or special in-person meeting of the Board of Governors, consistent with the Laws of the State of New York.

Actions may be taken by telephone or by electronic means.

4.3.10.2 Telephone Meetings: Meetings and actions by telephone are permitted as long as (1) there is a quorum participating, and (2) all participating members may hear each other and speak without restrictions, and (3) there is adequate prior notice of the telephone meeting. (Reference B4.1.10)
4.3.10.3 Electronic Voting: New York State law does not recognize electronic meetings or voting. Electronic voting includes voting by fax or email. The law does permit the Board members acting unanimously to approve an action by individually signing a certificate (See Attachment D) stating the action and indicating by the signing each individual Board member’s approval. This action in writing may be taken after the use of the mail or electronic media to describe and discuss, if necessary, the action. For such action, affirmative certificates must be received by the ASME Secretary, from 100 percent of the ASME Board.

4.3.11 Seating

The seating arrangement for Board meetings shall be as shown in Attachment C.

4.3.12 Orientation of Incoming Board Members

The President-nominee/elect and the Committee on Governance (COG) are responsible for ascertaining the needs and establishing an agenda for an orientation/induction of the Governor-nominees and Governors-elect beyond the established practice of inviting them to attend all Board Meetings. The President-nominee/elect and COG may request the Volunteer Orientation and Leadership Training Committee (VOLT) and staff to aid in arranging this orientation program. This may be accomplished through special meetings, written material, electronic communications and/or telephone typically before the end of the MarchSeptember Board meeting. Suggested topics are: the Society’s Purposes and Goals, planning, programming and budgeting, policies and procedures, organization and financial reports and a review of the legal and fiduciary obligations and responsibilities of a member in the governing board of a not-for-profit New York State corporation.

4.4 Minutes of a Board of Governors Meeting.

4.4.1 Preparation of Minutes.

Approved minutes shall be the written record of the actions of the Board of Governors. The Assistant Secretary shall draft and have direct custody of the minutes of a meeting of the Board of Governors. The draft minutes of each meeting of the Board of Governors shall be reviewed by the Executive Director and the Secretary/Treasurer prior to distribution.

The presiding officer and legal counsel corporate and general counsel may review the draft minutes before distribution. All reviews shall be completed in time to permit distribution of the draft minutes 15 working days after the meeting.

4.4.2 Distribution of Minutes of a Regular Session

4.4.2.1 The Assistant Secretary shall be directly responsible for the distribution of the minutes. After review prior to distribution as described above, one copy of the minutes shall be distributed, as appropriate, not more than 15 working days after the meeting:

4.4.2.1.1 Each member of the Board of Governors;

4.4.2.1.2 Each Senior Vice President, Senior Vice Presidents-elect;
4.4.2.1.3 Each Chair of a Standing Committee of the Board;
4.4.2.1.4 The President nominee/elect, Governors-elect, Governor-nominees, Senior Vice Presidents-elect, Secretary/Treasurer, Assistant Secretary, and Assistant Treasurer;
4.4.2.1.5 Legal Corporate and General Counsel.
4.4.2.1.6 Senior staff.
4.4.2.1.7 Each Vice President, Vice Presidents-elect; and
4.4.2.1.8 Each Past President.

4.4.3 Approval of Minutes

The approval of the minutes shall be the fifth order of business, typically on the Consent Calendar, at the Board meeting following distribution of the minutes, and opportunity will be given for corrections or additions to the minutes. Any corrections or additions to the minutes approved at that Board meeting shall be recorded in the minutes of the meeting.

4.5 Minutes of Other Meetings

Notice of the minutes (or summaries) of the meetings of the Councils, Sectors and the Standing Committees of the Board will be provided to each member of the Board of Governors within thirty days following each meeting. Any Board member may request minutes and supporting documentation of a meeting of any unit of the Society.

4.6 Attendance at Council or Sector-Sponsored Conferences

Members of the Board may attend Sector-Sponsored Conferences. Each July the Governors are requested to provide a list of those Council or Sector-Sponsored Conferences they wish to attend, with an estimate of their associated expenses for the July-June fiscal year. The President reviews the requests compared with the availability of budgeted funds to ensure appropriate Board of Governors representation for the Conferences and authorizes Board of Governors travel for each Governor.

