
MINUTES

of the

OCTOBER 2009 MEETING

of

THE TRUSTEES

of

THE ROTARY FOUNDATION

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DATE AND PLACE

The Trustees of The Rotary Foundation of Rotary International met on 26-29 October 2009 in Evanston, Illinois, USA.

ATTENDANCE

Present were Chairman Glenn E. Estess, Sr; Chairman-elect Carl-Wilhelm Stenhammar; Vice-Chairman John F. Germ; other Trustees Doh Bae, William B. Boyd, Ron D. Burton, Gustavo Gross C., Lynn A. Hammond, Ashok M. Mahajan, David D. Morgan, Samuel A. Okudzeto, Louis Piconi, José Antonio Salazar-Cruz, Sakuji Tanaka, Wilfrid J. Wilkinson, and General Secretary Ed Futa.

Also present were RI Director Philip Silvers; Chief Financial Officer Peter DeBerge; Rotary Foundation General Manager John Osterlund; Corporate Services Manager Andrew G. McDonald; Associate Manager of Corporate Services Alice Baehler, who served as secretary of the meeting; Communications Services General Manager Kathleen A. Kessenich; Membership Services General Manager Theresa Nissen; General Counsel Steven Z. Routburg; Strategic Planning Manager Joseph Brownlee; Administrative Support Services General Manager Peter Markos; Humanitarian Grants Program Manager James Robinson; PolioPlus Manager Carol Pandak; Fund Development Manager Eric Schmelling; Educational Programs Manager Harvey Newcomb III; Operations and Administration Manager Mike Magusin; Assistant General Counsel Mark A. Garavaglia; Planning and Analysis Division Manager Renee Poole-Brownlee; Controller Geoff Woie; Stewardship Department Manager Heather Fosburgh; Future Vision Pilot Operations Department Manager Abby McNear.

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:

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A.* Decisions Taken on Behalf of the Trustees (Decision 2) [Complete]

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* Filed only with the official copy of these minutes.

1. Minutes of the June 2009 Meeting

Statement: Copies of the minutes of the June 2009 meeting were provided to each trustee in advance of the meeting.

DECISION: The Trustees approve the minutes of the June 2009 meeting and request the chairman to sign the official copy of those minutes.

2. Decisions Taken on Behalf of the Trustees

Statement: Section 5.9 of The Rotary Foundation by-laws 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 16 May and 30 September 2009 by those authorized to do so.

3. Decision by Communication

Statement: Section 4.5 of The Rotary Foundation by-laws states that any action which may be taken at the meeting of the trustees may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the trustees entitled to vote on the matter.

DECISION: The Trustees note that a decision by communication was made since their June 2009 meeting:

Ballot 1: The Trustees approve a 2009-10 budget variance of US\$2.3 million to the Matching Grants World Fund budget to fund Matching Grant requests under US\$25,000.

4. Report of the General Secretary

Statement: The general secretary presented a report to the Trustees on the work at the Secretariat during the first quarter of 2009-10.

DECISION: The Trustees receive the report of the general secretary on the activities of the Secretariat.

5. Report of The Rotary Foundation General Manager

Statement: The general manager presented a report to the Trustees on recent activities of The Rotary Foundation.

DECISION: The Trustees receive the report of the general manager on the activities of The Rotary Foundation.

6. Communications from the RI Directors

Statement: At its "July" 2009 meeting, the RI Board of Directors made two decisions of interest to the Trustees.

DECISION: The Trustees note the following decisions from the "July" 2009 meeting of the RI Board of Directors:

5. Appointment of Rotary Foundation Trustees
15. Rotary Foundation Programs Budget for 2009-10

7. Tentative Future Agenda

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

DECISION: The Trustees receive the tentative agenda for their January 2010 meeting.

8. Review of the Joint Committee Agenda

Statement: A meeting of the Joint Committee of Directors and Trustees was set for 31 October 2009. The Trustees reviewed the agenda developed by the RI president and Trustee chairman.

DECISION: The Trustees receive the agenda for the meeting of the Joint Committee of Directors and Trustees.

9. Election of Officers for 2010-11

Statement: Section 5.2 of the Foundation bylaws provides that "the chairman-elect and vice-chairman [of the Trustees] shall be annually elected by the Trustees for a term of one year." The Trustees have previously agreed to elect their officers at their October meeting to allow them sufficient time to prepare for their term of office.

DECISION: The Trustees elect Trustee William B. Boyd as their chairman-elect and Trustee John F. Germ as their vice-chairman to serve during 2010-11 as officers of The Rotary Foundation of Rotary International, an Illinois not-for-profit corporation.

10. 2010-11 Foundation Goals

Statement: Goals for The Rotary Foundation are developed annually by each Trustee chairman. A report on the achievement of these goals is prepared for review by the Trustees at the end of each Rotary year. The Trustees considered the goals presented by the chairman-elect.

DECISION: The Trustees adopt the goals for The Rotary Foundation in 2010-11 for implementation effective 1 July 2010.

11. Proposed TRF Committee Structure for 2010-11

Statement: The Rotary Foundation Code of Policies section 2.020.2. requests the chairman-elect, in order to comply with Foundation bylaws section 6.1, to submit the proposed committee structure for the following year to the Trustees for review at their October meeting. Chairman-elect Stenhammar recommended the committees for 2010-11 at this meeting.

