MINUTES

of the

APRIL 2013 MEETING

of

THE TRUSTEES

of

THE ROTARY FOUNDATION

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DATE AND PLACE

The Rotary Foundation Trustees of Rotary International met on 13–18 April 2013 in Evanston, IL, USA.

ATTENDANCE

Present were Chairman Wilfrid J. Wilkinson, Chairman-elect Dong Kurn (D. K.) Lee, Vice-Chairman Stephen R. Brown, other Trustees Antonio Hallage, Lynn A. Hammond, Jackson San-Lien Hsieh, John Kenny, Ray Klinginsmith, Ashok M. Mahajan, Michael K. McGovern, Samuel F. Owori, Kazuhiko Ozawa, Ian H.S. Riseley, Julio Sorjús, Stephanie A. Urchick, and General Secretary John Hewko. Anne L. Matthews attended as director liaison.

At the chairman's invitation, incoming Trustees Monty J. Audenart, Noel A. Bajat, and Kalyan Banerjee attended the meeting as observers.

Alice Baehler served as secretary of the meeting with assistance from Laura Tell and Matt Hohmann. Other staff present were Michele Berg, Joseph Brownlee, Meredith Burlew, Lori Carlson, Rebecca Crall, Sharon Cyr, Pete DeBerge, Ellen Falkof, Jeanette Hamilton, Bernadette Knight, Peter Markos, Andrew McDonald, Abby McNear, Tiffany Miller, Harvey Newcomb, John Osterlund, Carol Pandak, James Robinson, Steven Routburg, Christine Sanders, Eric Schmelling, and Jennifer Willbanks.

AGENDA

The general secretary had 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:

Contents

89.	Minutes of the January 2013 Meeting	1
90.	Decisions Taken on Behalf of the Trustees	1
91.	Report of the General Secretary	
92.	Report of the Foundation General Manager and Chief Programs and Member Services Officer	
93.	Communications from the RI Directors.	
94.	Tentative Future Agenda	
95.	Updates to The Rotary Foundation Code of Policies	
96.	Review of Delegation of Authority	1
97.	Selection of Assistant Moderator for the 2014 Regional Rotary Foundation Coordinator Training	2
0.0	Institute	
98.	Annual Report on Associate Foundations	
99.	Appointment to Associate Foundations	
100.	Update on Centennial History of the Rotary Foundation	
101.	Terms of Reference for RRFCs, Assistant RRFCs, and Endowment/Major Gift Advisers	3
102.	Report of Subcommittee to Study TRF Committee Structure	3
103.	Possible Future Strategic Priorities for the Trustees	4
	re Vision Committee Report (104-115)	
	04. Award Recipient Eligibility	4
	05. Future Vision Training	
	06. Basic Education and Literacy.	
	107. Disaster Relief and Recovery	
	•	
	108. Rotary Scholar Residency	
	09. Possible Partnership with World Vision	
	10. Scorecard and Cost Benefit Analysis	
	11. Post-Launch Evaluation	
	12. Strategic Partnerships and Packaged Grants	
	13. Grant Appeals Process	
1	14. Construction in the New Grant Model	7
1	15. Transitioning the Future Vision Committee	8
116.	Permanent Fund Committee Reports	8
	Endowment Modifications.	
	Endowed Global Grant Funding Model	
110.	Endowment/Major Gifts Advisers Training	9
	Unrestricted Estate Gifts	
	Rotary Peace Centers Major Gifts Initiative Goal	
	Preliminary Plan for Rotary Peace Symposium	
	Alumni Relations Activities	
	Alumni Awards Criteria and Selection Process.	
	Status of FINCA as a Cooperating Organization	
	RI/USAID International H ₂ O Collaboration Phase II Plan	
127.		
128.	Recognition Plan for DDF Contributions to PolioPlus	11
129.	Low-Cost Shelters	12
130.	Global Grant #26014	12
131.	Flexibility in District Grants	12
	ndrawn Council on Legislation Resolutions Referred to the Trustees (132–134)	
	32. To Consider Adopting Sustainable Development as a Goal	13
	33. To Consider Making Children and Grandchildren of Rotarians and their Spouses Eligible for	13
1		12
1	Foundation Awards Programs for Foundation Create to Permit the Purchase of Land and	13
1	34. To Consider Amending the Terms for Foundation Grants to Permit the Purchase of Land and	10
107	Buildings	
	Rotary Peace Centers Strategic Planning Workgroup Report	
	Allegations and Litigation	
	Annual Stewardship Plan	
138.	Report of the Rotary Foundation Cadre of Technical Advisers	14

139. World Reporting Analysis for the Grants Programs	14
140. Budget for 2013–14 Contributions and Program Awards	15
141. Investment Committee Report	15
142. Audit Committee Report	17
143. Modification to the Budget.	18
Appendices	
A. Decisions Taken on Behalf of the Trustees (Decision 90) (Summary)	19
A.* Decisions Taken on Behalf of the Trustees (Decision 90) (Complete)	
B.* Updates to The Rotary Foundation Code of Policies (Decision 95)	
C.* Updates to The Rotary Foundation Code of Policies Future Vision Version (Decision 95)	
D.* Updates to Delegation of Authority (Decision 96)	
E. Regional Rotary Foundation Coordinator Terms of Reference (Decision 101)	20
F. Endowment/Major Gift Adviser Terms of Reference (Decision 101)	23
G.* Future Vision Evaluation Plan and Scorecard Measures (Decision 110)	
H.* Future Vision Cost Benefit Analysis (Decision 110)	
I. Endowment Modifications (Decision 117)	
J. Alumni Awards Criteria and Selection Process (Decision 124)	26
K. Administrative Guidelines for Endowment Fund Spending (Decision 141)	29
L. Investment Policy Statement for Planned Giving Assets (Decision 141)	31
M. Investment Policy Statement for the Donor Advised Fund (Decision 141)	35

^{*} Filed only with the official copy of these minutes.

89. Minutes of the January 2013 Meeting

Statement: The general secretary distributed the January 2013 meeting minutes to each trustee.

DECISION: The Trustees approve the minutes of the January 2013 meeting and request the chairman to sign the official copy of those minutes.

90. Decisions Taken on Behalf of the Trustees

Statement: Rotary Foundation Bylaws section 5.9 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 summarized in Appendix A, the complete copy of which is filed only with the official copy of these minutes, taken on their behalf between 15 December 2012 and 28 February 2013 by those authorized to do so.

91. Report of the General Secretary

Statement: The general secretary presented an update to the Trustees on the work at the Secretariat since their January 2013 meeting.

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

92. Report of The Rotary Foundation General Manager and Chief Programs and Member Services Officer

Statement: The Foundation general manager and the chief programs and member services officer presented a report to the Trustees regarding the Foundation's recent activities.

DECISION: The Trustees receive the report of the general manager and chief programs and member services officer on the activities of The Rotary Foundation.

93. Communications from the RI Directors

Statement: At its January 2013 meeting, the RI Board took several decisions of interest to the Trustees.

DECISION: The Trustees

- 1. note the decisions from the RI Board of Directors meeting held on 20–23 January 2013 in La Jolla, CA, USA;
- 2. agree that the president and Trustee chairman shall appoint a joint working group of three directors and three trustees to consider how best to further develop plans for greater collaboration of resources and volunteers between RI and TRF;
- 3. concur with Rotary's essence statement as adopted by the Board in its decision 173, January 2013;
- 4. express their appreciation to the RI Board for the 2012–13 contribution of US\$5,000,000 to fund the ongoing polio eradication effort.

94. 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 June 2013 meeting.

95. Updates to The Rotary Foundation Code of Policies

Statement: Rotary Foundation Code of Policies section 2.040.6. 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 suggested additional amendments to the Foundation Code to reflect earlier Trustee decisions.

DECISION: The Trustees, to record the decisions taken at their January 2013 meeting and previously, amend the Rotary Foundation Code of Policies as shown in Appendix B, and the Rotary Foundation Code of Policies Future Vision Version as shown in Appendix C, both filed only with the official copy of these minutes.

96. Review of Delegation of Authority

Statement: Rotary Foundation Code of Policies section 2.010. provides a comprehensive delegation of authority summary for program and some admin-

istrative matters. The Trustees annually review the delegation of authority at their April meeting.

DECISION: The Trustees approve the changes to the delegation of authority as shown in Appendix D, filed only with the official copy of these minutes.

97. Selection of Assistant Moderator for the 2014 Regional Rotary Foundation Coordinator Training Institute

Statement: Rotary Foundation Code of Policies section 5.060.1. requires the Trustees to annually approve a moderator for future Regional Rotary Foundation Coordinator Training Institutes at their April meeting.

DECISION: The Trustees agree to the selection of Stephanie A. Urchick to serve as the 2014 Training Institute assistant moderator and to also serve as moderator for the 2015 Regional Rotary Foundation Coordinator Training Institute.

98. Annual Report on Associate Foundations

Statement: Rotary Foundation Code of Policies section 3.010.2.1. requires the general secretary to provide an annual update on the activities and financial status of each associate foundation at the April Trustees meeting.

DECISION: The Trustees

- 1. receive the general secretary's annual update on associate foundations:
- 2. agree that the associate foundations Rotary Deutschland Gemeindienst and Deutsche Rotarische Stiftung shall be the next associate foundations to have legal compliance reviews beginning in 2013–14, with funding provided by TRF, as these reviews could not take place as originally scheduled in 2012–13;
- 3. approve continuing the automobile insurance initiative between Associação Brasileira da The Rotary Foundation (ABTRF) and Porto Seguro Insurance and its partners belonging to Porto Seguro Group, to raise donations for ABTRF for an additional three-year period ending 30 June 2016.

99. Appointments to Associate Foundations

Statement: The associate foundations have differing requirements for their trustee appointments. At this meeting, the Trustees considered associate foundation appointments in accordance with each foundation's requirements.

DECISION: The Trustees

- 1. appoint TARFT Trustee Ross Forgione to a second three-year term, beginning on 1 July 2013;
- appoint regional Rotary Foundation coordinators Monica Saville and Joanne Schilling to serve as TARFT trustees for three-year terms, beginning on 1 July 2013;
- 3. thank Past RI Director Horst Heiner Hellge for his dedicated service to Rotary Deutschland Gemeindienst and Deutsche Rotarische Stiftung as a member of their advisory councils;
- appoint regional Rotary Foundation coordinator Rüdiger Götz as advisory council member to the Rotary Deutschland Gemeindienst and Deutsche Rotarische Stiftung for a three-year term, beginning on 1 July 2013;
- 5. appoint Trustee John Kenny to continue to serve as liaison trustee to Rotary Deutschland Gemeindienst and Deutsche Rotarische Stiftung in 2013–14 and to attend the annual meetings of their boards usually held in October and February in Dusseldorf, Germany, through the end of his term as a TRF trustee on 30 June 2015;
- thank Trustee Ashok Mahajan for his dedicated service as the liaison trustee to Rotary Foundation India (RFI);
- appoint Trustee-elect Kalyan Banerjee to serve as liaison trustee to RFI and to attend the two meetings of RFI usually held in September and March through the end of his term as a TRF trustee on 30 June 2017;
- 8. thank Trustee Chairman Wilf Wilkinson for his dedicated service as the liaison trustee to The Rotary Foundation (Canada) (RFC) and as a director of RFC;
- 9. thank Trustee Lynn Hammond for his dedicated service as a director of RFC;

- 10. appoint Trustee Stephanie Urchick to serve as a director of RFC through the end of her term as TRF trustee on 30 June 2014;
- 11. appoint Trustee-elect Monty Audenart to serve as a director of RFC and as TRF trustees liaison to RFC through the end of his term as TRF trustee on 30 June 2017.

100. Update on Centennial History of The Rotary Foundation Book

Statement: In decision 131, April 2008, the Trustees requested an annual update on the Centennial History of The Rotary Foundation Book project. While the committee had not met since the Trustees March 2012 meeting, the general secretary reported significant progress on the project.

DECISION: The Trustees receive the general secretary's report on the Centennial History of The Rotary Foundation Book project.

101. Terms of Reference for RRFCs, Assistant RRFCs, and Endowment/Major Gift Advisers

Statement: In decision 22, October 2012, the Trustees agreed to appoint 41 endowment/major gift advisers, effective 1 July 2013 for a three-year pilot period. In the same decision, the Trustees requested the general secretary to propose revised terms of reference for the regional Rotary Foundation coordinators and assistant regional Rotary Foundation coordinators and to create terms of reference for the endowment/major gift advisers. In decision 66, January 2013, the Trustees approved these terms of reference but requested further review for report at this meeting.