4.7 Escorts at Honors Functions

Members of the Board are asked to serve as escorts for honors and awards recipients at the President’s Luncheon, Members and Students Luncheon and Honors Assembly at the Congress. The escorts assist the recipients and their guests during the award ceremonies. The Honors staff sends a letter before each Congress asking Board members to serve as escorts and outlining the escort’s responsibilities.

4.8 Task Forces of the Board

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April 13, September 16, 2011

Approved June 6, 2010 Revisions
The President may appoint Governors to special task forces, which are charged with examining specified issues within ASME. All task forces are automatically sunset at the last Board meeting of that President’s term.

4.9 Dedicated Service Award

Each Governor and Past President can propose a Dedicated Service Award recipient for each year of the office. This is an opportunity to recognize outstanding service to the Society.

5. Officers Appointed by the Board

5.1 Secretary/Treasurer

5.1.1 Dual Appointment

Normally one individual, a volunteer, will be appointed by the Board of Governors to fill both the Secretary and Treasurer positions as an officer of the Society.

5.1.2 Term

The total service time for appointments as Secretary/Treasurer shall be limited to three consecutive years beginning at an Annual Meeting. Additional service shall not be permitted until at least one year has passed since the end of a three-year service period.

5.1.3 Appointment

5.1.3.1 Secretary/Treasurer-Nominee

At the International Mechanical Engineering Congress and Exhibition (IMECE) just prior to the expiration of the three-year term of the incumbent Secretary/Treasurer, the President shall nominate to the Board of Governors, for its approval, an individual to hold the position as Secretary/Treasurer-Nominee. This position will be held until the following Annual Meeting, at which time the Board will confirm the selection of a new Secretary/Treasurer. (Note: The current IMECE nomination cycle for Secretary/Treasurer as of 2010 is: FY 2012 is FY 2014, FY 2015, FY 2016, etc.)

The interval between the two meetings will provide for training and an orderly transition. The Secretary/Treasurer-Nominee will be invited to attend Board meetings and those Standing Committees of the Board which have the Treasurer as an ex-officio member.

5.1.3.2 Secretary/Treasurer

The Board shall confirm the appointment of the Secretary/Treasurer at the Annual Meeting. To comply with Article C4.1.7 of the Constitution, the Board must reappoint the incumbent Secretary/Treasurer at the next two succeeding Annual Meetings.

5.1.3.3 Duties

The duties of the Secretary/Treasurer are as set forth in the Constitution and By-Laws for the separate positions of Secretary and Treasurer. Additional duties of the Secretary are: (1)
parliamentarian for all meetings of the Board (see 4.1.2 & 4.3.7) (2) draft minutes of all Executive session of the Board. The President shall have direct custody of the minutes of Executive Sessions of the Board and will retain and file the minutes in an appropriately designated location at ASME headquarters.

5.1.4 Vacancies

5.1.4.1 Secretary/Treasurer

In the event the incumbent Secretary/Treasurer is unable to continue to serve, the Board shall appoint the Secretary/Treasurer-Nominee, if one has been so designated, to that position. If a Secretary/Treasurer-Nominee has not been designated, the President shall nominate an individual for appointment as Secretary/Treasurer by the Board.

5.1.4.2 Secretary/Treasurer-Nominee

In the event that the Secretary/Treasurer-Nominee will not be able to assume the duties of Secretary/Treasurer, the President shall nominate another individual for appointment to serve as Secretary/Treasurer-Nominee.

5.1.4.3 Partial Year of Service

The appointment of an individual to serve as Secretary/Treasurer after the Annual Meeting to serve the remainder of a year shall not have such partial year of service count as part of a normal three year service period.

5.2 Executive Director

5.2.1 Term

The Board shall appoint the Executive Director for a one-year term at the Annual Meeting.

5.3 Assistant Secretary

5.3.1 Term

The Board shall appoint the Assistant Secretary for a one-year term at the Annual Meeting.

5.4 Assistant Treasurer

5.4.1 Term

The Board shall appoint the Assistant Treasurer for a one-year term at the Annual Meeting.

