

MINUTES

of the

SEPTEMBER 2016 MEETING

Rotary Foundation Board of Trustees

The 2016–17 Rotary Foundation Trustees held their second meeting of the year on 12–15 September 2016 in Evanston, Illinois, USA

Present were Chairman Kalyan Banerjee, Vice-Chairman Thomas M. Thorfinnson, Chairman-elect Paul A. Netzel, other Trustees, Noel A. Bajat, Örsçelik Balkan, William B. Boyd, Ron D. Burton, Mário C. de Camargo, Sushil Gupta, Gary C.K. Huang, Seiji Kita, Barry Rassin, Kenneth M. Schuppert Jr., Bryn Styles, Young Suk Yoon, and General Secretary John Hewko. Karen Wentz attended as director liaison.

Andrew McDonald served as secretary of the meeting with assistance from Jennifer Faron and Matt Hohmann. Other staff present were David Alexander, Victor Barnes, Lori Carlson, Bernadette Knight, Peter Markos, Abby McNear, Carol Pandak, Steven Routburg, and Eric Schmelling. Hyung Jung Lee, Misa Mais, and Eiko Terao served as staff interpreters.

The general secretary prepared a memorandum of items for consideration at this meeting. Items from that memorandum, as well as other items considered during the meeting that were acted upon, constituted the meeting's agenda as follows:

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9. Approval of the June 2016 Meeting Minutes

Statement: The general secretary distributed the June 2016 Trustees meeting minutes to each trustee.

DECISION: The Trustees approve the minutes of their June 2016 meeting and request the chairman to sign the official copy of those minutes.

10. Decisions Taken on Behalf of the Trustees

Statement: Rotary Foundation Bylaws section 5.10 states that any officer acting on behalf of the Trustees shall report such action to the Trustees at their next scheduled meeting.

DECISION: The Trustees ratify the decisions as shown in Appendix A—the complete copy of which is filed only

with the official copy of these minutes—taken on their behalf between 1 May and 5 August 2016 by those authorized to do so.

11. Report of the General Secretary

Statement: The general secretary presented an update on the work at the Secretariat since the June 2016 Trustees meeting.

DECISION: The Trustees receive the general secretary's report on the activities at the Secretariat.

12. Tentative Future Agenda

Statement: Trustee procedures require at each meeting the submission of a tentative agenda for the next Trustees meeting.

DECISION: The Trustees receive the tentative agenda for their January 2017 meeting.

13. Petitions to the Trustees

Statement: The Trustees considered 2 petitions from Rotary districts:

- from District 3282 (Bangladesh) requesting the Trustees to waive their policy for the appointment of the district Rotary Foundation committee chair in District 3282;
- from District 7230 (USA, Bermuda) requesting the Trustees to waive their policy for the appointment of the district Rotary Foundation committee chair in District 7230.

DECISION: The Trustees, the Executive Committee acting on their behalf, request the general secretary to follow-through on the petitions received at this meeting in accordance with discussion at this meeting.

14. Updates to The Rotary Foundation Code of Policies

Statement: Rotary Foundation Code of Policies section 2.010.6. requests the general secretary, at the conclusion of each Trustee meeting, to review the decisions taken by the Trustees at that meeting and prepare a report listing the decisions that might be added to The Rotary Foundation Code of Policies. The general secretary also recommends amendments to the Code to reflect current practices, language, or other factors.

DECISION: The Trustees, to record the decisions taken at their January, April, and June 2016 meetings and previously, amend the Rotary Foundation Code of Policies as shown in Appendix B, filed only with the official copy of these minutes.

15. Election of Officers for 2017–18

Statement: Rotary Foundation Bylaws section 5.2 provides that the Trustee chairman-elect and vice-chairman shall be annually elected by the Trustees for a one-year term. The Trustees had previously agreed to elect their officers at their fall meeting to allow sufficient time for the officers to prepare for their term of office.

DECISION: The Trustees

1. elect Trustee Ron D. Burton as their chairman-elect to serve during 2017–18 as an officer of The Rotary Foundation of Rotary International, an Illinois not-for-profit corporation;
2. elect Trustee Barry Rassin as their vice chairman to serve during 2017–18 as an officer of The Rotary Foundation of Rotary International, an Illinois not-for-profit corporation.

16. Meeting Dates in 2017–18

Statement: Rotary Foundation Code of Policies section 2.010.1. provides that the annual Trustees meeting shall be held in October. The Rotary Foundation Bylaws section 4.2 provides that the Trustee chairman shall designate all other Trustee meetings.

DECISION: The Trustees

1. agree to hold their annual meeting on 18–21 September 2017 in Evanston, Illinois, USA;

2. request their chairman to decide the details of this meeting and the dates of all other meetings in 2017–18.

17. Proposed 2017–18 TRF Committee Structure

Statement: Rotary Foundation Code of Policies section 1.090.1. requests the chairman-elect to submit a proposed committee structure for the following year to the Trustees for review at their October meeting.

DECISION: The Trustees, in accordance with Rotary Foundation Code of Policies section 1.090.:

1. approve the committee structure for 2017–18 Rotary Foundation committees proposed by chairman-elect Netzel;
2. look forward to receiving a list of persons tentatively selected for all of the committee appointments for the following year in advance of their January 2017 meeting.