DECISION: The Trustees

- approve the terms of reference for regional Rotary Foundation coordinators and assistant regional Rotary Foundation coordinators as shown in Appendix E;
- 2. approve the terms of reference for endowment/major gift advisers as shown in Appendix F;
- 3. request the 2013–14 Trustee chairman and the 2013–14 Fund Development Committee chairman to develop a framework for how they will cooperate in supervising the endowment/major gift

- advisers, for review at the October 2013 Trustees meeting;
- 4. request the general secretary to undertake a comprehensive revision of Rotary Foundation Code of Policies Article 5, for review at the October 2013 Trustees meeting.

102. Report of Subcommittee to Study TRF Committee Structure

Statement: In decision 6, October 2012, the Trustees requested their Executive Committee to provide a recommendation at this meeting for a new committee structure in 2014–15 and beyond and requested that such recommendation consider opportunities for greater collaboration with RI. Chairman Wilkinson appointed a three-member subcommittee, comprising Trustees Michael McGovern, chairman, Stephen Brown and John Kenny to study this issue. The subcommittee met via correspondence throughout March 2013 and made several recommendations to the Trustees.

DECISION: The Trustees

- 1. thank the subcommittee for its report;
- 2. agree to consider establishing a Foundation Strategic Planning Committee, effective 1 July 2014, at their October 2013 meeting;
- 3. request their 2014–15 and 2015–16 chairmen to consider appointing advisers to the Programs Committee in 2014–15 and 2015–16 that include at least one Rotarian who is a 2013–14 member of the Future Vision Committee:
- 4. refer the items identified by the subcommittee in its minutes to the joint working group of three directors and three trustees that will be considering how best to further develop plans for greater collaboration of resources and volunteers between RI and TRF;
- 5. request their Executive Committee to review its terms of reference in relation to the terms of reference of the Board's Executive Committee, for report back to the Trustees at their October 2013 meeting as to whether amendments are needed to bring the functions of the two committees into closer alignment.

103. Possible Future Strategic Priorities for the Trustees

Statement: At a June 2012 open forum, the Trustees discussed with the general secretary possible future strategic priorities and issues for The Rotary Foundation. Subsequent to this discussion, the Trustees agreed via correspondence to four top priorities that should receive the greatest attention. The general secretary reported on the progress of these priorities and on other key strategic issues for the Trustees' consideration, including information on Secretariat initiatives for the current and future years, an analysis on how Rotary can identify long-term success, and a review of concepts for refining governance roles.

DECISION: The Trustees

- 1. receive the general secretary's report on future strategic priorities;
- 2. note the progress on three of the four selected priorities identified for action after their June 2012 meeting;
- 3. support the key outcome concepts as presented by the general secretary and agree that they serve as the lens through which Rotary establishes and prioritizes future strategic and operational initiatives;
- 4. receive the list of current and future Rotary enterprise initiatives and projects;
- 5. request the general secretary to collaborate with the 2013–14 vice chairman and two other trustees appointed by the 2013–14 chairman for feedback at their October 2013 meeting regarding
 - a. a plan that addresses the fourth priority on refining governance roles;
 - b. the creation of a long-term plan for implementing enterprise initiatives and a definition of specific, measurable outcomes;
- 6. suggest that the general secretary share a similar presentation with the RI Board at its June 2013 meeting for its consideration and support.

DECISIONS 104–115 Future Vision Committee Report

The Future Vision Committee met on 13–15 March 2013 in Evanston, Illinois, USA and made several recommendations to the Trustees.

104. Award Recipient Eligibility

Statement: The Future Vision Committee recommended that the Trustees amend the conflict of interest policy for program participants to ease restrictions on former Rotarians and family members and honorary Rotarians to participate in Foundation programs.

DECISION: The Trustees amend Rotary Foundation Code of Policies (Future Vision version) section 10.030, as follows:

10.030. Conflict of Interest Policy for Program Participants

[text omitted]

1. Award Recipient Eligibility

Pursuant to section 9.3 of the TRF bylaws, those individuals Ineligible Persons, as defined below, shall not be candidates or final award recipients or beneficiaries of any TRF program-except for global grant vocational training teams. Ineligible Persons Such individuals shall include current Rotarians; and honorary Rotarians; employees of clubs, districts, or and other Rotary Entities (as defined in the Rotary Code of Policies) or of Rotary International; spouses, lineal descendants (children or grandchildren by blood, legal adoption, or marriage without adoption);, spouses of lineal descendants, or ancestors (parents or grandparents by blood) of persons in the foregoing categories;—or and employees of agencies, organizations, or institutions partnering with TRF or RI; and any other individual identified in Section 9.3 of the TRF bylaws.

Former Rotarians and honorary Rotarians shall continue to be <u>Hineligible Persons</u> for a period of 36 months after termination of their membership. Persons who were <u>Hineligible Persons</u> based on their familial relationship to a former Rotarian or honorary Rotarian shall continue to be <u>Hineligible Persons</u> for a period of 36 months after termination of their family member's membership. (see TRF bylaws section 9.3) Notwithstanding the foregoing, such individuals shall be eligible to

participate on vocational training teams and in individual travel for humanitarian projects (when such individuals are determined to be qualified) funded by district grants, global grants, and packaged grants.

[text omitted]

105. Future Vision Training

Statement: The Future Vision Committee agreed that the Future Vision trainers will no longer be necessary once the Future Vision plan takes effect in 2013–14 and recommended that the Trustees eliminate the position.

DECISION: The Trustees

- 1. agree that the Future Vision trainer position is no longer necessary in 2013–14;
- 2. amend accordingly their decision 80, January 2012.

106. Basic Education and Literacy

Statement: In decision 42, October 2012, the Trustees agreed not to amend global grants sustainability requirements to allow funding of school desks and requested the Future Vision Committee and the general secretary to find an appropriate way to recognize the importance of school desks within the criteria for global grants, for report at this meeting. The committee proposed that the purchase of school desks, when accompanied by a detailed and verifiable plan to improve basic education and literacy, could be included in the basic education and literacy area of focus.

DECISION: The Trustees amend Rotary Foundation Code of Policies section 11.070.2.5. (Future Vision version) as follows:

11.070.2.5. Basic Education and Literacy

[text omitted]

II. Parameters for Eligibility

TRF considers activities targeting the following to be within the scope of the basic education and literacy area of focus:

1. Access to quality basic primary and secondary

- education;
- 2. Educating adults in literacy;
- 3. Providing training in teaching literacy, curriculum development and school administration;
- 4. Strengthening educational experience through improved materials and facilities;
- 5. Community management of education systems:
- School desk purchases, when accompanied by a detailed and verifiable plan to improve basic education and literacy;
- 6- 7. Vocational training teams supporting the above activities;
- 7. 8. Scholarships for graduate-level study in programs related to basic education and literacy.

[text omitted]

107. Disaster Relief and Recovery

Statement: In decision 181, June 2012, the Trustees agreed that disaster relief is not a Rotary Foundation role and rescinded their decision 35, September 2011, which established the Disaster Relief and Recovery Fund. Also in decision 181, the Trustees requested the Future Vision Committee to provide a recommendation on how disaster recovery funding best fits within the Future Vision grant structure. The committee agreed that while the Future Vision grant structure is not designed to support disaster relief and recovery projects, it does provide options for Rotarians to respond to a crisis.

DECISION: The Trustees

- 1. agree that "first response" disaster relief is not an appropriate program for The Rotary Foundation but note that assistance is available to Rotarians for disaster relief projects through district grants and donor advised funds that have been established for that purpose;
- 2. confirm that global grants are eligible for sustainable disaster recovery projects within the six areas of focus.

108. Rotary Scholar Residency

Statement: The Future Vision Committee noted that residency restrictions are not placed on peace scholars or required under global grants and that removing such restrictions from Rotary scholars would align all programs.

DECISION: The Trustees amend Rotary Foundation Code of Policies (Future Vision version) section 11.040.5. by removing the requirement that scholar-ship recipients must reside in their host district.

109. Possible Partnership with World Vision

Statement: The Future Vision Committee assessed a possible partnership with World Vision and agreed that high-level negotiations would be required to ensure a mutually beneficial agreement.

DECISION: The Trustees

- 1. acknowledge Rotarians' interest in undertaking projects with World Vision;
- 2. recognize the potential for a mutually beneficial and collaborative relationship with World Vision if the appropriate framework for cooperative activity can be developed with the organization;
- 3. request the Trustee chairman to explore an appropriate relationship with World Vision involving the highest levels of leadership from both the Rotary Foundation and World Vision.

110. Scorecard and Cost Benefit Analysis

Statement: The general secretary provided an update on the revised scorecard measures to the Future Vision Committee and noted that since so few grants have been closed, there is little data at this time that shows how clubs and districts measure their projects. The general secretary also provided the committee an updated cost benefit analysis for the Future Vision Plan.

DECISION: The Trustees

- 1. receive the Future Vision Committee' report on the Future Vision evaluation plan and scorecard measures, as shown in Appendix G, filed only with the official copy of these minutes;
- 2. receive the update on the Future Vision Plan's cost-benefit analysis, as shown in Appendix H, filed only with the official copy of these minutes.

111. Post-Launch Evaluation

Statement: The Future Vision Committee reviewed the general secretary's detailed strategy for monitoring and evaluating Rotary's future worldwide impact.

DECISION: The Trustees

- 1. encourage clubs and districts to allocate up to ten percent of their global grant budgets for measurement and evaluation purposes;
- 2. request the general secretary to further study an effective and cost efficient process for measurement and evaluation of district grant activity;
- 3. agree to support future sustainability checks to measure progress towards the sustainability of global grants;
- 4. request the general secretary to investigate potential strategic partners that will help build the organization's capacity to conduct measurement and evaluation:
- 5. agree to include US\$245,500 in the 2013–14 budget for measurement and evaluation purposes;
- request the general secretary to investigate additional measurement and evaluation processes and online systems to capture data that helps measure Rotary's total value.

112. Strategic Partnerships and Packaged Grants

Statement: The Future Vision Committee reviewed updates on current strategic partnerships and opportunities for future partnerships and also reviewed the status of packaged grants, including plans for evaluating packaged grant models. The committee discussed the original intent of strategic partnerships and packaged grants and agreed that adjustments are necessary to obtain the desired results. The committee also recommended increasing the number of UNESCO-IHE scholarships.

DECISION: The Trustees

- 1. acknowledge that packaged grants have not evolved as originally anticipated;
- 2. request the general secretary to assess and plan the future of partnerships and the packaged grant concept for review by the Trustees at their October 2013 meeting;
- 3. agree to extend and expand the relationship with Aga Khan University and request the general secretary, during the extended term of the relationship, to transition the packaged grants to

conform with the traditional Foundation concepts of internationality and multi-district participation;

- 4. agree not to renew the relationship with Oikocredit;
- 5. note a possible relationship with Mercy Corps in the area of Peace and Conflict Resolution:
- 6. agree to expand the number of scholarships with UNESCO-IHE from eight to 16 for the 2013–14 academic year.

113. Grant Appeals Process

Statement: The Future Vision Committee recommended amendments to the Foundation Code of Policies that would refine the appeals process for grants that have been denied.

DECISION: The Trustees amend Rotary Foundation Code of Policies (Future Vision version) section 2.020. as follows:

2.020. <u>Delegation of Authority</u>

The Rotary Foundation makes grants and awards scholarships, receives, provides and distributes funds, and generally conducts business in various parts of the world in accordance with its Articles of Incorporation and Bylaws and in furtherance of the purposes described therein. It is necessary and proper in furtherance of such purposes and activities for the Foundation's Trustees to designate and authorize certain of its officers and representatives to execute the directives of the Trustees and otherwise to act on behalf of the Trustees and the Foundation. Therefore, except as limited by law, including the Internal Revenue Code as it applies to Section 501(c)(3) organizations, the Trustees authorize the following actions to be taken on their behalf in matters where the policy of The Rotary Foundation is well established and where the decision is within the guidelines of those policies.

[text omitted]

III. The general secretary (and any administrative assistants designated for that purpose by the general secretary) is authorized to

[text omitted]

L. Appeals

Any appeals of the general secretary's actions pursuant to this delegation of authority policy, including any exceptions to program and/or eligibility criteria, will be reviewed and acted upon by the Executive Committee of the Trustees. The Executive Committee shall report any actions taken with regard to such appeals to the first available Trustees meeting. With respect to the grant programs, should the Executive Committee believe a change in policy is needed as a result of an appeal, it shall refer the matter to the Programs Committee, which will work with the general secretary to include the issue in the regular evaluation of the grant programs. Should the Programs Committee believe a policy change is needed as a result of this evaluation, it shall refer the matter to the full board of Trustees.

114. Construction in the New Grant Model

Statement: New construction projects have long been prohibited through the use of Foundation grant funds. Renovation, repair, and refurbishment of existing structures have been allowed, along with additions to existing schools and hospital. The Future Vision Committee recognized that renovation and additions have largely been treated as a loophole to the prohibition on construction, necessitating significant volunteer and staff time to review these highly technical projects. The general secretary recommended prohibiting both new construction and additions to existing structures in policy.