6. BOG Related Items Pertaining to Other Events held during the Annual Meeting.

6.1 Business Meeting held during the Annual Meeting.

6.2 Ceremonial actions such as the presentation of Certificates to retiring Board Members, other Officers and Chairs of the Standing Committees shall take place.
at a venue as determined by the President where these individuals will be offered
the opportunity to make brief remarks; the exception being for the President and
immediate Past President who are acknowledged at the President’s Dinner.

6.3 President’s Dinner at Annual Meeting.

6.4 Remarks by the retiring Immediate Past President and the President.

6.5 Ceremonial transfer of authority.

6.6 Remarks by the incoming President.

6.7 Recognition of incoming and continuing BOG Members as well as recognition of
continuing Officers and Committee Chairs.

6.8 Announcement of officers-selected by the Nominating Committee Chair.

7. Role of Board Liaison to Committees Reporting to the Board.

7.1 The BOG liaison to the Committee on Honors, the Committee on
Finance and the Committee on Organization and Rules, is in a unique position
- to contribute ASME’s professional knowledge when needed with the respective
Committees.

The BOG liaison is not a voting member of that Committee.

The BOG liaison is expected to be included in distribution of all agendas and
minutes. The liaison will be invited to participate in all meetings, and is
encouraged to try to do so when possible. The BOG travel budget can
accommodate any reasonable travel support to attend these committee
meetings as needed.

While no written reports are expected from the liaisons to the President, the
liaison should feel free to bring any matters relating to the Committee to the
President’s attention.

This position is appointed annually by the President.

8. Sector Management Committee

8.1 The Sector Management Committee (SMC) shall carry out those activities
appropriate to the eight annual business processes, as listed below, including
program planning for the next fiscal year.

i. Conducting annual strategic planning and operational planning and
budgeting in collaboration with the Committee on Finance and
Investment (COFI). Maintaining a three-year horizon.

ii. Monitoring of annual program and budget performance and making
adjustments as necessary.

iii. Managing unanticipated opportunities and threats.

iv. Facilitating conflict resolution between sectors and across the
societies’ operational units.

v. Managing program assessment and sunsetting
vi. Facilitating integration across operational units and ensuring that any transitional gaps are addressed or closed.

vii. Oversight and direction of the VOLT Academy.

viii. Oversight of the Events Committee.

ix. Conducting annual leadership succession planning process.

The BOG’s strategic objectives shall be used to guide the program planning and prioritization activities of this Committee. Sectors will assess and prioritize their portfolio of programs each year as a guide to allocating resources. The SMC shall provide annual program recommendations (e.g. program sunset, program retention, program expansion) to the COFI while keeping within the guidelines of the strategic plan put forth by the BOG.

The output from this process will be a set of coordinated, prioritized programs recommended by each Sector that will be used by COFI in developing next fiscal year’s budget recommendations for submittal to the BOG.

The SMC shall be chaired by the President-Nominee/Elect. The Chair will be assisted by a Vice-Chair that will be appointed by the Chair to serve from January through the following December to provide an overlap of leadership between the current and incoming Chair. The Vice-Chair shall normally be selected from one of the current Sector Senior Vice Presidents who are on the last year of their term. The Vice-Chair shall be recommended by the Senior Vice Presidents for approval by the Chair of the SMC, taking into consideration that every Senior Vice President should ideally have a society role beyond their respective sector (i.e. leading a strategic initiative, leadership succession planning, Vice-Chair, etc.)

The remaining SMC membership shall consist of the Sector Senior Vice Presidents and their respective staff counterparts as voting members; ex officio membership without vote shall consist of: the President; the Executive Director; the Deputy Executive Director; the Sector Senior Vice Presidents and their respective staff counterparts; the Chair of the COFI and his or her respective staff counterpart; Representatives from other Society units including, but not limited to: VOLT Academy representative; the Events Committee, Marketing representatives; Human Resources and Governance, and others as appointed by the President—are non-voting and shall participate as appropriate.

The results of this Committee’s activities in concert with the approved budgets will be reviewed at each Annual Meeting of the BOG for consistency and coherence to the strategic plan.