18. Rotary Foundation Ties and Scarves

Statement: As a way to promote the Foundation and its Areas of Focus, Chairman-elect Netzel suggested that the Trustees consider approving the creation and sale of TRF-branded and Areas of Focus-branded ties and scarves.

DECISION: The Trustees

1. look with favor upon adopting a Rotary Foundation brand tie and scarf and an Areas of Focus brand tie and scarf, whereby all revenue is directed to The Rotary Foundation;
2. approve a 2016–17 budget variance of US\$105,000 for this purpose and request the general secretary to budget accordingly in future years.

19. Past Trustee Chair Privileges

Statement: The role of past Trustee chair has traditionally been held by a past RI president, and because of this status, travel expenses to RI Convention, International Assembly, and Council on Legislation is covered under specific budgets. Trustee Burton suggested that the Trustees consider amending the Foundation Code of Policies to fund these travel expenses for a past Trustee chair who was not also a past president.

DECISION: The Trustees

1. agree that The Rotary Foundation shall pay the expenses of a past Trustee chair (and spouse) who has not served as an RI president, to attend the Rotary International Convention, International Assembly, and, (without spouse) to the Council on Legislation and amend the Rotary Foundation Code of Policies accordingly;
2. approve a 2016–17 budget variance of US\$11,000 to reflect these changes;
3. request the Board to amend Rotary Code of Policies sections 57.110.4. and 58.070.1. by adding “Past Trustee chair (and spouse) who has not served as an RI president” to the list of International Convention and International Assembly participants listed;
4. request the general secretary to amend the International Assembly, International Convention, and Council on Legislation manuals accordingly to reflect these changes.

Note: Chairman-elect Netzel abstained from voting on this item.

20. Operations Review Committee

Recommendations: Senior Leader Job

Descriptions and Staff/Volunteer Interactions

Statement: In decision 164, April 2016, the Board requested the Trustees to review the job description for TRF Trustee at their September 2016 meeting and recommend any suggested amendments to the Board, and further to review and adopt the job description for the TRF Trustee chairman recommended by the Operations Review Committee as well as the “Standard of Conduct for Interactions with Secretariat Staff.” Vice-chairman Thorfinnson suggested that the Trustees needed more time to thoroughly review the committee’s recommendations.

DECISION: The Trustees

1. thank the Board and the Operations Review Committee for requesting the Trustees to review the job descriptions for TRF Trustee and TRF Trustee chairman and the “Standard of Conduct for Interactions with Secretariat staff”;
2. further thank the Operations Review Committee for its recommendations to develop incoming Trustee orientation materials that provide training on

staff/volunteer roles and expectations and to provide annual orientation for members, advisers, and director and trustee liaisons of Foundation committees;

3. request their chairman to appoint a working group of Trustees to review these documents and recommendations for report to the Trustees at their January 2017 meeting.

21. Strategic Planning Committee Report

Statement: In decision 7, June 2016, the Trustees received the Strategic Planning Committee’s report and requested an update at this meeting. The Strategic Planning Committee met on 30 August–1 September 2016 in Evanston, Illinois, USA, and discussed developing a vision and strategic plan for the organization, engaging key stakeholders, developing a change management and communications plan, establishing a timeline for the committee’s work, and the advantages of engaging outside consultants to assist the committee. Due to the timing of receiving the report, the Trustees agreed they needed more time to adequately review the committee’s proposals.

DECISION: The Trustees defer consideration of the Strategic Planning Committee report until the January 2017 Trustees meeting.

22. Fund Development Committee Report

Statement: The Fund Development Committee met on 8–9 September in Evanston, Illinois, USA, and discussed several topics, including committee goals, the Foundation centennial goal, issues with different types of recognition provided by the Foundation, PolioPlus fundraising, an update on Annual Fund giving, possible “naming” opportunities at the Foundation, policy exceptions to principal gift proposals, Corporate Social Responsibility in India, and the 2017–18 comprehensive fundraising goal.

DECISION: The Trustees

1. thank the Fund Development Committee for its report;
2. endorse the proposed 2017–18 worldwide comprehensive fundraising goal as summarized in Appendix C, filed only in the official copy of these minutes;

3. agree to consider future comprehensive fundraising goals annually at their September/October meeting and request the general secretary to amend Rotary Foundation Code of Policies Article 20 accordingly.

23. Building The Rotary Foundation Endowment: 2025 by 2025

Statement: In decision 109, April 2016, the Trustees adopted a goal that the Foundation's endowment will comprise at least \$1 billion in net assets and \$1.025 billion in commitments by the year 2025 and requested the general secretary to provide an update on the training, marketing, and gift solicitation activities for the goal at this meeting. The general secretary reported that in addition to an overall communications plan, this fundraising goal will be addressed by raising outright gifts, securing new estate commitments, and preserving existing commitments. Marketing materials will be available in multiple languages and customized to reflect local cultural practices. Materials will be targeted to three audiences: those with little knowledge of the Foundation's endowment; those who have already supported the endowment at US\$10,000 or higher; and for soliciting \$10,000 or higher contributions from likely donors who have not contributed to TRF.

DECISION: The Trustees

1. receive the general secretary's update on Building The Rotary Foundation Endowment: 2025 by 2025;
2. look with favor upon the proposed budget activities and staffing to support this initiative in 2017–18 and beyond.