DECISION: The Trustees

- note that grant funds used for building additions to existing structures have been used by grant sponsors to circumvent the prohibition on new construction and that these projects require extensive cadre and staff time for review:
- 2. amend Rotary Foundation Code of Policies (Future Vision version) sections 11.040.3. and 11.060.2. 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

[text omitted]

b) renovation, repair, and refurbishment of structures that are currently occupied or operational in which individuals live, work, or spend a significant amount of time. This may include the provision of new services or upgrade of utilities (i.e., electrical, plumbing, and heating), repair of roofs, additions to existing schools or hospitals, elevators, renovation of bathrooms, etc.

[text omitted]

11.060.2. Eligibility

I. District grants can fund

[text omitted]

j) Renovation, repair, and refurbishment of structures that are currently occupied or operational in which individuals live, work, or spend a significant amount of time. This may include the provision of new services or upgrade of utilities (i.e., electrical, plumbing, and heating), repairing of roofs, additions to existing schools or hospitals, elevators, renovation of bathrooms

115. Transitioning the Future Vision Committee

Statement: With the July 2013 launch of Future Vision, the Future Vision Committee's role will be phased out and responsibilities will be transferred to the Trustees Programs Committee. The Future Vision Committee recommended amendments to the Program Committee's terms of reference to prepare for this transition.

DECISION: The Trustees, recognizing that their Programs Committee will be responsible for monitoring Future Vision program activity beginning in 2014–15, amend Rotary Foundation Code of Policies (Future Vision version) section 2.030.1. as follows:

2.030.1. <u>Terms of Reference for Committees</u>
The terms of reference for the Trustee Executive,
Programs, Finance, Fund Development, and
Stewardship Committees are as follows:

[text omitted]

The Programs Committee shall

- 1. consist of at least four Trustees, <u>preferably</u> with at least one member from each class of <u>Trustees for continuity purposes</u>;
- 2. monitor and evaluate all current programs and projects grants;
- 3. make decisions on behalf of the trustees, should they not be in session, on all matters relating to program awards or grants and to the operation of all foundation programs or delegate any part of this authority to the committee chair and/or to the general secretary;
- make recommendations to the Trustees on policy matters related to programs of the Foundation and recommend development of new Foundation programs;
- 5. provide projections of the financial requirements for current and proposed programs of the Foundation.

* * * * * *

116. Permanent Fund Committee Reports

Statement: Permanent Fund committees for India, Europe and RIBI, Taiwan, Macau, and Hong Kong, and Japan all met in the first half of the 2012–13 Rotary year. Each committee considered similar agendas and supporting material, including updates on the Permanent Fund, the Rotary Peace Centers Major Gifts Initiative, the Future Vision Plan, and the Foundation's goals for 2012–13, among other topics. The committees presented their reports to the Trustees for review at this meeting.

DECISION: The Trustees thank the Permanent Fund committees for their reports.

117. Endowment Modifications

Statement: In preparation for the Future Vision global launch, the general secretary continued to review current and testamentary endowed funds to identify which funds will require modifications due to Future Vision program changes.

DECISION: The Trustees

- 1. acknowledge the modifications to the endowments shown in Appendix I;
- 2. approve the modifications to the endowments shown in Appendix I;
- 3. request the general secretary to provide an update on the endowment modification project, including any additional modifications at the June 2013 Trustees meeting.

118. Endowed Global Grant Funding Model

Statement: In preparation for the Future Vision global launch, the general secretary is working to transition endowed funds that will be impacted by the new grant structure. Based on a request from District 7570 (Virginia, USA), the Trustees considered policy changes that would allow for increased flexibility in how global grants can be funded.

DECISION: The Trustees

- acknowledge District 7570's request regarding the use of spendable earnings from the William E. Skelton Endowed Ambassadorial Scholarship and the Reid Jones Endowed Ambassadorial Scholarship to help fund global grants;
- agree to eliminate the spendable earnings threshold for all endowed global grants, effective 1 July 2013 to allow districts more flexibility when using endowed fund spendable earnings;
- 3. reaffirm that spendable earnings from global grant endowed funds are eligible to be used as a funding source to support global grants to meet the minimum US\$30,000 project budget;
- 4. agree that the program award portion of the spendable earnings for any global grants and for the Rotary Peace Centers endowed fund not used in the Rotary year for which they are budgeted will be rolled over for use in a subsequent year;

- 5. confirm that any global grant funded in part by spendable earnings from an endowed fund for global grants will carry the name of that fund if so desired by the donor;
- 6. agree that a global grant shall use funding from only one named endowed fund;
- 7. agree if spendable earnings are less than \$30,000, the spendable earnings may not be split to fund multiple global grants;
- 8. request the general secretary to inform those districts that benefit from endowed global grants of the new flexibility in funding these grants.

119. Endowment/Major Gifts Advisers Training

Statement: With the creation of the new endowment/major gifts adviser position, the Trustees considered how best to ensure that this position gets quality training and in a way that maximizes RI's resources.

DECISION: The Trustees

- 1. request the general secretary to secure a venue for endowment/major gifts advisers training, to be held in conjunction with the regional Rotary Foundation coordinator training in 2014;
- 2. agree that the regional Rotary Foundation coordinator training moderator shall oversee the endowment/major gifts advisers training;
- 3. request the general secretary to budget appropriately for this purpose.

120. Unrestricted Estate Gifts

Statement: The Rotary Foundation Code of Policies section 15.050.2. requires the general secretary to inform the Trustees of all unrestricted estate gifts of US\$250,000 or more at the next meeting of the Trustees occurring after the receipt of such a gift, so that the Trustees can determine the most appropriate use of the gift.

DECISION: The Trustees

1. receive with appreciation the estate distribution totaling US\$1,273,511.46 from the estate of William D. Brumley, Rotary Club of West Corpus Christi, Texas, USA (District 5930);

- confirm that this and future distributions from the William D. Brumley estate shall be designated to the Endowment Fund with spendable earnings directed to the World Fund, to be used at the Trustees' discretion:
- 3. receive with appreciation the estate distribution totaling US\$1,847,067.07 from the estate of Thomson R. Bryant, Jr., Rotary Club of Lexington, Kentucky, USA (District 6740);
- 4. confirm that this and future distributions from the Thomson R. Bryant, Jr. estate, shall be designated to the Endowment Fund with spendable earnings directed to the World Fund, to be used at the Trustees' discretion.

121. Rotary Peace Centers Major Gifts Initiative Goal

Statement: In October 2005 the Trustees adopted a long-term fund development plan to raise US\$95 million by June 2015 to cover the Rotary Peace Centers program expenses. At a February 2013 meeting via correspondence, the Rotary Peace Centers Major Gifts Initiative Committee agreed that an increased funding target should be set to meet future program costs.

DECISION: The Trustees

- 1. recognize that the Rotary Peace Centers Major Gifts Initiative will likely attain its US\$95 million goal by 30 June 2013, or shortly thereafter;
- 2. acknowledge that the cost to fully endow the Rotary Peace Centers is between \$119 and \$165 million, and acknowledge that the spendable earnings are calculated only on contributions that are realized and invested in the Foundation's endowment portfolio;
- 3. confirm their interest in encouraging major gifts to fully endow the program;
- 4. reaffirm their decision 92, October 2000, which declared the Rotary Centers for International Studies to be a major educational priority for The Rotary Foundation;
- 5. establish a new goal of \$125 million by 30 June 2015 to more fully cover Rotary Peace Centers program costs.

122. Preliminary Plan for Rotary Peace Symposium

Statement: In decision 79, January 2013, the Trustees requested the general secretary to prepare a preliminary plan and budget for a 2015 Rotary Peace Symposium in Brazil, for report at this meeting. The general secretary presented a plan, including the mission, vision, goals, and intended audience and leadership for the event, plus a budget based on a draft two-day agenda that provides participants with networking opportunities, discussion panels, breakout session and workshops.

DECISION: The Trustees

- 1. receive the proposal for future Rotary Peace Symposiums, with the next event to be held in conjunction with the 2015 RI (São Paulo) Convention;
- 2. request the general secretary to consider opportunities for the peace symposium to include other programs within Rotary that support peace activities more broadly.

123. Alumni Relations Activities

Statement: Rotary Foundation Code of Policies section 13.020.2. requests the general secretary to annually report on Rotary Foundation alumni relations activities at the April Trustees meeting. The general secretary reported that the Foundation continues to see a growing return on its alumni relations efforts through increased membership, giving, and overall engagement with the approximately 100,000 living Foundation alumni.

DECISION: The Trustees receive the general secretary's report on The Rotary Foundation's alumni relations activities and look forward to receiving the next annual report at their April 2014 meeting.

124. Alumni Awards Criteria and Selection Process

Statement: In decision 63, January 2013, the Trustees requested the general secretary to review the criteria and applications for the Rotary Foundation Global Alumni Service to Humanity Award and the Rotary Foundation Alumni Association of the Year Award to provide more consistency in nominations. The general secretary made several recommendations, including a single selection committee, simplifying the nomination

forms, and adding clarifications to the requirements for the awards.

DECISION: The Trustees amend the criteria and procedures for the Rotary Foundation Global Alumni Service to Humanity Award and Alumni Association of the Year Award as shown in Appendix J, with revised deadlines commencing in 2014–15.

125. Status of FINCA as a Cooperating Organization

Statement: In decision 122, April 2011, the Trustees lifted the suspension on FINCA International as a cooperating organization for a two-year pilot period and requested the general secretary to secure a memorandum of understanding with FINCA. The Trustees also requested the general secretary to review all humanitarian grants and global grants during this pilot period that involved FINCA as a cooperating organization to ensure that these grants comply with the Foundation's revolving loan funds policy, for report at this meeting. The general secretary reported that TRF never received a signed memorandum of understanding from FINCA, nor did the Foundation receive any grant applications from Rotary clubs or districts listing FINCA as a cooperating organization.

DECISION: The Trustees receive the general secretary's update on FINCA International serving as a possible cooperating organization with The Rotary Foundation.

126. RI/USAID International H₂O Collaboration Phase II Plan

Statement: In decision 129, September 2011, the RI Board agreed to renew the memorandum of understanding between RI/TRF and USAID for three years, thereby delaying its expiration until 1 February 2015. The RI/USAID Steering Committee met in January 2013 to discuss the second phase of the alliance, which includes expanding activity to additional countries, promoting tools for inter-ventions and partnerships to advance water, sanitation, and hygiene projects, and to invest in leadership and capacity building at the district level.

DECISION: The Trustees

1. approve in concept the RI/USAID H₂O International Collaboration plan for phase II of the partnership;

- 2. request the RI/USAID Steering Committee to proceed in further developing the plan and identifying packaged grant and budget requirements for consideration at their October 2013 meeting;
- 3. request the RI Board to request the 2013–14 president to appoint three Rotarians, including one director and one trustee, to serve on the RI/USAID Steering Committee.

127. Supplemental Agreement with the Bill & Melinda Gates Foundation

Statement: In decision 71, January 2013, the Trustees approved the terms of a supplemental agreement with the Gates Foundation and requested the general secretary, in consultation with the International PolioPlus Committee chairman and vice chairs, to develop a plan to announce the new agreement to the Rotary world, for consideration at this meeting. The general secretary reported that the new agreement would be completed in time to announce at the 2013 RI (Lisbon) Convention. The Trustees reviewed several options for announcing this supplemental agreement.

DECISION: The Trustees

- 1. authorize the general secretary to sign the new agreement with the Bill & Melinda Gates Foundation;
- 2. request their chairman to proceed with plans to present the new agreement with the Bill & Melinda Gates Foundation at the 2013 RI (Lisbon) Convention.

128. Recognition Plan for DDF Contributions to PolioPlus

Statement: In decision 72, January 2013, the Trustees agreed to recognize districts giving 20 percent or more of their available District Designated Funds to PolioPlus as a way of securing financial support until such time that polio has been certified eradicated, and requested the general secretary, in consultation with the International PolioPlus Committee chairman and vice chairs, to develop a recognition plan and budget, for consideration at this meeting.

DECISION: The Trustees

- 1. agree to provide certificates of appreciation to districts that annually give 20 percent or more of their available DDF to PolioPlus, beginning in 2012–13;
- agree that districts annually giving 20 percent or more of their DDF from 2013–14 until polio eradication is certified will be recognized on a plaque hung in a prominent location at RI World Headquarters;
- 3. request the general secretary to budget accordingly for this recognition.

129. Low-Cost Shelters

Statement: In decision 37, September 2011, the Trustees agreed to make an exception to policy to allow Rotary clubs and districts not participating in the Future Vision pilot to use matching grants to fund low-cost shelter projects and requested the general secretary to provide a report on the use of this exception at this meeting. The general secretary reported that since publicizing this decision in multiple RI outlets, the Foundation received only 13 inquiries from Rotarians regarding low-cost shelter projects and in February 2013 received the first matching grant application requesting funds for low-cost shelters. Two additional applications were received in March.