9. Revisions to Operation Guide

9.1 The President will appoint annually the most Immediate Past President or a Member-at Large of the Board serving his/her 3rd term who, working with the Managing Director of Governance, will review the Operation Guide to assure it is up to date and reflects current operating practice. Any proposed revisions will be submitted to the Board of Governors for approval.
The current BOG Operation Guide may be viewed under the BOG Resources section at:
http://bog.asme.org/pdf/CommitteeFiles/442.pdf

Approved by the Board of Governors June 18, 1981
Revised September 10, 1981
Revised November 19, 1981
Revised June 17, 1982
Revised September 13, 1982
Revised January 19, 1983
Revised June 10, 1983
Revised September 19, 1984
Revised March 12, 1987
Revised September 8, 1988
Revised November 30, 1990
Revised June 17, 1993
Revised June 14, 1995
Revised November 16, 1995
Revised March 14, 1997
Revised March 17, 2001
Revised June 9, 2004
Revised February, 2006
Revised June 21, 2006
Revised September 24, 2007
Revised June 14, 2009
Revised February 25, 2010
Revised June 6, 2010
Revised September 15, 2011
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted:
BOG Meeting Date:

To: Board of Governors
From: (Sector/Unit/Task Force/Other)
Presented by: 
Agenda Title:

Agenda Item Executive Summary: *(Do not exceed the space provided)*

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Proposed motion for BOG Action: *(If appropriate)*

Attachments:
THE BOARD PROCEDURE REGARDING ATTENDANCE AT THE BOARD MEETINGS

Preamble

The Board of Governors of the American Society of Mechanical Engineers (ASME International) is vested with ultimate responsibility for managing the affairs of the Society. Each member of the Board has, by virtue of acceptance of that office, assumed a profound individual responsibility in this regard. The Board will normally meet between four and six times a year. It is vitally important that each member attend and participate in each meeting. This procedure is intended to encourage and foster maximum participation by members of the Board of Governors in the activities and affairs of the Board.

Procedure

It is the policy of the Board of Governors to encourage attendance at all regularly scheduled, special, and called meetings of the Board by all the Board members. Any member, who knows in advance of a meeting that he or she will not be able to attend, will notify the President or the Executive Director of the intended absence. The President will, as a matter of course, advise the Board of any member's absence.

Finally, it is the policy of the Board of Governors to encourage Governor-nominees and Governors-elect to attend the Board meetings, so that they can familiarize themselves with the workings of the Board at the earliest practical time. Accordingly, all persons who have been selected by the Nominating Committee or elected to serve as a Governor of the Society but who have not yet begun such service will be given notice of, and invited to attend, all regularly scheduled, special and called meetings of the Board.
Board of Governors Meeting Room Arrangements

- Committee Chairs
- Senior Vice Presidents
- Governor Elect
- Governor Elect
- Board Member
- Board Member
- Board Member
- Board Member
- Board Member
- Board Member
- Asst Treasurer
- Secretary/Treasurer
- Asst Secretary
- Executive Director
- President Elect
- Past President
- President Elect
- ECLIPSE Intern
- Governor Elect
- Board Member
- Board Member
- Board Member
- Legal Counsel
- President Elect

Pedium
Action of the Board of Governors of The American Society of Mechanical Engineers By Telephone Meetings or by Electronic Voting

The undersigned, being a member of the Board of Governors of The American Society of Mechanical Engineers, hereby consents to the adoption of the following resolutions and hereby waives all prior notice or other procedural requirements in connection therewith:

RESOLVED:

The foregoing resolution(s) shall become effective upon receipt by the Secretary of the written consent thereto of all members of the Board of Governors. This consent may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