24. Endowment Modification

Statement: Following the Future Vision global launch, the general secretary has continued to review the current and testamentary endowed funds to identify which funds would require modifications due to TRF program changes. To date, 99 funds have been modified.

DECISION: The Trustees

1. acknowledge donor modifications of the endowments shown on Appendix D;
2. agree to the permanent modification of the Carl P. Miller Fund from supporting Discovery Grants to supporting the Project Enhancement Process (PEP);

3. agree that any spendable earnings that have not already been allocated for PEP from the Carl P. Miller Discovery Grants Fund be used for PEP projects.

25. Clifford N. Taylor Estate Gift

Statement: Rotary Foundation Code of Policies section 20.050.2. provides that outright gifts of US\$10,000 or more from individuals will be placed in the Endowment Fund with future annual earnings directed to the World Fund. The general secretary informs the Trustees of all unrestricted gifts of US\$250,000 or more. The Rotary Foundation had recently received a gift from the Clifford N. Taylor estate that fell within this reporting requirement.

DECISION: The Trustees

1. receive with appreciation the distribution of US\$1,276,877 from the Estate of Clifford N. Taylor, District 5810, Terrell, TX, USA;
2. designate that this gift shall be placed in the Endowment Fund with future spendable earnings directed to the World Fund.

26. Stanley S.Y. and Frances Chong Quon Estate Gift

Statement: Rotary Foundation Code of Policies section 20.050.2. provides that outright gifts of US\$10,000 or more from individuals will be placed in the Endowment Fund with future annual earnings directed to the World Fund. The general secretary informs the Trustees of all unrestricted gifts of US\$250,000 or more. The Rotary Foundation had recently received a gift from the Stanley S.Y. and Frances Chong Quon estate that fell within this reporting requirement.

DECISION: The Trustees

1. receive with appreciation the distribution of US\$681,130 from the estate of Stanley S.Y. and Frances Chong Quon, District 5340, San Diego, CA, USA;
2. designate that this gift shall be placed in the Endowment Fund with future spendable earnings directed through SHARE to benefit District 5340 or its successor.

27. Rotary Peace Centers Major Gifts Initiative Committee Report

Statement: The Rotary Peace Centers Major Gifts Initiative Committee met on 29–30 August 2016 in Evanston, Illinois, USA, and discussed the current status of the Peace Centers, update on the Peace Fellows alumni, the report from the Rotary Peace Centers Planning Committee, the action plan and strategies to permanently endow the Rotary Peace Centers program, and the possibility of increasing the existing fundraising goal, among other topics.

DECISION: The Trustees

1. acknowledge and deeply appreciate the generosity of donors who have provided approximately US\$146 million (face value) in outright gifts and commitments as of 30 June 2016 to support the Rotary Peace Centers program;
2. approve the action plan to build support for the Rotary Peace Centers Major Gifts Initiative, as shown in Appendix E;
3. recognize that the Rotary Peace Centers Major Gifts Initiative will likely attain its goal of \$150 million in outright gifts, bequests and commitments by 30 June 2017;
4. authorize a reconstituted Peace Major Gifts Initiative Committee, effective 1 July 2017.

28. Principal Gift Proposals Requiring Policy Exceptions

Statement: The general secretary reported that the Foundation is increasingly receiving principal gift contributions in excess of US\$1 million that require the Trustees to approve exceptions to TRF policy. While currently these exceptions are reviewed by the Trustees at their next regularly-scheduled meeting, the general secretary noted that a more expeditious review process is necessary to respond to donors' proposals in a reasonable time frame and to ensure the Foundation does not lose these gifts.

DECISION: The Trustees

1. agree that the Executive Committee of the Trustees, pursuant to The Rotary Foundation Code of Policy sections 2.030.1., is authorized to act on behalf of the Trustees to accept gifts of US\$1 million or more that require exceptions to Foundation policies, provided

that any approval be unanimous and that such approvals be communicated to the Trustees at their next regularly scheduled meeting;

2. request that the general secretary develop an internal policy for evaluating principal gift proposals requiring policy exceptions to be reviewed by the Executive Committee, for report to the April 2017 Trustees meeting.

DECISIONS 29–35

International PolioPlus Committee Report Meeting 7–8 September 2016 in Evanston, IL, USA

29. PolioPlus Partners Report

Statement: PolioPlus Partners provides grants for direct Rotarian engagement in the polio-endemic and high-risk countries. These grants are primarily used for social mobilization, surveillance, and to encourage Rotarian volunteer efforts on the ground. In decision 27, October 2014, the Trustees approved US\$5 million for PolioPlus Partners through June 2017. Noting that PolioPlus Partners grants are the primary funding source for Rotarian engagement, the International PolioPlus Committee suggested that the Trustees approve \$4 million annually in PolioPlus Partners funding through 2018.

DECISION: The Trustees agree to fund the PolioPlus Partners program from the PolioPlus Fund, up to US\$4 million, from 1 July 2017 through 30 June 2018, to continue support for social mobilization and surveillance activities of National PolioPlus Committees in polio-endemic, high-risk, and importation countries.

30. Recognition of Injured or Killed Polio Workers

Statement: As a memorial to those killed or injured while carrying out polio immunization activities, the International PolioPlus Committee recommended that the Foundation fund a scholarship that would benefit students studying masters-level degrees in Public Health.