DECISION: The Trustees

- 1. receive the general secretary's report on the use of matching grants to fund low-cost shelter projects;
- 2. agree that low-cost shelter projects are not currently eligible for funding by global grants or district grants;
- 3. request the general secretary to propose a process by which to evaluate the advisability of funding low-cost shelter projects, for report at the October 2013 Trustees meeting, with the results of said process to be considered at their April 2014 meeting.

Note: Trustees Brown, Klinginsmith, and Urchick requested that their negative votes be recorded.

130. Global Grant #26014

Statement: The Rotary Foundation received a Level III global grant request for funds of between US\$108,000 and \$111,000 to build 23 wells in Honduras. The Foundation Code of Policies requires global grant requests of greater than US\$100,000 to be approved by the Trustees. The global grant was unique in that it involved two separate cooperating organizations—Texas Water Missions and World Vision—and two slightly different applications. The general secretary expressed concerns over World Vision's request to deviate from TRF's standard memorandum of understanding by allowing World Vision to pay vendors directly instead of having the grant sponsors retain control of the grant funds. The Trustees were asked to consider which application to approve.

DECISION: The Trustees

- 1. agree to award Global Grant #26014, a water and sanitation project carried out with Texas Water Missions and World Vision, in the amount of US\$108,000 from the World Fund (total project cost of \$510,562);
- 2. agree that a memorandum of understanding shall ensure that Rotarians are involved in the project and oversee the incremental disbursement of the grant funds for the duration of the project;
- 3. should The Rotary Foundation and World Vision fail to agree to a memorandum of understanding, the Trustees will then award Global Grant #26014, carried out with Texas Water Missions, in the amount of US\$111,000 from the World Fund (total project cost of \$264,500).

131. Flexibility in District Grants

Statement: Trustee Klinginsmith requested the Trustees to consider providing more flexibility in the use of district grants.

DECISION: The Trustees

- 1. express their interest in providing more flexibility in the use of district grants;
- 2. request the general secretary to review the advantages and disadvantages of the current restrictions on the use of district grants for report to the Trustees at their October 2013 meeting.

DECISIONS 132–134

Withdrawn Council on Legislation Resolutions Referred to the Trustees

In decision 251, May 2012, the Board requested the general secretary to inform all 2013 Council proposers of non-defective resolutions that if they agreed to withdraw their legislation, the Board would review and consider their proposal at its October 2012 meeting. At its October 2012 meeting, the Board noted that three of these resolutions dealt specifically with Rotary Foundation matters and referred the resolutions to the Trustees for consideration.

132. To Consider Adopting Sustainable Development as a Goal

Statement: The Rotary Club of Majorstuen (Oslo), Norway submitted a resolution requesting the Board to consider adopting sustainable development as a goal. A trustee recommended that the Future Vision Committee review this matter further.

DECISION: The Trustees thank the Rotary Club of Majorstuen (Oslo), Norway for its proposal and refer this matter to the Future Vision Committee.

133. To Consider Making Children and Grandchildren of Rotarians and their Spouses Eligible for Foundation Awards Programs

Statement: The Rotary Club of Blumenau-Verde Vale, S.C., Brazil requested the Trustees to consider making children and grandchildren of Rotarians and their spouses eligible for Foundation award programs.

DECISION: The Trustees

- 1. thank the Rotary Club of Blumenau-Verde Vale, S.C., Brazil for its proposal;
- agree that, to continue to avoid any real or perceived conflict of interest that relatives of Rotarians receive preferential treatment in receiving Foundation funding, do not agree to make children and grandchildren of Rotarians and their spouses eligible for Foundation awards programs.

134. To Consider Amending the Terms for Foundation Grants to Permit the Purchase of Land and Buildings

Statement: District 1010 (Scotland) requested the Trustees to consider amending the terms for Foundation grants to permit the purchase of land and buildings. Since 1987, Foundation policy has prohibited the purchase of land and buildings because of legal and liability issues, land rights concerns, high capital investments, long-term maintenance issues, and concerns that using Foundation funds to purchase land and buildings does not promote Rotarians' personal involvement in a project.

DECISION: The Trustees

- 1. thank District 1010 (Scotland) for its proposal;
- recognize that the purchase of land and buildings would require a disproportionate investment of grant funds in real estate rather than direct service activities, and may involve Rotary clubs, districts, and The Rotary Foundation in legal or liability issues:
- 3. do not permit Rotary Foundation grant funds to be used for construction and the purchase of land and buildings.

* * * * * *

135. Rotary Peace Centers Strategic Planning Workgroup Report

Statement: In decision 78, January 2013, the Trustees allocated funds for the Rotary Peace Centers Strategic Planning Workgroup to meet in March 2013 to formulate strategic, marketing, and recruitment plans for the Rotary Peace Centers, for preliminary report at this meeting. The workgroup reported that it determined the program areas on which to focus its strategic plan, identified key stakeholders and their roles within these program areas, developed a timeline, and further discussed long-term goals for increasing applications to the Rotary Peace Centers.

DECISION: The Trustees

- 1. receive the report of the Rotary Peace Centers Strategic Planning Workgroup;
- 2. expect the Rotary Peace Centers Committee to present the proposed strategic plan for the Rotary

Peace Centers program, including specific action items and any budget variances, at the October 2013 Trustees meeting.

136. Allegations and Litigation

Statement: To facilitate the work of the Stewardship Committee, and in accordance with The Rotary Foundation Code of Policies section 10.030.6.1., the Trustees receive semiannual updates on allegations, investigations, and litigation at their October and April meetings.

DECISION: The Trustees

- 1. suspend the Rotary Club of Chiang Mai North, Thailand (District 3360) from participation in Foundation programs for five years. The Trustees note that after two years, the club may petition for reinstatement;
- 2. suspend the Rotary Club of Vihiga, Kenya (District 9200) from participation in TRF programs until 31 October 2013, or such additional time as may be required to fully investigate allegations regarding incomplete project implementation and falsified grant reporting;
- 3. receive the general secretary's report on the organization Project Amigo and authorize Project Amigo to participate in Foundation grants as of 5 November 2013, but require a memorandum of understanding for any grant involving Project Amigo as a beneficiary or cooperating organization;
- 4. suspend the Rotary Club of Bandar Utama, Malaysia (District 3330) from participation in Foundation programs for one year and require the club to submit a stewardship plan before the suspension is lifted;
- 5. suspend District 9140 (Nigeria) and its member clubs from participation in Foundation programs until the October 2013 Trustees meeting in order to allow time to fully investigate concerns of mismanagement and misreporting.

137. Annual Stewardship Plan

Statement: Rotary Foundation Code of Policies section 10.010. requests the general secretary to prepare an annual stewardship plan for review at the April Trustees meeting. The general secretary reported on

the status of the stewardship plan's 2012–13 priorities and proposed priorities for 2013–14.

DECISION: The Trustees approve the stewardship plan for 2013–14 as discussed at this meeting.

138. Report of the Rotary Foundation Cadre of Technical Advisers

Statement: Rotary Foundation Code of Policies section 10.020. requires the Rotary Foundation Cadre of Technical Advisers to provide an annual report of its activities and findings for review at the April Trustees meeting. The general secretary reported that in 2012–13 there were 87 total assignments, including technical reviews, site visits (advance, interim, and post project), financial and operational audits, and sustainability checks.

DECISION: The Trustees receive the general secretary's report on The Rotary Foundation Cadre of Technical Advisers.

139. World Reporting Analysis for the Grants Programs

Statement: Rotary Foundation Code of Policies section 9.010.5.2. requires Rotary clubs and districts to be 100 percent current and compliant with grant reporting requirements. The general secretary provides a comprehensive report on the status of such grant reporting compliance at the October and April Trustees meetings.

DECISION: The Trustees

1. request the general secretary to suspend the following districts, effective 1 May 2013, for failure to meet reporting compliance of 70 percent for two or more consecutive semi-annual reports and for having more than one grant overdue:

1060 (England) 3212 (India) 4300 (Peru) 6740 (United States)

request an update on the world reporting analysis of Foundation grants at their October 2013 meeting.

140. Budget for 2013–14 Contributions and **Program Awards**

Statement: The Trustees annually approve a contributions and program awards budget for the following year. The portion of the budget that relates to expenditure of unrestricted contributions for program awards requires Board approval.

DECISION: The Trustees

- 1. approve the contributions budget for 2013–14 totaling US\$239,740,000;
- 2. approve the following budget for program award expenditures to be made in 2013-14 from the Annual Fund:

Rotary Centers for International Studies: Rotary Peace Fellowships and Rotary Peace Center University Stipends (WF/DDF) US\$4,707,000 Rotary World Peace Fellowships (WF from endowment earnings) Special Initiative Grants (WF)

Rotary Grants

Global Grants (DDF) 27,862,000 Global Grants (WF) 28,189,000 **Grant Contributions** (formerly flowthrough) 16,600,000

72,651,000

321,000

100,000

Packaged Grants (WF)	2,720,000
District Grants (DDF)	26,810,000
District Grants (WF – blanket travel	
insurance)	125,000
District Grants (DDF from	
endowment earnings)	1,110,000
Total expenditures from Annual	US\$108,544,000
Fund	

3. approve the following budget for program award expenditures to be made in 2013-14 from the PolioPlus Fund in accordance with temporary restricted contributions received in accordance with Trustee policy:

PolioPlus Program Awards	US\$124,100,000
PolioPlus Partners	5,000,000
Total expenditures from the	_
PolioPlus Fund	US\$129,100,000

4. approve the following budget for program award expenditures to be made in 2013-14 from Other Funds, with authorization to the general secretary to exceed or under spend these amounts in accordance with temporary restricted contributions received in accordance with Trustee policy:

Term gifts – Rotary Peace	130,000
Fellowships	
Term gifts – Global Grants	370,000
Expenditures from Other	
Funds	US\$500,000

5. approve the following budget for program expenditures to be made in 2013-14 from Other Funds with authorization to the general secretary to exceed or under spend these amounts in accordance with Trustee policy, and subject to the approval of the RI Board of Directors;

> Donor Advised Fund Awards US\$3,000,000

- 6. approve the total program awards expenditures budget to be made in 2013-14 totaling US\$241,144,000;
- 7. request the approval of the RI Board of Directors to the above 2013-14 budget for program award expenditures of \$90.513.000 from unrestricted contributions in the Annual Fund included in items 2 and 5 as follows:

Rotary Centers for International Studies: Rotary Peace Fellowships and University Stipends (WF/DDF) US\$4,707,000 Special Initiative Grants (WF) 100,000 Rotary Global Grants (DDF) 27,862,000 Rotary Global Grants (WF) 28,189,000 Packaged Grants (WF) 2,720,000 District Grants (DDF) 26,810,000 District Grants (WF – blanket 125,000 travel insurance) Donor Advised Fund Awards 3,000,000 Total Expenditures from unrestricted contributions US\$90,513,000

141. Investment Committee Report

Statement: The Rotary Foundation Investment Committee met on 11-12 March 2013 in Evanston, IL, USA and recommended several changes to investment policy statements.

DECISION: The Trustees

- 1. thank The Rotary Foundation Investment Committee for its report;
- 2. amend the Investment Policy Statement for the Annual Fund as follows:
 - a) modify the Policy Index as follows:

The Policy Index is defined by the following indices and allocated based on the target allocation:

- DJ U.S. Total Stock Market Index
- MSCI ACWI ex. U.S. Index
- Barclays Capital Aggregate Bond Index
- NFI-ODCE Index
- HFRI Fund of Fund Index
- Hybrid index for real assets: 50% Barclay's Capital TIPS Index, 30% DJ UBS Commodities Index, 20% MSCI ACWI Index"

Index	Asset Class/Strategy
MSCI ACWI IMI	Global Equities
Dow Jones US Total	US Equities
Stock Market	
MSCI ACWI IMI ex	Non-US Equities
<u>US</u>	
BC Aggregate	Core Fixed Income
50% BC Global	Non-Core Fixed
Agg/25% BC HY/25%	<u>Income</u>
<u>JPM EMBI+</u>	
60% MSCI World/40%	Global Asset
BC Global Aggregate	Allocation
50% BC TIPS; 30% DJ	Real Assets
<u>UBS Commodities</u>	
Index; 20% MSCI	
<u>ACWI IMI</u>	
HFRI Fund of Funds	Hedge Funds
Composite Index	
NCREIF NFI-ODCE	Real Estate

b) add the following language:

Global Equity Investment Mandates

The intent of these strategies is to give managers the flexibility to invest across global equity markets based on the manager's view of opportunities. Managers should invest within the context of controlled risk and added return.

Equity holdings consist of equity securities of companies that are listed on registered local exchanges or actively traded in the over-the-counter market. The manager may hedge currency exposure through the use of derivative instruments. Emerging markets equity is permitted with a pre-approved benchmark.