______________________________
Print or Type Name of Governor

______________________________
Signature of Governor
# Board of Governors On-going Monthly Major Events Calendar

<table>
<thead>
<tr>
<th>MONTH</th>
<th>ACTIVITY</th>
<th>WHO IS INVOLVED</th>
<th>ACTION</th>
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<tbody>
<tr>
<td>June</td>
<td>Board Meeting - “New” Board</td>
<td>All “new” Board Members and Governor nominees</td>
<td>Attend Meeting</td>
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<tr>
<td></td>
<td>• Appointments – ED, Secretary/Treasurer,</td>
<td>• President presents candidates for Board consideration</td>
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<td></td>
<td>Assistant Secretary and Assistant Treasurer</td>
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<td></td>
<td>(Executive Session)</td>
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<tr>
<td>July</td>
<td>Board Retreat (Planning Meeting)</td>
<td>All Board Members/ Governor nominees and ELT</td>
<td>Attend Meeting</td>
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<tr>
<td></td>
<td>Board Member Travel Request</td>
<td>All Board Members</td>
<td>Due before end of month</td>
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<tr>
<td></td>
<td>ED preliminary annual objectives</td>
<td>ED</td>
<td>Presents a preliminary draft of proposed Objectives for the upcoming year.</td>
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<tr>
<td>August</td>
<td>Open</td>
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<tr>
<td>September</td>
<td>Board Meeting (Executive Session)</td>
<td>All Board Members/ Governor nominees</td>
<td>Attend Meeting</td>
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<td></td>
<td>• ED Annual Performance objectives presented for approval</td>
<td>• Executive Director</td>
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<td></td>
<td>• ED Report on Staff Bonus Distribution</td>
<td>• Executive Director</td>
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<td></td>
<td>• Governor - nominees Orientation (Unless conducted at Congress)</td>
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<tr>
<td>October</td>
<td>Open</td>
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<tr>
<td>November</td>
<td>Dedicated Service Award Nomination – due 12/1 to Headquarters</td>
<td>All Board Members</td>
<td>Prepare if not previously done</td>
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<tr>
<td></td>
<td>Board Meeting</td>
<td>All Board and Board-elect Members</td>
<td>Attend Meeting</td>
</tr>
<tr>
<td></td>
<td>• ED Report on YTD Status of Annual Objectives (Executive Session)</td>
<td>Executive Director</td>
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<td>• Appoint</td>
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<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
<th>Attendees</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>December</td>
<td>Dedicated Service Award Nomination – due 12/1</td>
<td>All Board Members</td>
<td>Submit by 12/1 if not previously done</td>
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<tr>
<td>January</td>
<td>Open</td>
<td>All Board Members</td>
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<tr>
<td>February</td>
<td>Open Typical BOG meeting conducted by Web and Telephone</td>
<td>All Board and Board-elect Members</td>
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<tr>
<td>March</td>
<td>Board Meeting</td>
<td>All Board and Board-elect Members</td>
<td>Attend Meeting</td>
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<td>- ED Report on YTD Status of Annual Objectives (Executive Session)</td>
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<td>- COFI - Budget Presentation/Request – Next Fiscal Year</td>
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<td>- Board Members – elect Orientation (Unless conducted at Congress)</td>
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<tr>
<td>April</td>
<td>Staff evaluations by volunteers</td>
<td>All Board Members</td>
<td>Input due to ASME HR prior to end of month</td>
</tr>
<tr>
<td>May</td>
<td>Early In Month – Board Members to Return ED Performance Evaluation form</td>
<td>All Board Members</td>
<td>Complete ED Review Form and Return by Date Requested</td>
</tr>
<tr>
<td>June</td>
<td>Board Meeting - Outgoing Board</td>
<td>All Board and Board-elect Members</td>
<td>Attend Meeting</td>
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<td>- ED Report on YTD Status of Annual Objectives (Executive Session)</td>
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<td>- Report of ED Performance Evaluation</td>
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**Secretary/Treasurer Nominee** - Every 3rd year i.e. 2006, 2009, FY2012, FY2015 etc. (Executive Session)

**IMECE**
- Honors Assembly Escorts
- Officer-elect Orientation

**President presents a candidate for Board consideration**

**Board Action Item**
- All Board Members
- All Board Members – elect
- Respond to Request for Board Volunteers
- Attend Meeting

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*BOG Operation Guide*  
*April 13, September 16, 2011*  
*Approved June 6, 2010*  
*Revisions*
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<td>• Appoint Secretary/Treasurer Nominee – Every 3rd year i.e. 2006, 2009 etc. (Executive Session)</td>
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Executive Director Succession Plan

1. **General:** This policy is for the purpose of guidance in the event of absence or vacancy in the position of ASME Executive Director, in the event of:

   1.1 Absences (planned and unplanned, due to various causes)
   1.2 General emergencies
   1.3 Planned succession, over time

2. **Responsibilities:**

   o **Headquarters** Executive Leadership Team (ELT): In the event of a short-term absence or planned vacancy in the position of Executive Director, the ELT must continue to provide the operational planning, management and communications to support continuation of ASME International governance, protection of organizational viability and assets, continuation of Society goods and services, and maintenance of the confidence of members, customers and employees.

   o **Board of Governors:** In the event of a long-term absence, unexpected vacancy in the position of Executive Director or death of the Executive Director, the ASME International Board of Governors must act promptly to ensure member interest, assure management continuity, protect organizational viability and assets, and maintain the confidence of members, customers and employees.