DECISION: The Trustees thank their chairman-elect for the review of his recommendations for TRF committees in 2010-11.

12. Meeting Dates in 2010-11

Statement: The Foundation bylaws provide that the annual meeting of the Foundation Trustees will be held each year at such time and at such place within or without the state of Illinois as shall be designated by the Trustees (section 4.1) and for the chairman to decide on all other meetings (section 4.2).

DECISION: The Trustees

1. agree to hold their annual meeting 25-29 October 2010 in Evanston, Illinois, USA;
2. request their chairman to decide the details of this meeting and the dates of all other meetings in 2010-11.

13. Report on Proposed Council Legislation Affecting The Rotary Foundation

Statement: The 2010 Council on Legislation will be held on 25-30 April 2010. The deadline for clubs and districts to submit legislation for the 2010 Council was 31 December 2008. The Trustees reviewed proposed legislation affecting The Rotary Foundation at this meeting.

DECISION: The Trustees thank the general secretary for his report.

14. Selection of Trustee Non-Voting Member of the 2010 Council on Legislation

Statement: RI bylaws section 8.010.6. provides that "A trustee of The Rotary Foundation, elected by the trustees shall be a non-voting member of the council." The purpose of this provision is to allow the Trustees to designate to the council an official spokesman concerning Foundation matters.

DECISION: The Trustees elect Trustee John F. Germ to be a non-voting member of the 2010 Council on Legislation, as provided in RI bylaws section 8.010.6.

15. Associate Foundations

Statement: Matters pertaining to the Rotary associate foundations in Canada, Germany, India, Japan and the United Kingdom were discussed by the Trustees. Topics included a trustee appointment to Rotary Foundation Canada and approval for a compliance audit, selection of officers to serve on the Deutsche Rotarische Stiftung advisory council, authorizing power of attorney for Rotary Foundation India, and establishment of a new Rotary Foundation Japan.

DECISION: The Trustees

1. thank the general secretary for providing his review of various items involving TRF's associate foundations;
2. appoint Trustee Wilf Wilkinson to serve as a trustee of Rotary Foundation Canada for the duration of his office as trustee of TRF;
3. request Trustee Wilkinson to serve as liaison trustee with Rotary Foundation Canada for the duration of his office as trustee of TRF, and amend accordingly decision 106, pt. 5, April 2009;
4. agree to conduct a compliance audit of Rotary Foundation Canada in 2010-11 and request the general secretary to budget appropriate funds for such audit;

5. thank the Rotarians and general secretary for their efforts in negotiating and executing the Memorandum of Understanding between TRF and Deutsche Rotarische Stiftung (DRS);
6. recognize that the DRS bylaws require the Trustees of TRF to appoint four of the seven members of the DRS Advisory Council;
7. consistent with point 6, appoint Past Trustee and RI Director Rolf Hörndler; Past RI Director, Dr. Horst Heiner Hellge; Past Governor Charlotte Mori (current chair of the German Governors Council); and Past Governor Dr. Paul Böskén-Diebels (current secretary of the German Governors Council) to serve as members of the Advisory Council;
8. note that such appointments take effect immediately, pending any formal action required by the DRS bylaws or German law, except for that of Past Governor Charlotte Mori, which will take effect on 1 July 2010;
9. approve the amendments to the Rotary Foundation (India) constitutional documents as follows:

The Foundation may sue or be sued in the name of the Chairman of the Society as per section 6 of the Societies Registration Act, 1860. The Chairman is further authorized to nominate and appoint any employee of Rotary International South Asia Office, as the authorized person on behalf of the Society, to do all lawful acts as may be required under section 6 of the Societies Registration Act, 1860 from time to time. (New language is underlined.)
10. thank the Rotary leadership in Japan and the general secretary for their efforts in dissolving the Japan NPO and establishing the Rotary Foundation Japan General Interest Foundation (“GIF”);
11. recognize that the transition from the Rotary Foundation Japan GIF to a Public Interest Foundation (“PIF”) requires significant accounting and financial preparation impacting both the establishment of the Rotary Foundation Japan and the operations of The Rotary Foundation of Rotary International;
12. request the general secretary to maintain the current method of receiving and processing donations from Japan until
 - (a) the Rotary Foundation Japan PIF application documents are filed with the Japanese government and
 - (b) the general secretary is of the opinion that the development of the Rotary Foundation Japan GIF and the future Rotary Foundation Japan PIF have progressed to a point where the process for accepting and processing donations from Japan can transition from the current system to the Rotary Foundation Japan PIF;
13. request the Japanese Rotary leadership and the general secretary to ensure that the programs funded and developed under the new Rotary Foundation Japan GIF and Rotary Foundation Japan PIF follow the six areas of focus contained in the Future Vision Plan of The Rotary Foundation.

16. Report of the Future Vision Committee

Statement: The Future Vision Committee met via correspondence from 31 August to 22 September 2009, and a small group of committee members met on 23 September 2009 in Evanston, Illinois, USA, to discuss the comments and feedback received via correspondence. The committee considered specific items requested by the Trustees and addressed these in its report, including recommended criteria, policies and procedures for packaged global grants.