- c) amend Appendix I to provide that that the policy allocation to "cash" is replaced with a policy allocation to "short-duration" within the fixed income asset allocation:
- 3. amend the Investment Policy Statement for the Endowment Fund as follows:
 - a) modify the Policy Index as follows:

The Policy Index is defined by the following indices and allocated based on the target allocation:

- DJ U.S. Total Stock Market Index
- MSCI ACWI ex. U.S. Index
- Barclays Capital Aggregate Bond Index
- NFI-ODCE Index
- HFRI Fund of Fund Index
- Venture Economics All Private Equity
 LAG
- Hybrid index for real assets: 50% Barclay's Capital TIPS Index, 30% DJ UBS Commodities Index, 20% MSCI ACWI Index

Index	Asset
1	Class/Strategy
MSCI ACWI IMI	Global Equities
Dow Jones US Total	US Equities
Stock Market	
MSCI ACWI IMI ex US	Non-US Equities
BC Aggregate	Core Fixed Income
50% BC Global Agg/25%	Non-Core Fixed
BC HY/25% JPM EMBI+	<u>Income</u>
60% MSCI World/40%	Global Asset
BC Global Aggregate	Allocation
50% BC TIPS; 30% DJ	Real Assets
<u>UBS Commodities Index:</u>	
20% MSCI ACWI IMI	
HFRI Fund of Funds	Hedge Funds
Composite Index	
NCREIF NFI-ODCE	Real Estate
Venture Economics All	Private Equity
PE Index (lag)	

b) add the following language:

Global Equity Investment Mandates

The intent of these strategies is to give managers the flexibility to invest across global equity markets based on the manager's view of opportunities. Managers should invest within the context of controlled risk and added return.

Equity holdings consist of equity securities of companies that are listed on registered local exchanges or actively traded in the over-the-counter market. The manager may hedge currency exposure through the use of derivative instruments. Emerging markets equity is permitted with a pre-approved benchmark.

c) amend the Spending Policy section as follows:

Annual spending from the Fund will occur each year from all endowed gifts whose market value is at least 90% of the accumulated gift value based on a tiered spending rate structure approved by the Trustees. "above water endowed gifts" (endowed gifts whose market values exceed their accumulated gift values) at the Trustee approved Spending Rate. The spendable earnings will be calculated in accordance with the procedures stipulated in The Rotary Foundation Administrative Guidelines for Endowment Fund Spending.

Annually, the Trustees will approve a spending rates for each of the tiers, including allocations to program awards and any other expenses, based on recommendations from staff. The Fund will make an annual distribution to the Annual Fund equal to the amount of spendable earnings".

- d) amend Appendix III as shown in Appendix K;
- 4. adopt the following tiered rate structure for Endowment Fund spendable earnings:

Tier	Funded status of named endowments as		
	of 31 December		
1	Market value below accumulated gift value		
	by more than 10%		
2	Market value below accumulated gift value		
	by 10% or less		

3	Market value at or above accumulated gift value by 10%
	·
4	Market value above accumulated gift value
	by more than 10%

5. allocate the following spending rates and allocations for 2013–14:

Eymongo	Tier			
Expense	1	2	3	4
Program awards	0%	1.8%	3.2%	4.1%
Program	0%	0.2%	0.3%	0.4%
operations				
Fund	0%	0%	0.3%	0.3%
development				
General	0%	0%	0.2%	0.2%
administration				
Total spending	0%	2.0%	4.0%	5.0%
rate				

- 6. approve Endowment Fund spendable earnings of \$10,020,000 for the 2013–14 budget, of which \$8,180,000 is allocated to program awards, \$792,000 is allocated to program operations, \$633,000 is allocated to fund development, and \$415,000 is allocated to general administration expenses;
- 7. make an exception to the Endowment Fund's policy on socially responsible investing for the funds invested in the William and Miriam Cable Fund so as to comply with the terms of the William and Miriam Cable Charitable Remainder Unitrust agreement;
- 8. acknowledge that Rotarians have requested the Trustees to further consider their position on socially responsible investing, and reconfirm Trustee Investment Policy with regard to socially responsible investing;
- 9. approve the Investment Policy Statement for Planned Giving Assets as shown in Appendix L;
- 10. approve the Investment Policy Statement for the Donor Advised Fund as shown in Appendix M.

142. Audit Committee Report

Statement: The Audit Committee met on 20–21 February 2013 in Evanston, Illinois, USA and reviewed several external and internal audits. The committee made no recommendations to the Trustees.

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

Modification to the Budget 143.

Statement: At the conclusion of each meeting, the Trustees review all actions taken during that meeting affecting the Rotary Foundation's budget:

DECISION: The Trustees

1. note no modification to the 2012–13 budget:

FY 2012-13 Revenues: US\$249,054,000 Program awards: 145,338,000 Program operations: 21,138,000 Fund development: 18,275,000 General administration: 5,009,000 Total expenses: 189,760,000

2. note budget variances for 2012–13:

June 2012 meeting: 2,500,000 October 2012 meeting: 302,000 January 2013 meeting: 251,760

Total 2012-13 variances \$3,053,760

3. note items with future budget impact as noted below:

2013–14 2014–15 2015-16 October 2012

Meeting: \$19,767,000 25,000,000 25,000,000

January 2013

Meeting: 35,000 40,000

April 2013 Meeting: Dec. 111 FVC

Report: Post-Launch

Evaluation: 245,500

Dec. 128 Recognition Pin for DDF Contri-

butions to PolioPlus: 3,000 3,000 3,000

Total \$20,050,500 25,003,000 25,043,000

ADJOURNMENT

The foregoing is a true record of the proceedings of the meeting of the Trustees of The Rotary Foundation of Rotary International held 13-18 April 2013 in Evanston, IL, USA.

Wilfrid J. Wilkinson, Chairman The Rotary Foundation

Alice A. Baehler Secretary of the Meeting

ATTEST:

John Hewko General Secretary

APPENDIX A

SUMMARY OF DECISIONS TAKEN ON BEHALF OF THE TRUSTEES (Decision 90)

Exhibit a: Citation for Meritorious Service Awards

There were 18 Citation for Meritorious Service awards.

Exhibit b: TRF Cadre of Technical Advisers

The cadre of technical advisers reviewed 27 grants.

Exhibit c: Foundation Programs

Educational Programs

- There was one endowed Ambassadorial Scholarship for US\$6,970.
- The general secretary approved 35 Group Study Exchange petitions seeking policy waivers.

Humanitarian Grants

- District Simplified Grants: 39 grants awarded for a total of \$515,930.
- Matching Grants: 328 grants awarded for a total of \$4,173,036 in World Fund and 2,879,053 in DDF.
- Chairman Wilkinson approved one Competitive Matching Grant for a total of \$54,606.

Exhibit d: Future Vision Grants

District Grants: 17 grants awarded for a total of US\$871,237 in DDF. Global Grants: 42 grants awarded for a total of US\$1,094,028.

Global Grant 25145

The general secretary issued a waiver to Trustee policy regarding new construction. Grant funds that were intended for school renovations in Guatemala were being used instead for new school construction. After being informed of the violation, the sponsors re-drafted plans to comply with TRF policy, however resumed construction without TRF's final approval. After discussing the difficulties of having the funds returned and also the implications for the local communities in leaving a project partially completed, it was felt best to issue the final payment of the grant and advise the sponsors that these violations will not be tolerated with any future grant activity.

Global Grant 26153

The general secretary issued a waiver to Trustee policy regarding vocational training team membership. An outbound American training team has two non-Rotarian members. Current policy requires three non-Rotarian members. The general secretary agreed to a waiver for this training team because it complies with the new grant model criteria that will be effective 1 July 2013.

Exhibit e: PolioPlus Grants

The general secretary approved two PolioPlus grants:

- A PolioPlus Partners Grant to the Togo National PolioPlus Committee for US\$100,000 to fund the committee's social mobilization needs for National Immunization Days.
- A Rapid Response Grant to the World Health Organization for US\$406,600 to support emergency response for Egypt.

APPENDIX E

REGIONAL ROTARY FOUNDATION COORDINATOR TERMS OF REFERENCE (Decision 101)

5.010. Purpose

The regional Rotary Foundation coordinator (RRFC) reports to the chair of The Rotary Foundation trustees, and is responsible for disseminating information to district governors, district governors-elect and district Rotary Foundation chairs. District leadership shall disseminate this information to the club members.

5.020. Functions

Regional Rotary Foundation coordinators serve as a key volunteer resource on all general Foundation matters, program and financial, and serve as a vital link between Rotarians and the Secretariat. Regional Rotary Foundation coordinators shall be concerned with the promotion of The Rotary Foundation and its various programs and fundraising initiatives, shall actively work in support of Rotary goals, and shall be responsive to requests by the Trustees and the general secretary. The Trustees recognize the importance of coordinated and consistent efforts in providing the most effective training possible to all Rotarians. The regional Rotary Foundation coordinator will confer and cooperate with trustees in their geographic area of the world. The regional Rotary Foundation coordinator will also confer and cooperate with the RI director, Rotary coordinator (RC), the Rotary public image coordinator (RPIC) and the endowment/major gift adviser for their assigned regions with the goal of supporting and strengthening clubs and districts.

5.030. Responsibilities

General

- Help districts and clubs focus and increase humanitarian service.
- Assist the Trustees and the general secretary in explaining Foundation grants and the need for funding to district and club leaders.
- Support district leadership in establishing their district Foundation goals for grant participation and Foundation giving.
- Monitor the progress of their districts' Foundation goals throughout the Rotary year.
- Keep Rotary alumni involved in Rotary through membership, contributions and service opportunities.
- In collaboration with Rotary's alumni group, Assist with the development and promotion of alumni associations.
- Be responsible for nomination process for the Global Alumni Service to Humanity Award and the Alumni Association of the Year Award, in which each RRFC may nominate one candidate for both awards annually.
- Complete reports as necessary and forward them to the general secretary in a timely manner.

Training

- Attend annually appropriate orientation and instruction at the Regional Rotary Foundation Coordinator Training Institute.
- Plan and conduct an annual zone team training for zone-level Foundation volunteers following the regional Rotary Foundation coordinator Training Institute and prior to 1 July.
- Plan, promote and conduct a Regional Rotary Foundation Seminar annually.
- Conduct zone-level training for governors-elect and other district leaders on the Trustee-recommended
 Foundation subjects at sessions held in conjunction with Rotary Institutes. when invited by the appropriate
 authority.
- Assist district governors and their Foundation committees to plan district or multidistrict Rotary Foundation seminars.
- Train existing district leadership to inform club membership on the Foundation's grants, programs and fundraising.
- Conduct, when invited to do so, special sessions on the Foundation at Rotary Institutes.

Grants and Programs

- Provide continued support of Rotary's top priority a polio free world.
- Promote the Rotary Peace Centers program and assist districts in attracting qualified candidates.
- Actively support district leaders to achieve their service goals by conducting information training sessions on Foundation grants and activities, and monitoring progress toward goals throughout the year.
- Promote the importance of stewardship, oversight and reporting in the use of TRF funds to governors, district Rotary Foundation committee chairs, and district subcommittee chairs.
- Encourage clubs and districts to remain involved with alumni.

Fundraising

- Lead by example and make a personal contribution each year to the Annual Fund.
- Educate Rotarians, alumni, and friends of Rotary on all giving opportunities including but not limited to the Annual Fund, PolioPlus, term gifts, Rotary's endowment and the Rotary Peace Centers.
- Lead by example through a major gift, Bequest Society commitment, and/or Benefactor commitment according to his or her own financial capacity.
- Encourage <u>continued</u> personal contributions <u>from through the eEvery Rotarian</u>, <u>eEvery Year initiative</u> and 100 percent club participation in Foundation giving each year.
- Promote Rotary's recurring giving program, Rotary Direct, and the Paul Harris Society.
- In collaboration with fund development staff, including Gift Officers where applicable, <u>Ee</u>ndowment/<u>Mmajor Ggift Aadvisers</u> and district leadership, personally assist in identification, cultivation and solicitation of major gifts, with an emphasis on gifts of US\$25,000 or more.
- Host or support, when invited to do so, cultivation events for important Foundation donors at Rotary Institutes or at other Rotary events.

Assistant Regional Rotary Foundation Coordinator Role and Responsibilities

5.120.1 Purpose

The Assistant RRFC reports to the regional Rotary Foundation coordinator and assists the RRFC in promoting and supporting all aspects of The Rotary Foundation. Assistant RRFCs are given specific district responsibilities by the RRFC.

Assistant RRFCs are appointed by the chair of The Rotary Foundation trustees in consultation with the RRFC, for a one-year term, renewable up to a maximum of three years.