DECISION: The Trustees

1. approve a PolioPlus Memorial Scholarship for a masters-level degree in Public Health in Nigeria and Pakistan in recognition of those who have been injured or killed while carrying out polio immunization activities;
2. agree to allocate up to US\$100,000 from the PolioPlus Fund for such scholarships through 2021;

3. request the general secretary to finalize the process by which such scholarships can be awarded beginning academic year 2017.

31. PolioPlus Grants: Combined World Health Organization African Region (WHO/AFRO) and UNICEF Grant Request

Statement: The World Health Organization African regional office (WHO/AFRO) and UNICEF requested grants for operational support in Cameroon, Chad, Democratic Republic of Congo, South Sudan, and Nigeria, and for social mobilization support in Nigeria.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$6,842,929 to WHO for operational support in the following countries:
 - Cameroon: \$1,364,860
 - Chad: \$1,463,183
 - DR Congo: \$2,000,000
 - South Sudan: \$2,041,886this grant to be released in accordance with Trustee policies;
2. approve a PolioPlus grant of up to \$4,553,828 to UNICEF for operational support for Nigeria, this grant to be released in accordance with Trustee policies;
3. approve a PolioPlus grant of up to \$796,672 to UNICEF for social mobilization support for Nigeria, this grant to be released in accordance with Trustee policies;
4. authorize the general secretary to execute agreement letters with WHO and UNICEF to convey the funds on a scheduled basis. WHO and UNICEF will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;
5. note that these are one-year grants that must be fully expended by 31 October 2017, or one year after the transfer of funds to the grantee, whichever comes later;
6. note that these grants, if fully expended, will increase total PolioPlus grants as follows:

- Cameroon from \$17,374,314 to \$18,739,174;
- Chad from \$34,444,441 to \$35,880,624;
- DR Congo from \$46,153,689 to \$48,153,689;
- Nigeria from \$219,755,749 to \$225,106,248;
- South Sudan from \$35,578,699 to \$37,620,585.

32. PolioPlus Grants: Combined World Health Organization Eastern Mediterranean Region (WHO/EMRO) and UNICEF Grant Request

Statement: The World Health Organization Eastern Mediterranean Regional Office (WHO/EMRO) and UNICEF requested grants for social mobilization support in Afghanistan and Pakistan, for operational support in Pakistan and Somalia, for technical assistance in Pakistan, and for surveillance support in Pakistan.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$11,350,223 to UNICEF for social mobilization in the following countries:
 - Afghanistan: \$3,180,467
 - Pakistan: \$8,169,756this grant to be released in accordance with Trustee policies;
2. approve a PolioPlus grant of up to \$4,541,376 to WHO for operational support in the following countries:
 - Pakistan: \$2,767,078
 - Somalia: \$1,774,298this grant to be released in accordance with Trustee policies;
3. approve a PolioPlus grant of up to \$2,364,794 and reallocate \$229,000 from unspent funds to WHO for operational support in Afghanistan, this grant to be released in accordance with Trustee policies;
4. approve a PolioPlus grant of up to \$679,704 to WHO for technical assistance in Pakistan, this grant to be released in accordance with Trustee policies;

5. approve a PolioPlus grant of up to \$742,084 to WHO for surveillance support in Pakistan, this grant to be released in accordance with Trustee policies;
6. authorize the general secretary to execute agreement letters with WHO and UNICEF to convey the funds on a scheduled basis. WHO and UNICEF will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;
7. note that these are one-year grants that must be fully expended by 31 October 2017, or one year after the transfer of funds to the grantee, whichever comes later;
8. note that these grants, if fully expended, will increase total PolioPlus grants as follows:
 - Afghanistan from \$92,887,025 to \$98,432,286;
 - Pakistan from \$130,752,251 to \$143,110,873;
 - Somalia from \$32,889,675 to \$34,663,973.

33. PolioPlus Grants: WHO India Grant Request

Statement: The World Health Organization requested a grant for surveillance support activities in India.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$875,000 to WHO for surveillance support in India, this grant to be released in accordance with Trustee policies;
2. authorize the general secretary to execute an agreement letter with WHO to convey the funds on a scheduled basis. WHO will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;
3. note that this is a one-year grant that must be fully expended by 31 October 2017, or one year after the transfer of funds to the grantee, whichever comes later;
4. note that if this grant is fully expended, will bring the total PolioPlus grants to India from \$175,585,224 to \$176,460,224.

34. PolioPlus Grants: World Health Organization Core Grant Extension Request

Statement: The World Health Organization requested a grant for polio eradication technical experts.

DECISION: The Trustees

1. agree to provide funding for the period 1 January 2017–31 December 2018 for a team of polio eradication technical experts, four positions at the global level and two positions in two of WHO's six regions;
2. allocate US\$2,253,390 from the PolioPlus Fund and reallocate \$2,316,000 from unspent funds for this purpose, as indicated in the grant proposal;
3. authorize the general secretary to execute an agreement letter with WHO to convey the funds on a scheduled basis. WHO will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;
4. note that this is a two-year grant that must be fully expended by 31 December 2018;
5. note that this grant, if fully expended, will bring the total PolioPlus grants to WHO/CORE to \$39,386,976.

35. PolioPlus Grants: World Health Organization Polio Research Committee Grant Request

Statement: The World Health Organization requested a grant to support a statistician for their polio research committee.