DECISION: The Trustees

1. thank the Future Vision committee for its report, including an update on the cost benefit analysis and the areas of focus within the Future Vision Plan;
2. amend *The Rotary Foundation Code of Policies* sections 14.020.1.2., 14.020.2., and 14.040. as shown in Appendix B;
3. look forward to receiving the general secretary's update on the Future Vision Plan's evaluation metrics and success indicators at their April 2010 meeting;
4. authorize the general secretary to provide travel insurance through Rotary's travel insurance program for district Rotary Foundation chairs traveling to the January 2010 Future Vision Pilot Training;

5. request the general secretary to report to the Trustees at their April 2010 meeting on how unspent District Grant funds may be utilized by districts for use with Foundation programs so that a decision can be communicated to pilot districts during the 2010-11 Rotary year.

17. Update on Rotary's US\$200 Million Challenge

Statement: At their April 2009 meeting, the Trustees revised the recognition and incentives for contributions to the US\$200 Million Challenge and requested an update at this meeting. The general secretary provided the Trustees with an update on contributions to the challenge and the many activities and strategies underway to reach the goal.

DECISION: The Trustees

1. receive the report on Rotary's US\$200 Million Challenge and the status of the Bill & Melinda Gates Foundation Challenge Grant;
2. request the general secretary to provide an update on the challenge at their January 2010 meeting.

18. Arch C. Klumph Society and Major Donor Recognition Levels

Statement: At the June 2009 Trustees meeting, it was suggested that the inclusion of a new major donor level at the US\$250,000 threshold would benefit the Foundation's development efforts. Confusion has existed among donors due to the significant overlap in contribution thresholds between level four major donors and Arch C. Klumph Society members. The general secretary suggested amendments to the major donor recognition levels and segmentation within the society to provide additional opportunities to honor society members and provide incentives for donors to reach the next level of recognition.

DECISION: The Trustees

1. agree to create three levels within the Arch C. Klumph Society effective 1 July 2010:

US\$250,000 to US\$499,999
US\$500,000 to US\$999,999
US\$1 million and above;

2. amend *The Rotary Foundation Code of Policies* section 16.020., paragraph 6 as follows:

The levels established for Major Donor and major gift recognition:

Level 1: US \$10,000 - \$24,999.99

Level 2: US \$25,000 - \$49,999.99

Level 3: US \$50,000 - \$99,999.99

Level 4: US \$100,000 - ~~\$499,999.99 - \$249,999.99~~

~~Level 5: US \$500,000 - \$999,999.99~~

~~Level 6: US \$1 million and above~~

Arch C. Klumph Society: US\$250,000 - \$499,999.99

Arch C. Klumph Society: US\$500,000 - \$999,999.99

Arch C. Klumph Society: US\$1 million and above

3. request the general secretary to research and develop a unique and parallel donor recognition program, including a donor board, at the US\$500,000 level celebrating the gifts of non-Rotary affiliated foundations and corporations;
4. request the general secretary to provide an update on Arch C. Klumph and Major Donor recognition for review by the Trustees at their April 2010 meeting.

19. Paul Harris Societies

Statement: The Paul Harris Society is a district-administered recognition program for donors who commit to annually contribute US\$1,000 or more to the Rotary Foundation's Annual Programs Fund, Humanitarian Grants and/or PolioPlus programs. Since its inception in 1999, the society has grown to 230 districts in 19 countries with over 7,000 members. The general secretary was asked to review the Paul Harris Society program and offer recommendations to improve the effectiveness of the society, including the possibility of its becoming an official TRF recognition program.

DECISION: The Trustees

1. receive the general secretary's report on the Paul Harris Societies;
2. reaffirm decision 35, October 2005 that defines the Paul Harris Society as follows and recommend that all districts establish and promote the Paul Harris Society;

The Paul Harris Society is a district-administered recognition for those who elect to personally contribute US\$1,000 or more each year to the Annual Programs Fund, PolioPlus, PolioPlus Partners, or the Humanitarian Grants Program.

3. request a progress report on the Paul Harris Society at their April 2010 meeting, including the possibility of having one standardized Paul Harris Society pin made available through RI licensees.

20. Permanent Fund Goal

Statement: Trustee Piconi noted that the goal of the Permanent Fund was not defined in *The Rotary Foundation Code of Policies*, and suggested that providing greater clarity to such a goal would benefit the Foundation's efforts to grow the endowment.

DECISION: The Trustees

1. add the following as section 15.070.1.1. of *The Rotary Foundation Code of Policies*:

15.070.1.1. Goal of the Permanent Fund

The goal of the Permanent Fund is to:

- assist Rotarians in fulfilling their local and global philanthropic goals;
- support the programs of The Rotary Foundation;
- ensure a strong future for The Rotary Foundation by providing a continuing stream of income to meet the increasing demand for Foundation programs.

2. amend *The Rotary Foundation Code of Policies* section 15.070.3. by striking the sentence that refers to the 2005 Annual Programs Fund goal.

21. Inappropriate Use of Foundation Recognition Points

Statement: In decision 154, June 2009, after discovering an instance in which Foundation recognition points had been transferred without the donor's permission, the Trustees requested the general secretary consult with the Stewardship Committee and develop a proposed amendment to *The Rotary Foundation Code of Policies* with regard to management and stewardship of recognition points.