5.120.3 Responsibilities

General

- Be assigned a maximum of four districts within the RRFC's region of responsibility.
- Work closely with district leadership on an ongoing basis to support district Foundation service and giving goals, and provide strategies for goal achievement.
- Promote the importance of Rotary alumni as potential Rotary club members and as potential contributors to The Rotary Foundation.
- In collaboration with the RRFC and Rotary's alumni group, assist with the development and promotion of Rotary Foundation alumni associations.
- Monitor monthly fundraising progress in assigned territories and provide support, encouragement and strategies to clubs and districts in meeting or exceeding established goals.
- Provide regular progress reports to RRFCs and Foundation staff as requested.

Training

• Attend the annual zone team training for zone-level Foundation volunteers, conducted by the regional Rotary Foundation coordinator.

- Assist the RRFC in educating, motivating and training Rotarians about The Rotary Foundation grants, programs
 and giving opportunities at Rotary Institutes, regional seminars, President-Elect Training Seminars, Foundation
 Seminars, and other Rotary events as requested.
- Assist the RRFC with regional seminars.
- Assist district leadership with Foundation seminars in assigned districts.
- In collaboration with Rotary's alumni group, hHelp organize district and multidistrict orientation seminars for Rotary scholars or vocational training teams, involving program alumni as appropriate.

Grants and Programs

- Provide continued support of Rotary's top priority a polio free world.
- Work regionally as a Foundation resource to assigned districts concerning all grants and activities of The Rotary Foundation.
- Monitor grant activity and promote stewardship in assigned districts and provide support to district leaders.
- Encourage clubs and districts to remain involved with alumni.

Fundraising

- Lead by example and make a personal contribution each year to the Annual Fund.
- Educate Rotarians, alumni, and friends of Rotary on all giving opportunities including but not limited to the Annual Fund, PolioPlus, term gifts, Rotary's endowment and the Rotary Peace Centers.
- Lead by example through a major gift, Bequest Society commitment, and/or Benefactor commitment according to his or her own financial capacity.
- Encourage districts to develop and maintain strong fundraising committees to establish and exceed goals.
- Assist the district leadership in promoting Every Rotarian, Every Year and Rotary's recurring giving program, Rotary Direct.
- Encourage <u>continued</u> personal contributions <u>from through the <u>eEvery</u> Rotarian, <u>eEvery</u> Year <u>initiative</u> and work with district leadership to achieve 100 percent club participation in Foundation giving each year.</u>
- Work with district leaders to appoint and train a Paul Harris Society coordinator to assist in the administration and promotion of those contributing US\$1,000 or more annually to The Rotary Foundation.
- In collaboration with fund development staff, including Gift Officers where applicable, RRFCs, <u>Eendowment/Mmajor Ggift Aadvisers</u> and district leadership, personally assist in identification, cultivation and solicitation of major gifts, with an emphasis on gifts of US\$25,000 or more.
- Assist with the stewardship of major donors as requested.

5.120.4 Responsibilities

Assistant RRFCs are appointed by the chair of The Rotary Foundation trustees in consultation with the RRFC, for a one-year term, renewable up to a maximum of three years.

APPENDIX F

ENDOWMENT/MAJOR GIFT ADVISER TERMS OF REFERENCE (Decision 101)

Purpose

The endowment/major gift adviser reports directly to the chair of The Rotary Foundation trustees and assists with the identification, cultivation and solicitation of major gifts, including gifts to Rotary's endowment.

Functions

Endowment/major gift advisers serve as a key volunteer resource for all major gift and endowment matters in his or her region of responsibility. In general, endowment/major gift advisers assist districts in developing fundraising committees and identifying strategies for encouraging major and planned gifts.

Responsibilities

General

- Lead by example and make a personal contribution each year to the Annual Fund.
- Lead by example through a major gift or Bequest Society commitment to the Foundation according to his or her own financial capacity.
- Reinforce to districts the importance of Rotary's endowment.
- Educate Rotarians, alumni and friends of Rotary on major giving opportunities to The Rotary Foundation, with emphases on Rotary's endowment, PolioPlus, the Rotary Peace Centers and the areas of focus.
- Complete regular progress reports as requested and forward them to the general secretary in a timely manner.

Training

- Attend annually appropriate orientation and instruction for endowment/major gift advisers as scheduled.
- Work with the chair of The Rotary Foundation trustees and the chair of the Fund Development Committee in training district leaders on major gifts, Rotary's endowment and Bequest Society commitments at Rotary Institutes, regional seminars, President-Elect Training Seminars, Foundation Seminars, and other Rotary events as requested.
- Assist districts in establishing a structure for the identification and cultivation of potential endowment and major gift donors.
- Where applicable, identify members of the Gift and Estate Planning Professionals group (CPA's, estate planning attorneys, financial advisers, etc.) within his or her assigned region, and provide opportunities for enhanced involvement in the districts' fundraising activities.

Fundraising

- In collaboration with fund development staff, including Gift Officers where applicable, RRFCs and district leadership, develop personalized cultivation and solicitation plans for at least fifteen (15) prospective major gift donors each year.
- Personally participate in or be productively involved with the solicitation of at least ten (10) major gifts each year, with an emphasis on gifts of US\$25,000 or more.
- Work closely with the chair of The Rotary Foundation trustees, the chair of the Fund Development Committee, RRFCs and district leadership to plan cultivation events for Foundation supporters and prospective supporters, including the identification of potential guests who may be interested in making a major or planned gift.

Number and Term of Appointment

There shall be 41 endowment/major gift advisers, appointed by the chair of The Rotary Foundation trustees in consultation with the chair of the Fund Development Committee and Fund Development staff. The term of appointment for each endowment/major gift adviser shall be for one-year, renewable up to a maximum of three years.

APPENDIX I

ENDOWMENT MODIFICATIONS (Decision 117)

Endowments Recently Modified

Endowment	Pre Modification Spending Designation	Post Modification Spending Designation	31 Dec. 2012 Gift Value	31 Dec. 2012 Market Value
Royce and Jean Abbey Cultural Ambassadorial Scholarship	Cultural Ambassadorial Scholarship	Endowed Global Grants Vocational Training Teams	\$282,124	\$344,437
Donald W. Fergusson Endowed Ambassadorial Scholarship	Academic-Year Ambassadorial Scholarship	Endowed Global Grants Scholarships	\$184,200	\$315,080
Marie Rahima Dawood Endowed Group Study Exchange	Group Study Exchange	Endowed Global Grants Vocational Training Teams	\$235,000	\$268,994
J. Carolyn and Joseph B. McMullin Ambassadorial Endowed Scholarship	Academic-Year Ambassadorial Scholarship	Endowed Global Grants Scholarships	\$150,000	\$156,345
Helen and Ed Schmitz Endowed Ambassadorial Scholarship	Academic-Year Ambassadorial Scholarship	Endowed Global Grants Scholarships	\$155,504	\$147,052
Louis J. Stoiber Endowed Ambassadorial Scholarship	Academic-Year Ambassadorial Scholarship	Endowed Global Grants Scholarships	\$150,000	\$262,600
Gilbert R. Tharp Endowed Ambassadorial Scholarship	Academic-Year Ambassadorial Scholarship	Endowed Global Grants Scholarships	\$151,068	\$216,302
Hajime Uchida Endowed Scholarship	Academic-Year Ambassadorial Scholarship	Endowed Global Grants Scholarships	\$250,000	\$294,868
Karien Ziegler Endowed Children's Fund	Children's Fund	Endowed Global Grants Humanitarian Projects	\$200,000	\$209,222

Endowments Requiring Trustee Appoval

Endowment	Pre Modification Spending Designation	Post Modification Spending Designation	31 Dec. 2012 Gift Value	31 Dec. 2012 Market Value
Yoshizo and Kamiko Arai Foundation Scholarship	Academic-Year Ambassadorial Scholarship	Endowed Global Grants–Scholarships	\$150,000	\$223,422
Ro Soo Kim Endowed Ambassadorial Scholarship	Academic-Year Ambassadorial Scholarship	Endowed Global Grants–Scholarships	\$279,000	\$342,592
Tae In Kim Endowed Ambassadorial Scholarship	Academic-Year Ambassadorial Scholarship	Endowed Global Grants–Scholarships	\$1,216,999	\$1,310,640
The Samuel Family Foundation Endowed Fund	Group Study Exchange	Endowed Global Grants-Vocational Training Teams	\$150,017	\$159,043

APPENDIX J

ALUMNI AWARDS CRITERIA AND SELECTION PROCESS (Decision 124)

13.050. Alumni Awards

13.050.1. Rotary Foundation Global Alumni Service to Humanity Award

The purpose of The Rotary Foundation Global Alumni Service to Humanity Award is to honor an outstanding Rotary Foundation Alumnus whose career and activities illustrate the impact of the Foundation's programs on their service to humanity. For the award, Rotarians should consider individuals whose service activities and professional achievements are of an extraordinary nature. The ideal candidate's service and professional career would go beyond the local community to touch the lives of people at the international level.

The Rotary Foundation Global Alumni Service to Humanity Award is given to a single individual. All Rotary Foundation alumni are eligible for the Award.

13.050.1.1. Selection Criteria

- 1. Candidates must have <u>demonstrated the social benefits of the Foundation's programs through extraordinary service activities and professional achievements exhibited outstanding service to mankind</u>
- 2. Candidates must have achieved distinction in their profession or vocation
- 3. Candidates must have performed <u>sustainable</u> service impacting the international community
- 4. Candidates must have performed service that will impact humanity in the future

13.050.1.2. Eligibility Criteria

- 1. Candidates must accept the award in person at the Rotary International Convention, with exception being granted in special circumstances;
- 2. An individual may receive an award only once.
- 3. Individuals may not be nominated for, or receive an award, posthumously.

13.050.1.3. Nomination of Candidates

- 1. All Rotary districts district governors are eligible to nominate one candidate annually;
- 2. All nominations must be endorsed by the appropriate district governor;
- <u>23</u>. Nominations must be made on the prescribed form with a clear description of the candidate's achievements that would qualify him/her for this award; supplementary documentation or material is highly desirable;
- Nominations must be received by The Rotary Foundation by 1 October each year;
- <u>35.</u> An invitation for nominations will be <u>distributed to all district governors and regional Rotary Foundation coordinators published in appropriate Rotary media (e.g. Rotary Leader, RI website);</u>
- <u>46</u>. The <u>RRFC</u> regional Rotary Foundation coordinator shall be responsible for the nomination process for his or her <u>zone/region</u> and should notify district governors of the zone level deadline and procedures region or zone, and should involve the appropriate Rotary Foundation alumni coordinator in the process;
- <u>57</u>. Each RRFC may nominate one candidate annually from the <u>zone/region</u> <u>region or zone</u> for which he or she is responsible: <u>The RRFC should convene a selection committee in order to determine the nominee for their area.</u>
- 6. Nominations must be received at RI World Headquarters by 30 June.

13.050.1.4. Selection Process

- 1. The Foundation Awards Review committee will review and recommend one winner and one alternate winner of the Rotary Foundation Global Alumni Service to Humanity Award, to be presented to the full board of Trustees at its October meeting. The selection committee will consist of five current trustees (a chair and four members), appointed by the trustee chairman;
- 2. The general secretary will review all nominations to assure candidates meet the eligibility criteria and forward to the <u>selection committee</u> Trustee Selection Committee appropriate materials on the candidates;

- 3. The Trustee Selection Committee will meet during or just prior to the January/February Trustees meeting and choose a principal and an alternate award winner;
- <u>34.</u> The recipient of the award <u>and the nominating district governor and RRFC</u>, the nominator and the nominating <u>district</u> will be notified about winning the award immediately after the <u>January/February October Trustees meeting</u>. Upon written acceptance of the award (including a commitment to receive the award in person at the Rotary International Convention), the winner will be announced to the other nominating <u>district governors and RRFCs districts</u>, zone selection committees, and to the general public, as appropriate;
- <u>45.</u> Presentation of the award will be made by the trustee chairman during a plenary session at the Rotary International Convention.

13.050.1.5. <u>Timeline for Global Alumni Service to Humanity Award</u>

October: New nomination materials to production.

February/March: Regional Rotary Foundation coordinators form zone nomination/ selection committees; nomination materials mailed to zone committees.

April June: Nomination materials mailed to all districts; forms should be returned to Rotary zone selection committees.

May/June: Selection committees solicit nominations from districts.

June/July/August: Zone selection committees choose zone winners.

August-December: Presentations or announcements made at Rotary Institutes by Trustee representative with the concurrence of the convener.

1 October: Deadline for zone committees to forward regional winners to the general secretary.

January/February: Trustee Selection Committee meets and selects Global Award winner; announcement of winner upon receipt of assurance winner will attend RI Convention to accept in person.

May/June: Presentation of award at plenary session at RI convention.

13.050.1.5 13.050.1.6. Involvement of Global Alumni Service to Humanity Award Recipients in Rotary Activities

Rotary Institute conveners and regional Rotary Foundation coordinators in charge of Foundation seminars are encouraged to invite Award recipients to speak at the Rotary Institute or Foundation seminar as appropriate and if practicable.