3. **Executive Director (ED) Employment Agreement:** In all cases, the employment agreement between ASME International and the Executive Director (ED) shall be the governing document pertaining to the incumbent ED.

4. **ASME International Short and Long Term Disability Programs:** In cases of short and long term disability, the current ASME International disability benefits programs documents shall be the governing documents, subject to any applicable provisions of the ED Employment Agreement.

5. **Absences:**

   o **Short Term Absence:** Consistent with ASME International benefits policy, short term absences are defined as more than seven (7) continuous calendar days, up to, and including one hundred eighty (180) continuous calendar days in duration. These may be due to normal and approved ASME International business activities at locations outside ASME International Headquarters, including travel, and/or due to illness, injury, disability, emergencies or other circumstances.
5.1.1 **Delegation:** The Executive Director will normally identify an individual and delegate the authority as Acting Executive Director to that individual, when the Executive Director is absent, and/or likely to be out of communications with ASME for a Short Term Absence.

5.1.2 **Succession:** In the event of lack of delegation by the Executive Director, the senior (time in position) of the current then existing Deputy Executive Directors shall become the Acting Executive Director, during the Short Term Absence.

o **Long Term or Unexpected Absence:** Consistent with ASME International benefits policy, long term absences are defined as greater than one hundred eighty (180) continuous calendar days in duration. These may be due to normal and approved ASME International business activities at locations outside ASME International Headquarters, including travel, and/or due to illness, injury, disability, death, emergencies or other circumstances. Unexpected absences, in the document, are defined and considered as a Long Term Absence.

5.2.1 **Delegation:** Short Term Absence delegation and succession processes will normally be followed, as described above.

5.2.2 **Succession:** When a Long Term or Unexpected Absence occurs, as defined above, the ASME International Board of Governors may formally appoint an Interim Executive Director (ED). After appointing an Interim Executive Director, the Board of Governors may initiate the Planned Succession process described below.

6. **Emergency Executive Director Delegation:** In order to protect ASME International from absence of the Executive Director’s services, the Executive Director may have no fewer than two (2) other executives familiar with the Board of Governors and Executive Director issues and processes. At the Executive Director’s discretion, these individuals may be identified as Deputy Executive Directors (DEDs) or Associate Executive Directors (AEDs).

7. **Planned Succession:** In the event of a Long Term or Unexpected Absence the following guidelines may be considered:

o **Job Description:** the incumbent Executive Director will maintain a current and up-to-date job description on an annual basis. The Executive Search Committee will be responsible for the updating and approval by the Board of Governors of a current job description for use in a Planned Succession process.
Annual Performance Objectives: Performance objectives for each year will be developed and maintained by the incumbent Executive Director. The Executive Search Committee will be responsible for the updating and approval of current annual performance objectives for use in a Planned Succession process.

Succession Organization & Communications: Upon authorization by the Board of Governors appropriate communications will be forwarded to ASME International counsel, financial auditor, Headquarters Executive Management Sector, and other desired members and organizational entities, informing them of the circumstances of the absence and any proposed replacement succession process and schedule. If an Interim Executive Director is appointed, duties, communications and salary will be established and approved by the Board of Governors. Appropriate communications will be planned to publicly announce the interim appointment. The Board of Governors will approve and announce the process and schedule for a permanent replacement for the Executive Director’s position, which may include a search committee and consultant, as described below.