DECISION: The Trustees amend *The Rotary Foundation Code of Policies* by adding new section 16.030.7. as follows:

16.030.7. Use of Foundation Recognition Points

Foundation recognition points are awarded to Paul Harris Fellows who contribute to The Rotary Foundation through the Annual Programs Fund, PolioPlus, the World Fund and as a sponsor portion to a Foundation grant. Foundation recognition points belong to the original donor until his or her death, or until he or she transfers the points to another (the surviving spouse of a major donor may also transfer the credits to another.) The transfer of Foundation recognition points requires the signature of the authorized donor. The transfer of Foundation recognition points by any other Rotarian, regardless of the intent or purpose, is prohibited. Violations of this policy may subject the individual to sanctions by The Rotary Foundation.

16.030.78. Transferring Rotary Foundation Sustaining Member Funds from One Individual to Another

(subsequent sections to be renumbered accordingly)

22. Gloria M. Clinton Donor Advised Fund

Statement: Due to the early phase out of the Rotary Grants for University Teachers program in decision 134, April 2009, transfers recommended by one of the most generous supporters of this program had not been fully expended. It was therefore necessary to transfer these assets to a new fund and/or program. Options for the use of these funds were discussed with Past District Governor Gloria Clinton who was in favor of creating a new donor advised fund.

DECISION: The Trustees

1. thank Past District Governor Gloria M. Clinton for her steadfast financial support of The Rotary Foundation;
2. express the Foundation's gratitude to Past Governor Clinton for understanding the rationale behind the early phasing out of the Rotary Grants for University Teachers program;
3. upon receipt of written consent from Past Governor Clinton, authorize the general secretary to change the gift restriction and designation of gift

- agreements previously reached with her and impacted by the decision to phase out the Rotary Grants for University Teachers program, and execute The Rotary Foundation Donor Advised Fund (TRF DAF) account documents;
4. authorize the general secretary to change the current restricted gift designations and transfer the following funds to TRF DAF as the new gift designation:
 - a. the balance of temporarily restricted funds, as of 30 June 2009, remaining from a transfer to support a series of named Rotary Grants for University Teachers;
 - b. the 30 September 2009 fair market value of the PDG Gloria M. and First Dude Bobby J. Clinton Endowed Fund created to support Rotary Grants for University Teachers;
 5. agree that Past Governor Clinton shall be an account holder on the TRF DAF account established if the transfers in point four are executed;
 6. note that no additional charitable tax receipt is to be issued.

23. Competitive Matching Grant Requests

Statement: Matching Grant requests of at least US\$25,001 are reviewed two times per year by the Trustees on a competitive basis.

DECISION: The Trustees

1. make Matching Grant #70805 in the amount of US\$50,646 to District 3060 (India) and to the Rotary Club of Tammer Nova (District 1390, Finland) to help provide 80 toilet block facilities to schools in multiple locations within RI District 3060, Gujarat, India, plus an additional amount of US\$2,532 for project monitoring by The Rotary Foundation, for a total of US\$53,178, payment to be contingent upon receipt of a list of beneficiary schools that will receive the toilet blocks;
2. make Matching Grant #71065 in the amount of US\$32,000 to District 3590 (Korea) and to District 2500 (Japan) to help provide cataract eye surgeries to individuals at four ophthalmic clinics in Kyeongsangnam-do, Republic of Korea;
3. defer consideration of Matching Grant #71202 to the January 2010 Trustees meeting;
4. make Matching Grant #71211 in the amount of US\$39,000 to the Rotary Club of Suva East (District 9920, Fiji) and to the Rotary Club of Wasilla (District 5010, USA) to help provide a waste water system, education, and training to three communities in Viti Levu Island, Fiji, payment to be contingent upon receipt of the names of the beneficiary communities and an acceptable work plan for the design of the systems;
5. make Matching Grant #71234 in the amount of US\$38,081 to the Rotary Club of Makati Rockwell (District 3830, Philippines) and to District 9500 (Australia) to help provide a decentralized wastewater treatment system (DEWATS) to support 400 families in Barangay 6, Guiuan, East Samar Province, Philippines;
6. make Matching Grant #67874 in the amount of US\$46,987 to the Rotary Club of Kisumu (District 9200, Kenya) and to the Rotary Club of Upland (District 5300, USA) to help provide a water supply system that includes a deep water borehole, electric pump, pump house, water tower, water tank, and pipeline to the community in Marera, Kisumu, Nyanza, Kenya, payment to be contingent upon receipt of a plan to ensure the project can be sustained and implemented with technical expertise;
7. make Matching Grant #70732 in the amount of US\$40,110 to the Rotary Club of Narok-Masai Mara (District 9200, Kenya) and to the Rotary Club of Sedona (District 5490, USA) to help provide a water supply system that includes rehabilitation of a borehole, water tanks, and pipelines to three schools and a clinic in Mosiro, Narok, Rift Valley, Kenya;
8. make Matching Grant #71092 in the amount of US\$33,950 to the Rotary Club of Narok-Masai Mara (District 9200, Kenya) and to District 7670 (USA) to help provide a water well with an electric pump and generator to the Keekonyokie community in Narok District, Kenya, payment to be contingent on the technical reviewers' review of the most recent hydrological survey;
9. make Matching Grant #68946 in the amount of US\$30,700 to the Rotary Club of Freetown (District 9100, Sierra Leone) and to the Rotary Club of Nyon-La Côte (District 1990, Switzerland) to help provide medical and surgical procedures to women

and children at Makeni Hospital in Makeni, Sierra Leone, payment to be contingent upon receipt of an acceptable report for MG #64582 sponsored by the Rotary Club of Freetown;