Governors and Governors-elect of those districts where Award recipients reside are encouraged to invite the recipients to the district conference or district Foundation seminar as appropriate and if practicable.

Presidents of Rotary clubs where Award recipients reside are encouraged to grant honorary membership to Global Alumni Award recipients who are not Rotarians and to invite them to club events whenever possible.

Past Award recipients may be invited to participate in Foundation events at RI Conventions whenever appropriate and practical.

13.050.2. Alumni Association of the Year Award

The purpose of The Rotary Foundation Alumni Association of the Year Award is to recognize an alumni association that has increased awareness of the significant role Foundation alumni play in Rotary and demonstrated a lasting impact on Rotary Foundation programs. Winning associations receive a plaque or banner, recognition in Rotary media, and the opportunity to present their association's work at the annual Rotary Alumni Celebration.

13.050.2.1. Award Eligibility

The alumni association must:

- a) Be formally chartered by The Rotary Foundation
- b) Be up-to-date in responding to all requests for information from The Rotary Foundation, such as surveys and current officers
- c) Enhance the awareness of the value of Foundation alumni within Rotary
- d) Involve a majority of association members
- e) Complete a project or activity over the past twelve months that has impact on either a local or international community
- f) Have an online presence through social media, such as Facebook, LinkedIn, or other site

- g) Demonstrate collaboration between Rotarians and Foundation alumni
- h) Support the Object of Rotary and the mission of The Rotary Foundation

13.050.2.2. Nomination Procedure

At the beginning of the Rotary year, the regional Rotary Foundation coordinator (RRFC) chooses and announces a zone/regional selection committee to receive and evaluate all entries. The RRFC should be an ex officio member of this committee.

The RRFC should publicize this committee, together with the criteria for selection, and announce the deadline for entries to be received by the committee chair. Nomination forms will be available on the Rotary Web site.

The zone/regional selection committee should meet by 15 September and choose the association in the zone/region to receive the award before 15 June. The selected association should be recognized as their zone/regional winner.

The RRFC <u>must fill out and submit</u> then <u>submits</u> the <u>official</u> nomination <u>form</u> with documentation to The Rotary <u>Foundation</u> to RI World Headquarters by <u>30 June</u> 1 October. Each RRFC may submit one association from their zone/or-region.

The Foundation Awards Review committee will review and recommend the winners of the Alumni Association of the Year Award, to be presented to the full board of Trustees at its October meeting.

The RRFC may choose to delegate these responsibilities to their Rotary Foundation alumni coordinator (RFAC).

The Global Alumni Service to Humanity Award Selection Committee shall select the winner of the Alumni Association of the Year Award.

16.050.5.3. Distinguished Service Award Selection Committee

The Foundation Awards Review committee will review and recommend the winners of Distinguished Service Award, to be presented to the full board of Trustees at its October meeting. The Trustees chairman will annually appoint a committee of five trustees that will meet during the January/February Trustees meeting to review the nominations for the Distinguished Service Award and make its recommendations to the full board of Trustees.

16.050.7 Foundation Awards Review Committee

The Foundation Awards Review Committee will be appointed by the trustee chairman to review nominations and recommend winners of the Distinguished Service Award, the Rotary Foundation Global Alumni Service to Humanity Award, and the Alumni Association of the Year Award. The selection committee will consist of five current trustees (a chair and four members), and will meet prior to the October Trustees meeting. Its recommendations will be presented to the full board of Trustees.

APPENDIX K

ADMINISTRATIVE GUIDELINES FOR ENDOWMENT FUND SPENDING (Decision 141)

Executive Summary: The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was passed by the State of Illinois on 30 June 2009. Before UPMIFA, prior law authorized charities to spend earnings and appreciation from an endowment fund over the fund's "historic dollar value" (HDV) – the aggregate value of all contributions to an endowment fund at the time they were made – but the organization could not spend from "underwater" funds that had fallen below HDV. UPMIFA eliminates the concept of HDV and offers governing boards more flexibility by allowing organizations to spend amounts from an endowment based on what is prudent, acting in good faith with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The Foundation shall spend from the Permanent Endowment Fund in accordance with its understanding of this statute and these guidelines.

Objectives

- 1. Maintain a balance between the needs of today and those of tomorrow to ensure endowment spending for current and future generations is equitable.
- 2. Enable spending from <u>as many endowed gifts as prudently possible to support the purposes for which the endowment was created.</u> endowed gifts with market values exceeding their historical dollar values.
- 3. Mitigate complexities in spending policy and administration.

Guidelines

- 1. Spendable Earnings will be determined each year for each endowed gift within the Permanent Endowment Fund, unless the donor has specified no spending should occur.
- 2. Spending will occur each year for those endowed gifts that have market values equal to or greater than 90% of their HDV's.
- 3. If the donor has specified that spending should occur even if the endowed gift is underwater by more than 10% of its HDV, then spending from the gift will occur and the market value of that gift will be reduced by an amount equal to the amount of Spendable Earnings allocated to that gift.
- 4. The same spending rate will be applied to all endowed gifts. Spending rates will vary depending on the financial status of the endowed gift. The following tiers have been established:

Tier	
1	Market value below accumulated gift value by more than 10%
2	Market value below accumulated gift value by 10% or less
3	Market value at or above accumulated gift value by up to 10%
4	Market value above accumulated gift value by more than 10%

Procedures for Calculating Spendable Earnings

The Foundation's Tracked Gifts system will calculate the Spendable Earnings for each gift in the Permanent Endowment Fund as follows:

- 1. The system will first calculate the average market value of all endowed gifts within the Permanent Endowment Fund (excluding Life Income Agreements) for the 12 quarters ended 31 December of the year proceeding the budget year.
- 2. The average market value will <u>be applied to the individual endowments to determine each endowment's proportionate average market value multiplied by the Trustee approved spending rates to determine the total potential Spendable Earnings.</u>
- 3. Each endowment's proportionate average market value will be multiplied by the spending rate for the endowment's applicable tier This total potential Spendable Earnings will be allocated to each endowed gift in the Permanent Fund based on its number of units in the Permanent Endowment Fund as of 31 December of the year preceding the budget year.
- 4. If the 31 December market value of the endowed gift is 90% or greater than exceeds its HDV, then spending will be permitted from the endowed gift in an amount equal to the amount of Spendable Earnings allocated to that gift.

- 5. If the 31 December market value of the endowed gift is below 90% its HDV, then no spending will be permitted from the endowed gift, unless otherwise stipulated in a gift agreement.
- 6. The Spendable Earnings from all endowed gifts with market values equal to or exceeding 90% of their HDV's will be totaled, and that total will be the amount included in the next year's budget for Permanent Endowment Fund spending to be approved by the Trustees.

The transfer of assets from the Fund to the Annual Programs-Fund for the Spendable Earnings will be done as soon as feasible following the Trustees' approval.

Spending Rate and Allocation

The spending rates and its allocations to program awards and any other expenses will be determined annually by the Trustees.

APPENDIX L

INVESTMENT POLICY STATEMENT FOR PLANNED GIVING ASSETS (Decision 141)

Purpose

The Investment Policy Statement ("IPS") outlines and prescribes a prudent investment philosophy for the management of The Rotary Foundation's planned giving assets, including Charitable Remainder Trusts ("CRTs"), a Pooled Income Fund ("PIF") and Charitable Gift Annuity ("CGA") pools. The purpose of this IPS is to establish a clear understanding between The Rotary Foundation ("Foundation") and the investment manager ("Manager") as to the investment goals and objectives and management policies applicable to the Foundation's planned giving assets.

Distinction of Responsibilities

The Trustees of the Rotary Foundation (hereinafter referred to as "Trustees") are responsible for setting overall investment policy; including the investment objectives and asset allocation strategies, and for approving any changes to this IPS.

The Investment Committee (IC) is responsible for reviewing and monitoring investment results, reviewing and recommending changes to the IPS, and approving actively managed investment vehicles recommended by the Manager.

The investment staff ("Staff") is responsible for the daily operation of and compliance with the IPS on behalf of the Trustees.

The Manager is responsible for executing the policy and investing the planned giving assets in accordance with the guidelines established herein. Responsibilities include the selection of ETFs for each of the planned giving vehicles.

Planned Giving Vehicles

- Charitable Remainder Trusts—beneficiary payments are based on the trust payout rate set at inception and may be a percentage applied to an annual market value, a fixed percentage or just income. Payments may be made from income or principal and a total return investment approach can be applied.
- Charitable Gift Annuity—beneficiaries are paid fixed payments based on original gift value, and payments can be made from principal or income. Assets from multiple gifts are pooled for investment purposes and a total return investment approach can be applied.
- Pooled Income Fund—beneficiary payments are based on the income (dividends and interest) earned by the portfolio. Assets from multiple gifts are pooled for investment purposes and an income-oriented or balanced investment approach is typical.
- Charitable Lead Trust the corpus is held in trust for the benefit of the grantor or the grantor's designee and annual payments are made to The Rotary Foundation for a fixed period of time.

Investment Goals and Objectives

The portfolios shall be invested in equities, fixed income and cash equivalents based upon an acceptable asset mix which is conducive to participation in rising markets, while providing adequate protection in falling markets. In addition, the investment mix will take into consideration factors such as the type of planned giving vehicle, the payout requirements, beneficiary income requirements, and overall investment policy for the planned giving assets.

CRTs: The primary investment objective is to provide both income and growth for the income beneficiaries and for the charitable remainderman. The goal is to provide a stable stream of income to the beneficiary and to preserve and grow the value of the principal.

Investments may not include any investment vehicle that would create Unrelated Business Taxable Income.

CGA: The primary investment objective is to provide funds necessary to meet the CGA's payment obligations while preserving on a real (after inflation) basis the charitable remainder value calculated in the annuity contracts on the gift

acceptance dates. The CGA's investments must at all times be managed in a manner that conforms to applicable state regulations.

PIF: The primary investment objective is for a balanced approach to principal appreciation. A secondary objective is to generate income for the participants. The PIF program is long-term in nature and expected to exist for the duration of the expected life of the income beneficiaries.

Performance Objectives

The performance objective of the planned giving vehicles is to achieve a rate of return consistent with the expected return of the policy allocation in Appendix I for the CRTs, Appendix II for the Multistate CGA Fund, and Appendix III for the Pooled Income Fund. Over a three-to-five year period, the rate of return earned by the planned giving vehicle should approximate the annualized total return of the appropriate Policy Index. The Policy Index for each planned giving vehicle is defined by the following indices and allocated based on the target allocation:

CRTs, Multistate CGA, and PIF:

- MSCI ACWI IMI (equities)
- Barclays U.S. 1-5 Year Government/Credit Index

For performance evaluation purposes, all rates of return will be examined on a net-of-fee basis.

Normally, results are evaluated over a three-to-five year time horizon. However, shorter-term results will be regularly reviewed and earlier action taken as required.

Risk Tolerance

Investment theory and historical capital market return data suggest that over long periods of time, there is a positive relationship between the level of risk and return that can be expected in an investment program. In general, higher risk (volatility) is associated with higher return.

There are two primary factors that affect an investor's risk tolerance:

- Financial ability to accept risk within the investment program
- Willingness to accept return volatility

Taking these two factors into account, the risk tolerance for the planned giving vehicles is as follows:

- **CRTs and Multistate CGA**: Willing to accept an above average level of risk with the expectation of long-term growth in assets.
- **PIF**: Willing to accept a moderate level of risk with the expectation of a balance between long-term growth in assets and income generation.

Investment Vehicles

ETFs will be used to gain market exposure to an asset class and will be long-only. In some cases, active management of asset class exposure may be beneficial. The Manager may recommend active mandates to the Investment Committee, although the preference will be for index vehicles. Furthermore, the use of leverage and shorting is prohibited. Derivatives shall not be used to magnify overall portfolio exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used.

If active management of asset class exposure is beneficial, mutual or commingled funds may be used to gain that exposure. Where mutual or commingled funds are used, it is expected that the portfolios generally conform to these guidelines, though the prospectus or guidelines of the fund supersede those of this IPS.

Rebalancing Policy

Planned giving vehicles typically make quarterly payments to beneficiaries. CRTs will be rebalanced by the Manager on a quarterly basis to raise cash for payments. The PIF and CGAs will be rebalanced by the Manager periodically when an asset class reaches the minimum or maximum allocation specified in the appendix. Cash flows, including

contributions and beneficiary payments, will be used to maintain the allocation as close as practical to the target allocations. If routine cash flows are insufficient to maintain the allocation within the permissible ranges as of any calendar quarter-end, balances should be transferred as necessary between the asset types to bring the allocation back within the permissible ranges.

Control Procedures

Standards of Conduct for Manager

The expected standards of conduct for the Manager are derived from the CFA Institute Code of Ethics and Standards of Professional Conduct.