DECISION: The Trustees

1. agree to reallocate US\$481,554 from unspent funds from previous research grants to WHO to support a statistician from September 2016–August 2018;
2. authorize the general secretary to execute an agreement letter with WHO to convey the funds on a scheduled basis. WHO will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;
3. note that this is a two-year grant that must be fully expended by 31 October 2018;

- note that this grant, if fully expended, will bring the total PolioPlus grants to WHO/Research to \$29,522,035.

36. Joint Committee on Partnerships Report

Statement: The Joint Committee on Partnerships met on 31 August–1 September 2016 in Evanston, IL, USA and discussed the status of current and potential strategic partners and resource partners, financial considerations of partnerships and sponsorships, the continuation of the World Vision WASH in Schools partnership, a sponsorship implementation plan, an update on receiving corporate social responsibility funds in India, eBay live auctions revenue sharing, and a “cause-related” marketing policy, among other topics.

DECISION: The Trustees

- thank the Joint Committee on Partnerships for its report;
- accept the proposal for expanding Rotary’s relationship with Lufthansa to grow their Entrepreneurship Camp model as shown in Appendix F, filed only with the official copy of these minutes;
- approve adding Lufthansa as a partner and authorize the general secretary to enter into a memorandum of understanding for a term ending 30 June 2020, subject to approval by the RI Board;
- approve a total program expenditure for US\$1.3 million from 2016–17 through 2019–20 with funding sources as follows:
 - \$679,600 temporary restricted contributions from Lufthansa;
 - \$197,900 temporary restricted contribution Areas of Focus;
 - \$437,100 from World Fund contributions (note that a minimum of 10 percent—\$63,500—of these funds will be contributed by Rotary clubs and districts);
- approve a 2016–17 budget variance of US\$11,300 for program operations and staff expenses for this partnership, and requests the general secretary to budget accordingly for the remaining years of the pilot.

37. India WASH in Schools (WinS) Target Challenge and World Vision Strategic Partnership Update

Statement: In decision 124, April 2015, the Trustees agreed to implement a pilot project in the development of integrated infrastructure, education, and behavioral change projects for Water, Sanitation, and Hygiene (WASH) in Schools within the areas of focus of Water and Sanitation and Basic Education and Literacy, ending in June 2018. In decision 30, October 2015, the Trustees approved a strategic partnership with World Vision, to be implemented in India during the course of this pilot project, and requested the general secretary to provide updates on this partnership at the October and April Trustees meetings. Due to the organizational differences in funding and implementation mechanisms proposed, the Programs Committee suggested that the Trustees discontinue their strategic partnership with World Vision regarding the India WASH in School target challenge.

DECISION: The Trustees

- receive the general secretary’s report on the India WASH in Schools (WinS) Target Challenge and World Vision Strategic Partnership;
- agree to end Rotary’s partnership with World Vision;
- approve the India WinS Target Challenge, thereby allowing resources formerly earmarked for the World Vision partnership to be managed by the WinS Steering Committee to complement global grant activities in WinS target challenge countries.

38. 2016–17 RI-USAID Steering Committee

Statement: In decision 95, April 2014, the Trustees requested the 2014–15 Trustee chairman and the 2014–15 RI president to jointly appoint a steering committee to oversee the USAID partnership. Chairman Banerjee shared with the Trustees his plan to reappoint this steering committee in 2016–17. The Rotary Foundation Code of Policies provides that all Foundation committee appointments be approved by the Trustees.

DECISION: The Trustees thank Chairman Banerjee for providing his recommended appointments to the RI-USAID Steering Committee and approve the appointments as shown below:

Rotarian Committee Members

Trustee Vice Chair Tom Thorfinnson, Chairman (District 5950)

Past Director Mike Webb (District 1200)
Past District Governor Ron Denham (District 7070)

USAID Committee Members

Elizabeth Jordan
Seema Johnson
Amanda Robertson

39. Biennial Review of Grant Terms and Conditions and Memorandums of Understanding

Statement: Rotary Foundation Code of Policies section 11.030.6. provides for the Trustees to review Foundation grant terms and conditions, club and district qualification, and memorandums of understanding on a biennial basis to ensure familiarity with their provisions.

DECISION: The Trustees receive the general secretary's report on the terms and conditions for Rotary Foundation District Grants and Global Grants and the district and club qualification memorandums of understanding.

40. 2016 Council Resolutions Pertaining to the Foundation

Statement: In decision 154, April 2016, the Board referred Council resolutions 16-141 (to consider amending the terms for Foundation grants to permit the purchase of equipment for pre- or post-surgical care units), 16-142 (to consider allowing district grant subcommittee chairs to monitor and review online grant applications), and 16-144 (to consider reinstating funding for scholarships to support graduate students in areas not related to the areas of focus) to the Trustees for consideration.