10. make Matching Grant #69118 in the amount of US\$150,000 to the Rotary Club of Gulu (District 9200, Uganda) and to the Rotary Club of Edina (District 5950, USA) to help provide boreholes, rehabilitation of existing boreholes, latrines, and a water tank with water harvesting systems to the communities in Amuru, Gulu, Kitgum, and Pader, Acholiland, Uganda, plus an additional amount of US\$7,500 for project monitoring by The Rotary Foundation, for a total of US\$157,500;
11. make Matching Grant #70934 in the amount of US\$33,000 to the Rotary Club of Bahari-Dar-es-Salaam (District 9200, Tanzania) and to District 3650 (Korea) to help provide a digital X-ray machine to Tumbi Hospital at Kibaha Education Center in Kibaha, Tanzania, payment to be contingent upon confirmation that the construction of the hospital complex is complete;
12. make Matching Grant #71158 in the amount of US\$59,600 to the Rotary Club of Addis Ababa East (District 9200, Ethiopia) and to District 5060 (USA/Canada) to help provide reforestation and agricultural training, clay ovens, a water supply system, and latrines to the community in Ankober Woreda, Amhara Region, Ethiopia, plus an additional amount of US\$2,980 for project monitoring by The Rotary Foundation, for a total of US\$62,580;
13. make Matching Grant #71199 in the amount of US\$49,771 to the Rotary Club of Khartoum (District 2450, Sudan) and to the Rotary Club of Adelaide West (District 9500, Australia) to help provide two hafirs [harifat/wells] to collect rain water and to install water collection canals and a water filtration system for 6,000 people living in eight villages in Gadarif State, Sudan, payment to be contingent upon receipt of the names of all suppliers for this project, their addresses, and the name of the person in charge at each supplier;
14. make Matching Grant #71245 in the amount of US\$91,050 to the Rotary Club of Beira (District 9210, Mozambique) and to the Rotary Club of Klippan (District 2400, Sweden) to help provide borehole wells and water sanitation and hygiene training for 14 communities in the Cheringoma and Caia Districts, Sofala Province, Mozambique, plus an additional amount of US\$4,552 for project monitoring by The Rotary Foundation, for a total of US\$95,602, payment to be contingent upon receipt of pro-forma invoices from suppliers for project expenses;
15. defer consideration of Matching Grant #69150 to the January 2010 Trustees meeting;
16. make Matching Grant #70416 in the amount of US\$48,000 to the Rotary Club of Quito Sur (District 4400, Ecuador) and to the Rotary Club of Zürich-Knonaueramt (District 2000, Switzerland) to help provide safe and effective care for dental decay to 255 communities in Ecuador;
17. make Matching Grant #70464 in the amount of US\$49,660 to the Rotary Club of East Nassau (District 7020, Bahamas) and to the Rotary Club of Casselberry (District 6980, USA) to help provide a blood mobile to Doctors Hospital and Princess Margaret Hospital in Nassau, Bahamas;
18. make Matching Grant #71228 in the amount of US\$47,338 to the Rotary Club of Pass Christian (District 6840, USA) and to the Rotary Club of Cromwell (District 9980, New Zealand) to help provide new books and furniture to the Pass Christian Public Library in Pass Christian, Mississippi, USA, payment to be contingent upon confirmation that construction of the library is complete;
19. do not make Matching Grants #71235, #71091, and #70522;
20. request the general secretary to provide a report at their January 2010 meeting on the feasibility of increasing the maximum competitive Matching Grant request amount from US\$150,000 to US\$200,000 as an interim measure to support larger projects sponsored by non-pilot districts, and to consider the impact on the World Fund budget for 2010-11 as well as the operational impact.

24. 3-H Grant Requests

Statement: In decision 134, April 2009, the Trustees allocated US\$1 million from the 2009-10 3-H Grant awards budget and an additional US\$70,000 for project monitoring for funding 3-H Grant applications sponsored by clubs and district as part of the alliance

with USAID missions to improve water and sanitation. They also earmarked US\$500,000 from the 2010-11 3-H Grant awards budget and US\$35,000 for project monitoring for funding 3-H Grant applications sponsored by clubs and districts. Applications were received for projects in the three focal countries by the 15 August deadline requesting funds totaling US\$1.5 million which were reviewed by a technical advisor of the Humanitarian Grants Cadre, TRF staff, and members of the RI/USAID Steering Committee.