Review of Investment Objectives

The achievement of investment objectives will be reviewed on an annual basis. This review will focus on the continued feasibility of achieving the objectives and the continued appropriateness of the IPS. It is not expected that the investment policy will change frequently; in particular, short-term changes in the financial markets should generally not require an adjustment in the investment policy.

Review of Investment Manager

The IC will review results of the Manager at least semi-annually. With a perspective toward three-year and five-year time horizons, the IC will evaluate whether the Manager has:

- Performed satisfactorily to meet the specific objectives for the planned giving vehicles
- Performed in line with the Policy Indices
- Made portfolio management decisions that were reasonable and effective in view of capital market developments
- Adhered to the relevant policies and objectives

Among the events that the IC will examine closely in their review of the Manager are:

- Poor results relative to objectives over a fairly short period of time (e.g., one year);
- Poor absolute performance over a three-to-five year period;
- The departure of one or more key investment professionals
- Violation of an investment guideline; and
- Material changes in the Manager's organization, such as philosophical and personnel changes, acquisitions or losses of major accounts, a change in ownership or control of the investment management organization, etc.

The IC will evaluate the Manager and events in light of the current situation and other related factors.

Reporting Requirements

The Manager will be required to submit within three weeks after the end of each calendar quarter a quarterly report containing:

- 1. A summary of cash flows (interest, dividends, realized and unrealized gains or losses, additions, distributions to the Foundation's Permanent Fund, payments to beneficiaries and fees) by planned giving vehicle* for the fiscal year-to-date period (30 June);
- 2. A performance summary (net of fees) for the quarter, fiscal year-to-date and since inception periods for each planned giving vehicle*;
- 3. A performance summary for the quarter, fiscal year-to-date, and since inception periods for each ETF or other investment vehicle utilized;
- 4. The asset allocation for each planned giving vehicle* as of the end of the quarter;
- 5. A return summary for each CRT, including ending market values, for the quarter, calendar year-to-date, one year and three year periods.

The Manager will be required to submit within four weeks after calendar year-end a report for the Gift Annuity Fund that shows by annuity and in total the original gift amount, the present value of future payment obligations, and the market value as of the end of the calendar year.

Additionally, the Manager has the responsibility to promptly advise Staff of any material change in personnel, investment strategy, or other pertinent information potentially affecting performance. *Composite for the CRTs

Charitable Remainder Trusts

Over the long-term, the asset allocation policy will be the key determinant of the returns generated by the CRT and the associated volatility of returns. Based on the CRT's objectives and circumstances, the Trustees have developed the following asset targets and ranges.

Asset Class	Min	Target	Max
Equity	50%	70%	80%
Fixed Income	20%	30%	50%
		100%	

Investing New Trusts

New trust portfolios will be invested upon receipt of the cash or proceeds from the sale of gifted securities. Exceptions can be made in specific donor circumstances or in periods of extremely volatile financial markets.

Trust Exception Situations

There may be exceptions to the asset allocation policy for CRT's from time to time. These exceptions will be decided on a case by case basis and agreed upon by the Foundation and the Manager.

Charitable Gift Annuity

It is the responsibility of the Foundation to notify the Manager of the state insurance departments with which it files. The Foundation is registered in several states. As a result, the Foundation maintains a "Multistate Gift Annuity Fund as well as separate charitable gift annuity funds for California and Florida that are subject to those states' investment restrictions. These restrictions generally require a more conservative investment strategy with a portion of required reserve assets invested in government bonds.

Over the long-term, the asset allocation policy will be the key determinant of the returns generated by the CGA and the associated volatility of returns. For the Multistate Gift Annuity Fund, the Trustees have developed the following asset targets and ranges. The Manager is responsible for ensuring that other CGA's established to comply with state laws are prudently managed and in compliance with appropriate state laws governing charitable gift annuity assets.

Asset Class	Min	Target	Max
Equity	50%	70%	80%
Fixed Income	20%	30%	50%
		100%	

Pooled Income Fund

Over the long-term, the asset allocation policy will be the key determinant of the returns generated by the PIF and the associated volatility of returns. Based on the PIF's objectives and circumstances, the Trustees have developed the following asset targets and ranges.

Asset Class	Min	Target	Max
Equity	35%	50%	65%
Fixed Income	35%	50%	65%
		100%	

APPENDIX M

INVESTMENT POLICY STATEMENT FOR THE DONOR ADVISED FUND (Decision 141)

Investment Objective

The primary investment objective of the Foundation's Donor Advised Fund, hereinafter referred to as "the DAF," is to provide competitive rates of return in a manner consistent with the time horizon of a donor's projected grant activity and tolerance for risk. Therefore, the DAF will offer four distinct Investment Portfolios that reflect various investment horizons and risk tolerance levels.

Distinction of Responsibilities

The Trustees of the Rotary Foundation (hereinafter referred to as "Trustees") are responsible for setting overall investment policy; including the investment objectives and asset allocation strategies, and for approving any changes to this IPS.

The Investment Committee ("IC") is responsible for reviewing and monitoring investment results, reviewing and recommending changes to the IPS, and approving actively managed investment vehicles recommended by the Manager.

The investment staff ("Staff") is responsible for monitoring the Manager's compliance with the IPS on behalf of the Trustees.

The Manager is responsible for executing the policy and investing the DAF in accordance with the guidelines established herein. Responsibilities include the selection of ETFs for each of the fund options.

Investment Portfolios and Allocation of Assets

Based on the DAF's investment objective, the following four Investment Portfolios offered by the Manager have been selected:

	Investment Portfolios			
	Capital Preservation	Conservative	Moderate Growth	Growth
Total Equities	0%	25%	50%	75%
Total Bonds and Cash	100%	75%	50%	25%
Total	100%	100%	100%	100%

Routine cash flows (contributions and spending) will be used to maintain the allocation as close as practical to the target allocations. If routine cash flows are insufficient to maintain the allocation within the permissible ranges as of any calendar quarter-end, balances should be transferred as necessary between the asset types to bring the allocation back within the permissible ranges.

Investment Performance Objectives of Investment Portfolios

Over reasonable measurement periods, the rate of return should approximate the Investment Portfolio's benchmark return as described below:

Capital Preservation: 100% of the 90–day U.S. Treasury Bills.

Conservative: 12.5% of the Russell 3000 Index, 12.5% of the FTSE All World ex US Index, and 75% of the Barclay's U.S. 1-5 Year Government/Credit Index.

Moderate Growth: 25% of the Russell 3000 Index, 25% of the FTSE All World ex US Index, and 50% of the Barclay's U.S. 1-5 Year Government/Credit Index.

Growth: 37.5% of the Russell 3000 Index, 37.5% of the FTSE All World ex US Index, and 25% of the Barclay's U.S. 1-5 Year Government/Credit Index.

Diversification

The allocations of the DAF will be invested in exchange traded funds ("ETFs") and money market funds that track their respective indexes.

ETFs will be used to gain market exposure to an asset class and will be long-only. In some cases, active management of asset class exposure may be beneficial. The Manager may recommend active mandates to the IC, although the preference will be for index vehicles. Furthermore, the use of leverage and shorting is prohibited. Derivatives shall not be used to magnify overall portfolio exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used.

Liquidity Needs

The Manager shall arrange for cash withdrawals from the donor's Investment Portfolio to meet the approved grant recommendations of the individual donors. The Manager will have full discretion in choosing the source of funds for withdrawal.

Control Procedures

Review of Investment Policy

The IC will review the investment policy statement annually. Any recommended changes will be presented to the Trustees for approval.

Review of Investment Manager

The IC will review the results of each Investment Portfolio semi-annually.

Among the events that the IC will examine closely in their review of the Manager are:

- Poor results relative to objectives over a fairly short period of time (e.g., one year);
- Poor absolute performance over a three-to-five year period;
- The departure of one or more key investment professionals
- Violation of an investment guideline; and
- Material changes in the Manager's organization, such as philosophical and personnel changes, acquisitions or losses of major accounts, a change in ownership or control of the investment management organization, etc.

The IC will evaluate the Manager and events in light of the prevailing economic and market conditions and other related factors.

Additionally, the Manager has the responsibility to promptly advise Staff of any material change in personnel, investment strategy, or other pertinent information potentially affecting performance.

Investment Restrictions

The Manager is prohibited from investing in the following types of securities:

- parties-in-interest securities
- derivative securities, if used to leverage the portfolio
- margin buying or short selling
- commodities
- lease-backs and conditional sales contracts
- private placements, except for 144A securities

Reporting Requirements

The Manager will be required to submit within three weeks after the end of each calendar quarter a quarterly report containing:

- 1. A summary of cash flows (interest, dividends, realized and unrealized gains or losses, additions, distributions to the Foundation's Endowment Fund, payments to other charities, and fees) by fund for the fiscal year-to-date period (30 June);
- 2. A performance summary (net of fees) for the quarter, fiscal year-to-date and since inception periods for each investment portfolio;
- 3. A performance summary for the quarter, fiscal year-to-date, and since inception periods for each ETF or other investment vehicle utilized;
- 4. The asset allocation for each investment portfolio as of the end of the quarter.

INDEX

All references are to decision numbers unless otherwise noted

-A-

Agenda, tentative future, 94 Allegations and litigation, 136 Alumni awards criteria and selection process, 124 (App. J) relations activities, 123 Appeals process, grant, 113 Assistant moderator for RRFC training institute, selection of, 97 Assistant RRFC, terms of reference for, 101 (App. E) Associate foundations annual report on, 98 appointment to, 99 Audit committee report, 142 Award programs, to consider making children and grandchildren of Rotarians eligible for, 133 Award recipient eligibility, 104

-B-

Bill & Melinda Gates Foundation, supplemental agreement with the, 127

Budget, modifications to the, 143

-C-

Cadre of technical advisers, report of 138

Centennial history of the Rotary Foundation, update on, 100 Chief programs and members

services officer, report of the, 92

Code of policies, updates to the Rotary Foundation, 95 (Apps. B*, C*)

Committee report audit committee, 142 future vision, 104-115 investment committee, 141 (Apps. K, L, M) permanent fund, 116

Committee structure, report of subcommittee to study TRF, 102

Communications from the RI directors, 93

Construction in the new grant model, 114

Contributions, budget for 2013-14, 140

Cooperating organization, status of FINCA as a, 125

Cost benefit analysis, 110 (Apps. G*, H*) Council resolutions referred to the Trustees, withdrawn, 132-134

-D-

Decision taken on behalf of the Trustees, 90 (App. A) Delegation of authority, review of, 96 (App. D*) DDF contributions to PolioPlus, recognition plan for, 128 Directors, communications from the, 93 Disaster relief and recovery, 107 District grants, flexibility in, 131

-E-

Education and literacy, 106
Endowed global grants funding model, 118
Endowment/major gift adviser terms of reference for, 101
(App. F)
training, 119
Endowment modifications, 117
(App. I)
Estate gifts, unrestricted, 120
Evaluation, post launch, 111

-F-

FINCA as a cooperating organization, status of, 125
Foundation general manager, report of the, 92
Foundation grants, to consider amending the terms for, 134
Future vision committee, transitioning the, 115 committee report, 104-115 training, 105

-G-

Gates foundation, supplemental agreement with the, 127
General secretary, report of the, 91
Global grant #26014
Global grants funding model, endowed, 118
Grant appeals process, 113
Grants programs, world reporting analysis for the, 139

-H-

H₂0 collaboration phase II plan, status of RI/USAID international, 126

-I-

Investment committee report, 141 (Apps. K, L, M)

-L-

Litigation, 136 Low-cost shelters, 129

-M-

Minutes of the January 2013 meeting, 89

-P-

Packaged grants, 112
Partnership
strategic, 112
with World Vision, possible, 109
Peace symposium, preliminary plan
for, 122
Permanent fund committee reports,
116
PolioPlus, recognition plan for DDF
contributions to, 128
Program awards, budget for 2013-14,
140

-R-

Recognition plan for DDF

contributions to PolioPlus, 128 RI/USAID International H₂0 collaboration phase II plan, status of, 126 Rotary foundation update on centennial history of, Rotary foundation code of policies, updates to the, 95 (Apps. B*, C*) Rotary peace centers major gift initiative goal, 121 strategic planning workgroup report, 135 Rotary scholar residency, 108 RRFC terms of reference for, 101 (App. E) training institute, selection of

assistant moderator for, 97

-S-

Scorecard and cost benefit analysis, 110 (Apps. G*, H*)
Stewardship plan, 137
Strategic partnership and packaged grants, 112
Strategic priorities for trustees, possible future, 103
Subcommittee to study TRF committee structure, report of, 102
Sustainable development as a goal, to consider adopting, 132

-T-

Terms of reference for RRFCs, assistant RRFCs, 101 (App. E) endowment/major gifts advisers, 101 (App. F) Trustees decisions taken on behalf of, 90 (App. A) possible future strategic priorities for the, 103

-U-

USAID/RI International H₂0 collaboration phase II plan, status of, 126

-W-

World vision, possible partnership with, 109

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