DECISION: The Trustees

1. receive Resolution 16-141 to consider amending the terms for Foundation grants to permit the purchase of equipment for pre- or post-surgical care units and
 - a. thank the Rotary Club of Carvin-Hénin-Marches de l'Artois, P.-de-C., France, and the Rotary Club of Dunkerque, District 1520 (France), for their proposal;
 - b. reaffirm the terms for Foundation grants that permit the purchase of equipment for pre- or post-surgical care units;
2. receive Resolution 16-142 to consider allowing district grant subcommittee chairs to monitor and review online grant applications and

- a. thank the Rotary Club of Surabaya Metropolitan, District 3420 (Indonesia), for its proposal;
 - b. reaffirm their policy regarding the district grant subcommittee chair's responsibilities that allow the chair to monitor and review online grant applications;
3. receive Resolution 16-144 to consider reinstating funding for scholarships to support graduate students in areas not related to the areas of focus and
 - a. thank the Rotary Club of Gifu, District 2630 (Japan), and District 2800 (Japan), for their proposal;
 - b. reaffirm that global grant scholarships must be related to the areas of focus and that district designated funds may be used to support scholarships that fall outside of the areas of focus through district grants;
 4. request the general secretary to inform the clubs and districts that proposed this legislation of this decision in accordance with discussion at this meeting.

41. US-Bound Scholar Tax Withholding Contribution from Sponsors

Statement: Under US tax law, US-bound grant scholars paid by The Rotary Foundation may be subject to tax withholding on all expenses other than tuition, books, and fees. In decision 127, April 2016, the Trustees requested the general secretary to develop a process that would provide for sponsors of global grant scholarships to contribute additional funding to cover the withholding taxes for students studying within the US for report at this meeting. The general secretary suggested that while significant staff time is spent managing this tax withholding process, the Foundation should continue to cover this added cost for those scholars studying in the US by means of the World Fund. The Trustees agreed that in fairness all scholars should be accountable for their own tax burdens.

DECISION: The Trustees note that the Foundation is required to withhold income taxes on certain scholarships for those scholars studying in the US and that this may result in those scholars receiving less than the full amount of the scholarship award due to US income tax laws.

42. Level III Grant Requests

Statement: Global Grants requesting over US\$100,000 from the World Fund must be reviewed by the Trustees. Two Global Grant applications were reviewed by the Trustees at this meeting.

DECISION: The Trustees agree to award:

- a) Global Grant 1421651, a water and sanitation grant sponsored by the Rotary Clubs of Niamey-Gaweye, Niger (District 9102) and Manhattan Beach, USA (District 5280) to be carried out with World Vision to reduce the prevalence of waterborne and water-related illnesses through clean water, sanitation facilities and training in Western Niger in the amount of US\$191,951 from the World Fund (total project cost of \$471,356);
- b) Global Grant 1641117, a disease prevention and treatment grant sponsored by the Rotary Clubs of Jaipur Royal, India (District 3052) and Rajdhani, Nepal (District 3292) to be carried out with the support of Sammaa International Holistic Services P. Ltd. to benefit patients with cardiac issues in central Nepal in the amount of \$107,500 from the World Fund (total project cost of \$345,000) with payment contingent upon receipt of an acceptable report from RC Rajdhani for MG1174738.

43. Low-Cost Shelters and Simple Schools

Statement: The Foundation maintains a ban on construction in global grants. Chairman Banerjee requested the Trustees to modify the ban to permit in a pilot period the construction of low-cost shelters and simple schools.

DECISION: The Trustees

1. approve a pilot to provide for the construction of low-cost shelters and simple schools within global grants by lifting the ban on construction for a three-year period, beginning 1 January 2017;
2. request the general secretary to
 - a. identify a potential project partner and develop suitable guidelines for projects that involve this partner as a cooperating organization, for report to the April 2017 Trustees meeting;
 - b. develop guidelines for all construction projects, including low-cost shelter, based on the

guidelines that were developed by the general secretary, Cadre, and Trustees in 2011 to ensure project quality;

- c. evaluate the inclusion of this project type in Global Grants, for report to the October 2019 Trustees meeting;
3. amend the Rotary Foundation Code of Policies during the pilot period to lift the ban on construction within Global Grants on 1 January 2017 as follows:

11.040.3. Humanitarian Projects

Global Grants support Rotary clubs and districts in their efforts to address humanitarian issues within the areas of focus and benefit communities in need.

[text omitted]

C. Eligibility

1. Global grants for humanitarian projects can fund
 - a) ~~construction of infrastructure including but not limited to:~~
 - i. ~~toilet blocks and sanitation systems~~
 - ii. ~~access roads~~
 - iii. ~~dams~~
 - iv. ~~bridges~~
 - v. ~~storage units~~
 - vi. ~~fences and security systems~~
 - vii. ~~water/irrigation systems~~
 - viii. ~~greenhouses~~

[text omitted]

2. Global Grants for humanitarian projects cannot fund [text omitted]
- e) ~~new construction (without a strategic partner) of any permanent structure in which individuals live, work, or spend a significant amount of time, such as buildings (e.g., schools, homes/low cost shelters, and hospitals), containers, and mobile homes or structures in which individuals carry out any type of activity including manufacturing and processing. If the grant depends on the construction of a building, the construction must be funded by additional club/district funds (nonmatched cash contributions not processed by The Rotary Foundation) or~~

~~f) funded by another entity, renovations to complete buildings that are partially constructed (including buildings with only the exterior completed) but have never been occupied or operational.~~

44. Rotary Peace Centers Future Planning Committee Report

Statement: The Rotary Peace Centers Future Planning Committee met on 21–22 June 2016 in Evanston, Illinois, USA, and discussed the Rotary Peace Centers strategy development and current strategic plan process, the impact of the program’s marketing and evaluation plan, the impact of program changes on donors and other key constituents, the Peace Centers Major Gift Initiative, and further reviewed options for external consultants, among other topics.