DECISION: The Trustees

1. make 3-H Grant #70427 in the amount of US\$500,000 to the Rotary Club of Accra East (District 9100, Ghana) and District 7630 (USA) to provide potable water and sanitation and hygiene training to villages in the Central, Volta, Greater Accra and Eastern Regions of Ghana through the RI/USAID International H₂O Collaboration, plus an additional amount of US\$35,000 for project monitoring by The Rotary Foundation, for a total of US\$535,000;
2. make 3-H Grant #71461 in the amount of US\$96,000 to the Rotary clubs of Downtown Davao (District 3860, Philippines) and Hermiston (District 5100, USA), to provide potable water, sanitation facilities and hygiene education for Barangays Bantol and Magsaysay in Davao City, the Philippines, through the RI/USAID International H₂O Collaboration, plus an additional amount of US\$6,720 for project monitoring by The Rotary Foundation, for a total of US\$102,720, with payment contingent upon receipt of a detailed work plan that includes monitoring criteria and a user fee structure for maintenance of the systems;
3. make 3-H Grant #71462 in the amount of US\$40,000 to the Rotary clubs of Dipolog City (District 3850, Philippines) and Armadale (District 9470, Australia) to provide potable water and hygiene education for Barangays San Antonio-Sergio Osmena and Panampalay-Roxas in Dipolog City, the Philippines, through the RI/USAID International H₂O Collaboration, plus an additional amount of US\$2,800 for project monitoring by The Rotary Foundation, for a total of US\$42,800, with payment contingent upon receipt of a detailed work plan that includes monitoring criteria and a user fee structure for maintenance of the systems;
4. make 3-H Grant #71463 in the amount of US\$120,000 to District 3810 (Philippines) and the

Rotary Club of Armadale (District 9470, Australia), to improve wastewater management and hygiene education along the Pasig River in Manila and Quezon City, the Philippines, through the RI/USAID International H₂O Collaboration, plus an additional amount of US\$8,400 for project monitoring by The Rotary Foundation, for a total of US\$128,400, with payment contingent upon receipt of confirmation of the funding that will come from the Metropolitan Manila Development Authority (MMDA);

5. make 3-H Grant #71464 in the amount of US\$95,500 to the Rotary clubs of San Fernando (La Union), Inc. (District 3790, Philippines) and Armadale (District 9470, Australia), to improve sewerage and septage collection and treatment in San Fernando City, La Union, the Philippines, through the RI/USAID International H₂O Collaboration, plus an additional amount of US\$6,685 for project monitoring by The Rotary Foundation, for a total of US\$102,185;
6. make 3-H Grant #71465 in the amount of US\$148,500 to the Rotary clubs of Zamboanga City West (District 3850, Philippines) and Armadale (District 9470, Australia), to provide potable water and hygiene education for Barangays Lumbangan and Lumayang in Zamboanga City, the Philippines, through the RI/USAID International H₂O Collaboration, plus an additional amount of US\$10,395 for project monitoring by The Rotary Foundation, for a total of US\$158,985;
7. defer to their January 2010 meeting consideration of 3-H Grant #70426 to Rotary District 4060 (Dominican Republic) and the Rotary Club of Rockford (District 6290, USA), to provide potable water and sanitation and hygiene training to several bateyes and barrios in Eastern Dominican Republic.

25. Review of 3-H Grant Policies

Statement: In decision 119, April 2009, the Trustees requested the general secretary to evaluate the process for reconsidering 3-H Grant requests, the use of international travel, and the previous Matching Grant partnership requirement for 3-H Grants, for report to the Trustees at their October 2009 meeting.

DECISION: The Trustees

1. receive the report of the general secretary on the 3-H Grant policies;
2. agree to make no changes to the 3-H Grant program requirements due to the early phase out of the program.

DECISIONS 26-30

International PolioPlus Committee Report

The International PolioPlus Committee met in Evanston Illinois, USA on 21-22 October 2009 and made several recommendations to the Trustees.

26. Report of the International PolioPlus Committee

Statement: The International PolioPlus Committee considered a 2010-11 program awards spending plan from funds raised through Rotary's US\$200 Million Challenge.

DECISION: The Trustees

1. receive the report of the International PolioPlus Committee;
2. endorse the spending plan for PolioPlus activities for 2010-11 from the funds raised through Rotary's US\$200 Million Challenge.

27. Combined World Health Organization/ African Regional Office (WHO/AFRO) and UNICEF Grant Request

Statement: The World Health Organization/African Regional Office (WHO/AFRO) and UNICEF requested grants for activities in Benin, Burkina Faso, Chad, Mali, Niger and Nigeria.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$7,732,912 to UNICEF for operational support in the following countries:
 - Benin US\$363,800
 - Burkina Faso US\$363,800
 - Nigeria US\$7,005,312

this grant to be released in accordance with Trustee policies;

2. approve a PolioPlus grant of up to US\$5,002,991 to WHO for operational support in the following countries:

- Chad US\$2,538,015
- Niger US\$2,464,976

this grant to be released in accordance with Trustee policies;

3. approve a PolioPlus grant of up to US\$545,700 to UNICEF for social mobilization support in Mali, this grant to be released in accordance with Trustee policies;

4. approve a PolioPlus grant of up to US\$10,894,478 to WHO African Regional Office for surveillance activities, this grant to be released in accordance with Trustee policies;

5. authorize the general secretary to execute agreement letters with WHO and UNICEF to convey the funds on a scheduled basis. WHO and UNICEF will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;

6. note that these are one-year grants which must be fully expended by 31 December 2010, or one year after the transfer of funds to the grantee, whichever comes later;

7. note that these grants, if fully expended, will increase total PolioPlus grants as follows:

- Benin from US\$1,705,655 to US\$2,069,455;
- Burkina Faso from US\$1,902,984 to US\$2,266,784;
- Chad from US\$6,432,430 to US\$8,970,455;
- Mali from US\$1,264,782 to US\$1,810,482;
- Niger from US\$10,780,114 to US\$13,245,090;
- Nigeria from US\$79,972,243 to US\$86,977,555;
- WHO African Regional Office from US\$127,218,756 to US\$138,113,234.