Executive Director Search Committee: An Executive Director Search Committee will be identified by the current President, subject to approval by the ASME International Board of Governors. The Search Committee will be composed of individuals knowledgeable in and experienced with the Society’s core values, strategic objectives, annual operations, constituencies, goods and services, and financial condition. Among the Committee’s responsibilities are seeking approvals from the ASME board of Governors for: 1) A current Executive Director Job Description; 2) Current Executive Director Annual Performance Objectives, and 3) An Executive Search Consultant. The Committee’s role will include responsibility for the interface between ASME International and the Consultant. The Committee will advise and monitor the activities of the Consultant, keeping the Board informed.

Executive Search Consultant: The Search Committee will identify and make recommendations for approval of an Executive Search Consultant, to the ASME International Board of Governors. Once approved by the Board, the Search Consultant will provide the necessary organizational leadership for formalizing, scheduling and public communications for the search process.

Executive Director Search Process & Schedule: The Search Committee, working with the Search Consultant, will be responsible for obtaining the approval of the ASME International Board of Governors for the search process, schedule and communications plan. For reference, the report of the ASME International Search Committee, June 20, 2002, chaired by Paul Torpey, may be used as a guideline and reference.
8. Opportunities for In-house and External Candidates:

8.1 Candidate Pool: In the event of a vacancy in the position of Executive Director, and Planned Succession, both in-house and external candidates will be made aware of the search process, and have opportunity to submit an indication of interest, together with their relevant experience, for consideration.
### ASME Mission and Vision Statement

**Mission**

To serve our diverse global communities by advancing, disseminating and applying engineering knowledge for improving the quality of life; and communicating the excitement of engineering.

**Vision**

ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.

### ASME Board of Governors Core Values

<table>
<thead>
<tr>
<th>Core Value</th>
<th>Description</th>
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<tbody>
<tr>
<td>1. Mission focused</td>
<td>Governors are expected to be familiar with the ASME mission, the ASME vision, the ASME Strategic plan, and the ASME core values. Their actions and decisions should be informed by the principles contained in these guiding documents to ensure that the organization is accomplishing its goals.</td>
</tr>
<tr>
<td>2. Knowledge-based</td>
<td>Governors are expected to be knowledgeable of the structure and policies of ASME. Governors are expected to arrive at each meeting having completed the necessary preparations for the business to be transacted. Decisions made by the Board of Governors should flow from a knowledge-based process.</td>
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<tr>
<td>3. Ethics and integrity</td>
<td>Governors are expected to act with honesty and integrity, making decisions that are in the best interests of ASME.</td>
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<tr>
<td>4. Commitment</td>
<td>Governors are expected to attend every meeting and to faithfully discharge their fiduciary duties and responsibilities. In the unlikely even of a family or work conflict, governors should make every effort to utilize a teleconference connection in order to be present electronically if possible.</td>
</tr>
<tr>
<td>5. Respect and professionalism</td>
<td>In all of their activities, governors should act in a respectful professional manner toward their fellow governors, the members, and the staff.</td>
</tr>
<tr>
<td>6. Free from bias</td>
<td>Governors are elected by the membership to serve the society as a whole and thus do not represent a particular segment of the society. Governors are expected to disclose any potential conflicts of interest and excuse themselves from discussions and voting should a potential conflict of interest arise.</td>
</tr>
<tr>
<td>7. Collaboration and unity</td>
<td>The board should engage in a process whereby every governor has the opportunity to be heard and whereby every opinion is respected. When a decision is finally reached, each governor should support the decision of the board regardless of how they voted as individuals. Governors should work together for the success of the organization.</td>
</tr>
<tr>
<td>8. Communications and confidentiality</td>
<td>Governors should be effective communicators. They must first be good listeners and then have open and honest communications with their fellow governors, with ASME sector leaders, staff, and members. Governors are expected to keep confidential those items discussed in executive sessions.</td>
</tr>
<tr>
<td>9. Cultural sensitivity</td>
<td>Because we aspire to become a global organization, governors must be sensitive to the cultural differences in those places where ASME members live and work.</td>
</tr>
<tr>
<td>10. Fun</td>
<td>Recognizing that laughter and good humor bring us closer and blurs the line between work and fun, the governors are committed to operating in a collegial environment that enables friendships and a spirit of constructive cooperation.</td>
</tr>
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The Constitution and By-Laws can be viewed at:
http://asme.org/asme/constitution/cn_toc.html