DECISION: The Trustees

1. thank the Rotary Peace Centers Future Planning Committee for its report;
2. acknowledge the scope of work of external consultants in reviewing the Rotary Peace Centers program and request the Rotary Peace Centers Future Planning Committee to recommend possible changes to the program (based on the consultants’ feedback) at the April 2017 Trustees meeting.

45. Annual Funding Request for the 2017 Rotary Peace Fellowship

Statement: The Rotary Peace Centers Committee annually requests the Trustees to approve funding for the next class of Rotary Peace Fellows.

DECISION: The Trustees agree to allocate up to US\$2.2 million (based on current projections) from the World Fund for the 2017–18 Rotary Foundation programs budget to supplement district designated fund allocations, restricted gifts, and Rotary Peace Centers endowment fund earnings and to fund up to 50 masters’ degrees and up to 50 professional development certificate Rotary Peace Fellowships.

46. BMZ Grant Update

Statement: German Rotary clubs often work with or accept funds from the German Federal Ministry for Economic Cooperation and Development, known as BMZ. The general secretary reported on projects of

interest that German Rotary clubs are working on in collaboration with the BMZ.

DECISION: The Trustees receive the general secretary’s update on global grant activity using funding from the German government.

47. District 3100 Participation in Rotary Grants

Statement: In decision 182, April 2016, the Board placed the clubs in District 3100 into non-districted status. As a result, these clubs were unable to participate in Rotary programs and grants. The general secretary reported that a majority of clubs in the district were not involved in the activities that led to the Board’s decision and that with the appointment of a special representative, the district has taken positive steps to ensure that stewardship policies would be followed in the future. The general secretary requested the Trustees to consider allowing clubs in District 3100 to participate in Rotary Foundation grants.

DECISION: The Trustees agree to allow the non-districted clubs formerly in District 3100 (India) to participate in The Rotary Foundation programs grants similar to other non-districted clubs, provided that the special representative appoints Rotarians to serve in the roles of district Foundation committee chair and district stewardship subcommittee chair to help provide necessary oversight directly to the clubs.

48. Selection of 2016–17 Alumni Award Recipients

Statement: The Trustees annually recognize one outstanding Rotary Foundation alumnus and one exemplary alumni association.

DECISION: The Trustees

1. select the individuals as the primary recipient and alternate recipient of the Rotary Alumni Global Service Award for 2016–17, as shown in Appendix G, filed only with the official copy of these minutes;
2. authorize, as provided in Rotary Foundation Code of Policies section 16.040.1.2, a special exception to an in-person award presentation at the 2017 RI (Atlanta) Convention;
3. authorize the general secretary, on behalf of the Trustees, to designate the alternate as the award recipient if the primary award recipient cannot receive the award under any circumstances;

4. select the alumni association as the recipient of the Rotary Alumni Association of the Year Award for 2016–17, as shown in Appendix G, filed only with the official copy of these minutes;
5. request the general secretary to notify the award recipient and confirm the association’s commitment to receive the award at the 2017 Rotary Convention in Atlanta;
6. suggest to the RI president that the presentation of the Rotary Alumni Association of the Year Award for 2016–17 occur at a general session of the 2017 RI Convention in Atlanta.

49. 2016 – 17 Distinguished Service Award Recipients

Statement: The Trustees annually recognize up to 50 Rotarians worldwide with the Distinguished Service Award for their outstanding efforts on behalf of The Rotary Foundation.

DECISION: The Trustees select the Rotarians as shown in Appendix H, filed only with the official copy of these minutes, to receive The Rotary Foundation Distinguished Service Award in 2016–17.

50. Report on Allegations

Statement: To facilitate the work of the Stewardship Committee, and in accordance with Rotary Foundation Code of Policies section 14.030.4., the Trustees receive semiannual updates on stewardship allegations, investigations, and litigation at their October and April meetings.

DECISION: The Trustees

1. thank the District 3272 (Pakistan) special advisers for their status report and request an update at the April 2017 Trustees meeting;
2. lift the suspension of the Rotary Club of Pokhara, District 3292 (Nepal);
3. receive the update on the suspension of District 3770 (Philippines) and reaffirm their decision 135, April 2016, sanctioning one individual;
4. authorize the general secretary to lift the suspension of District 4195 (Mexico) upon receipt of US\$39,636 and receipt of confirmation from the district that it will pursue the remaining funds owed for Matching

Grant 78531 and Matching Grant 78369 and complete reporting requirements for all open grants;

5. request the RI Board to request the Rotary Club of Kisumu Winam to terminate the membership of the two Rotarian project committee members.

51. Report of the Rotary Foundation Cadre of Technical Advisers

Statement: Rotary Foundation Code of Policies section 14.020.1. requires the general secretary to provide an annual report on the activities of the Rotary Foundation Cadre of Technical Advisers. The general secretary reported on the cadre’s efforts to support Rotary Grants during 2015–16 and noted that the cadre completed 290 assignments—including 224 site visits and 66 desk reviews—and evaluated Foundation grants valued at over US\$47.5 million in total project funding.

DECISION: The Trustees

1. receive the report on the activities of The Rotary Foundation Cadre of Technical Advisers;
2. acknowledge the exceptional work of Past RI Director Phil Silvers in the promotion and recruitment of the cadre.

52. Annual Report on Stewardship Litigation

Statement: The general secretary reported on litigation matters arising out of stewardship issues.