**28. Combined World Health Organization/
Eastern Mediterranean Regional Office
(WHO/EMRO) and UNICEF Grant
Request**

Statement: The World Health Organization/Eastern Mediterranean Regional Office (WHO/EMRO) and UNICEF requested grants for activities in Afghanistan, Pakistan, Somalia, and Sudan.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$4,740,237 to UNICEF for operational support in the following countries:

- Afghanistan US\$1,700,000
- Northern Sudan US\$1,819,000
- Somalia US\$197,950
- Southern Sudan US\$1,023,287

this grant to be released in accordance with Trustee policies;

2. approve a PolioPlus grant of up to US\$4,678,302 to WHO for operational support in the following countries:

- Northern Sudan US\$2,020,520
- Somalia US\$1,425,035
- Southern Sudan US\$1,232,747

this grant to be released in accordance with Trustee policies;

3. approve a PolioPlus grant of up to US\$1,231,186 to UNICEF for social mobilization support in Pakistan, this grant to be released in accordance with Trustee policies;

4. approve a PolioPlus grant of up to US\$1,863,005 to WHO Eastern Mediterranean Regional Office for surveillance activities, this grant to be released in accordance with Trustee policies;

5. approve a PolioPlus grant of up to US\$5,100,000 to WHO Eastern Mediterranean Regional Office for technical assistance, this grant to be released in accordance with Trustee policies;

6. authorize the general secretary to execute agreement letters with WHO and UNICEF to convey the funds on a scheduled basis. WHO and UNICEF will

apply the funds to appropriate projects under such controls and conditions as the agreement specifies;

7. note that these are one-year grants which must be fully expended by 31 December 2010, or one year after the transfer of funds to the grantee, whichever comes later;

8. note that these grants, if fully expended, will increase total PolioPlus grants as follows:

- Afghanistan from US\$26,516,824 to US\$28,216,824;
- Pakistan from US\$54,505,047 to US\$55,736,233;
- Somalia from US\$8,493,626 to US\$10,116,611;
- Sudan from US\$20,774,098 to US\$26,869,652;
- WHO Eastern Mediterranean Regional Office from US\$32,864,849 to US\$39,827,854.

**29. Combined World Health Organization/
Southeast Asia Regional Office (WHO/
SEARO) and UNICEF Grant Request**

Statement: The World Health Organization/Southeast Asia Regional Office (WHO/SEARO) and UNICEF requested grants for activities in India.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$7,653,888 to WHO for operational support in India, this grant to be released in accordance with Trustee policies;

2. approve a PolioPlus grant of up to US\$5,246,885 to UNICEF to support social mobilization activities in India, this grant to be released in accordance with Trustee policies;

3. authorize the general secretary to execute agreement letters with UNICEF and WHO to convey the funds on a scheduled basis. UNICEF and WHO will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;

4. note that these are one-year grants which must be fully expended by 31 December 2010, or one year after the transfer of funds to the grantee, whichever comes later;

5. note that these grants, if fully expended, will increase PolioPlus grants in India from US\$100,305,357 to US\$113,206,130.

30. India National PolioPlus Committee Administrative Grant Request

Statement: The India National PolioPlus Committee requested a grant for administrative activities in India.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$310,416 to the India National PolioPlus Committee for administrative activities, this grant to be released in accordance with Trustee policies;
2. authorize the general secretary to negotiate a new agreement with the National PolioPlus Committee to convey the funds on a scheduled basis. The committee will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;
3. note that this is a one-year grant which must be fully expended by 31 December 2010 or one year after the transfer of funds to the grantee, whichever comes later;
4. note that this grant, if fully expended, will increase total PolioPlus grants in India from US\$100,305,357 to US\$100,615,773.

31. Report of the Rotary Centers Committee

Statement: The Rotary Centers Committee selects each class of Rotary World Peace Fellows and serves as the liaison to the universities hosting Rotary Centers. The committee met 12-15 October 2009 in Evanston, Illinois, USA, and made several recommendations to enhance and promote the program. The committee also received a report on the Rotary Centers Major Gift Initiative.

DECISION: The Trustees

1. receive the report of the Rotary Centers Committee and thank them for their work;
2. approve the list of candidates to be awarded 2010 Rotary Peace Fellowships;
3. allocate up to US\$600,000 from the World Fund for the 2010-11 Educational Programs budget to supplement District Designated Funds and restricted gift funds for 50 master's degree and 50 certificate Rotary World Peace Fellowships;