DECISION: The Trustees receive the general secretary’s report on stewardship litigation.

53. Investment Committee Report

Statement: The Investment Committee met on 11–12 August 2016 in Evanston, Illinois, USA, and discussed the fiscal year 2016 investment performance review, hedge fund strategy review, private markets planning, and the chief investment officer search, among other topics.

DECISION: The Trustees thank the Investment Committee for its report.

54. Chief Investment Officer Search Update

Statement: In decision 142, April 2016, the Trustees supported the establishment of an investment office at Rotary International that would assume authority,

responsibility, and accountability for the investment programs of The Rotary Foundation and Rotary International. The committee presented a tentative search timeline and reported that executive recruiting firm Korn Ferry International will be conducting the candidate search. The committee also discussed proper oversight of this position and its relationship to the Investment Committee.

DECISION: The Trustees

1. agree that the chief investment officer will be responsible for reviewing and approving the hiring and termination of investment managers;
2. request the Investment Committee to review and recommend changes to governance documents, including but not limited to the Investment Committee charter, investment policy statements, and RI/TRF Codes of Policies, to reflect this decision.

55. Audit Committee Report

Statement: The Audit Committee met on 7–8 September 2016 in Evanston, Illinois, USA, and discussed recently completed audits, review of the draft audited financial statements for Rotary and the Foundation, and the selection of an external auditor, among other topics.

DECISION: The Trustees

1. accept the audited financial statements and report on The Rotary Foundation’s financial results for 2015–16 as presented to the Audit Committee;
2. request the general secretary to publish an annual report in accordance with Rotary Foundation Bylaws;
3. reaffirms its decision 50, October 2015, to appoint Grant Thornton to audit the Rotary Foundation’s financial statements for fiscal year 2016–17.

56. Corporate Structure of The Australian Rotary Foundation Trust (TARFT)

Statement: The Australian Rotary Foundation Trust (TARFT) was established in December 1994 as a “charitable trust” and an Overseas Aid Fund (OAF) under Australian federal law. In decision 48, October 2015, the Trustees approved the incorporation of a public company limited by guarantee to act as corporate trustee of The Australian Rotary Foundation Trust. The general secretary reported on the development and progress of the new corporate structure.

DECISION: The Trustees

1. thank Rotary leadership in Australia for their efforts to establish Rotary Foundation Australia Limited;
2. receive the draft constitution of Rotary Foundation Australia Limited as shown in Appendix I, filed only with the official copy of these minutes;
3. approve the amendments to the deed of The Australian Rotary Foundation Trust as shown in Appendix I, filed only with the official copy of these minutes;
4. accept the resignations of Louis Albert Johnson, William James Studebaker, Monica Saville, Eric Arthur Wood, James Anthony Castley, Joanne Margaret Schilling, Peter Ochota, Ronald Gary Geary, and John Charles Barnes as TARFT Trustees and appoint The Rotary Foundation Australia Ltd. upon its incorporation as trustee of TARFT;
5. approve the appointment of The Rotary Foundation of Rotary International as the sole member of Rotary Foundation Australia Ltd.;
6. appoint Louis Albert Johnson, William James Studebaker, Monica Saville, Eric Arthur Wood, James Anthony Castley, Joanne Margaret Schilling, Peter Ochota, Ronald Gary Geary and John Charles Barnes as the initial directors of Rotary Foundation Australia Ltd.;
7. request the general secretary to study the formation of a Public Benevolent Institution (PBI) under the umbrella of Rotary Foundation Australia Ltd., for report at the April 2017 Trustees meeting.

57. Modifications to the Budget

Statement: The Trustees reviewed decisions taken at this meeting that have future budget impact.

DECISION: The Trustees

1. note no modifications to the 2016–17 budget:

	<u>2016–17</u>
Revenues	\$346,919,000
Program Awards	230,052,000
Program Operations	23,557,000
Operating Expenses,	
Fund Dev. & General and Admin.	<u>26,278,000</u>

Total Expenses 279,888,000

Change in Net Assets: \$67,031,000

2. note budget variance for 2016–17 and future financial impact:

Adjournment

The foregoing is a true record of the proceedings at The Rotary Foundation Trustees meeting held on 12–15 September 2016 in Evanston, IL, USA.

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<u>Revenues</u>			
Dec. 18 TRF	-		
Ties and Scarves		116,667	116,667
Dec. 36 Joint Comm. on Partner. Report	161,600	222,600	222,600
Total Revenues:	161,600	339,267	339,267
<u>Program Awards</u>			
Dec. 36 Joint Comm. on Partner. Report	302,000	416,000	416,000
<u>Expenses</u>			
Dec. 18 TRF			
Ties and Scarves	105,000	-	-
Dec. 19 Past Trustee Chair Privileges	11,000	-	-
Dec. 23 Build. TRF Endow.	-	290,400	254,312
Dec. 27 RPC Major Gifts Initiative	-	39,000	-
Dec. 36 Joint Comm. on Partner. Report	11,300	13,200	13,500
Total Expenses:	\$429,300	\$758,600	\$683,812
Net total of Revenue over Expenses:	66,763,300	-	-

Kalyan Banerjee, Chairman
The Rotary Foundation

Andrew McDonald
Secretary of the Meeting

ATTEST:

John Hewko
General Secretary