4. reaffirm the formal program title of the Rotary Centers for International Studies in peace and conflict resolution, but agree to use the shorter titles of Rotary Peace Centers and Rotary Peace Fellows for Rotary and public purposes;
5. acknowledge the work of the Rotary Peace Centers Major Gifts Initiative Committee in raising approximately US\$44,000,000 toward the goal of US\$95,000,000 and thank the committee for its efforts;
6. request the 2010-11 Trustee chairman to encourage the assistant RRFs to work with their districts to increase the number of Rotary Peace Fellowship applicants and assist the Rotary Peace Centers Major Gift Committee in meeting its endowment goal of US\$95 million by the year 2015;
7. respectfully request the RI Board of Directors to
 - a. encourage district governors to include the Rotary Peace Centers in all appropriate district events;
 - b. make the Rotary Peace Centers a topic for group discussion at the 2010 RI Institutes;
8. respectfully request the 2010-11 RI president to make the Rotary Peace Centers program a topic for group discussion at the 2011 International Assembly, GETS and PETS;
9. request the Rotary Peace Centers Committee to begin plans for the next Rotary Peace Symposium to be held in conjunction with the RI Convention in Bangkok, Thailand in May 2012, and request an update on these plans at their October 2010 meeting;
10. request the 2010-11 TRF chairman to appoint a sub-committee of the Rotary Peace Centers Committee to select the 2011-12 Rotary Peace Fellows for Chulalongkorn University, and agree that the general secretary shall continue to award the fellowships on behalf of the Trustees;
11. agree that a minimum of three years must pass between the completion date of a Rotary Peace Fellowship (certificate program) or Ambassadorial Scholarship, and the date of application for a Rotary Peace Fellowship (master's degree), with the understanding that Ambassadorial Scholars and

Peace Fellows (certificate program) are eligible to apply for the Peace Fellowship (master's program).

32. Report of Rotary Foundation Alumni Advisory Committee

Statement: The Rotary Foundation's Alumni Advisory Committee met via correspondence during the months of August and September 2009. The committee's primary discussion topics included plans for the 2010 Rotary Alumni Celebration in Montréal, Canada, as well as preparations for the 2011 Rotary Alumni Celebration in New Orleans, USA. The committee also evaluated the success of the second Rotary Alumni Celebration held in Birmingham, England and made several recommendations to the Trustees.

DECISION: The Trustees

1. receive the report and recommendations from the Rotary Foundation Alumni Advisory Committee;
2. look with favor on the tentative draft program for the 2010 Rotary Alumni Celebration in Montréal, Quebec, Canada, and authorize the Trustee chairman to complete the program in consultation with the chairman and vice-chairman of the Alumni Advisory Committee;
3. look with favor on the tentative draft program for the 2011 Rotary Alumni Celebration in New Orleans, LA, USA, and request the RI Board to approve a US\$25 registration fee for this event;
4. request the general secretary to provide an update on both the 2010 and 2011 Rotary Alumni celebrations at their April 2010 meeting;
5. agree that the Future Vision district leadership structure, which moves alumni relations responsibilities primarily to the membership committee, may give the impression that RI places too much emphasis on alumni joining a Rotary club, and request the Future Vision Committee to consider moving this function to the district Rotary Foundation committee, for report to the Trustees at their October 2010 meeting;
6. change the submission date for the Global Alumni Service to Humanity Award as shown in *The Rotary Foundation Code of Policies* section 13.030.4 as follows:

13.030.4. Timeline for Global Alumni Service to Humanity Award

~~1~~ January 15 November: Deadline for zone committees to forward regional winners to TRF Alumni Relations section.

7. look forward to receiving the Alumni Advisory Committee's next report at their October 2010 meeting.

33. Final Report on the 2009 World Peace Symposium

Statement: In decision 123, April 2009, the Trustees requested a final report on the 2009 World Peace Symposium held in Birmingham, England. A survey of the event was conducted with participants in July and results were shared with the Trustees.

DECISION: The Trustees

1. receive the report on the 2009 Rotary World Peace Symposium from the general secretary;
2. thank the Rotary Centers Committee for its work in organizing the second Rotary World Peace Symposium in Birmingham, England;
3. look forward to receiving the general secretary's report on the planning of the next Rotary World Peace Symposium to be held in 2011-12, for consideration at their October 2010 meeting.

34. Final Report on the 2009 Rotary Alumni Celebration

Statement: The second Rotary Alumni Celebration was held immediately prior to the 2009 International Convention in Birmingham, England. It included strong representation from Canada, England, Germany, India, Japan, Nigeria and the United States. The Trustees requested a report on the event in decision 84, January 2009 and decision 125, April 2009.

DECISION: The Trustees

1. receive the report on the 2009 Rotary Alumni Celebration from the general secretary;
2. thank the Alumni Advisory Committee for their work in organizing the second Rotary Alumni Celebration in Birmingham, England;

3. look forward to receiving the general secretary's report on the third pilot Rotary Alumni Celebration for consideration at their October 2010 meeting.

35. Proposed Strategic Partnerships with Other Organizations

Statement: As authorized in Trustee decision 115, April 2008, and confirmed by the RI Board in June 2008, the general secretary pursued strategic partnerships for TRF that would also support the goals of the Future Vision plan. Two organizations offering opportunities for partnerships are Aga Khan University, which is focused on increasing the number of educators and health professionals in the developing world with eleven campuses in eight countries, and Oikocredit, an organization that provides microcredit and financing services in 69 countries across the world.

DECISION: The Trustees

1. authorize the general secretary to pursue strategic partnerships with Aga Khan University and with Oikocredit;
2. authorize the general secretary to continue negotiations toward an agreement with these organizations so that the partnerships can continue through the length of the Future Vision pilot period, for report to the Trustees at their April 2010 meeting;
3. request the general secretary to conduct due diligence on all potential partners, for report to the Trustees at their April 2010 meeting.

36. International Travel for Rotary Volunteers

Statement: Past RI President Saboo requested the Trustees to consider the option of using the Matching Grant and District Simplified Grant programs to fund international travel costs for Rotary volunteers. Funds from these grants cannot currently be used for international travel. As part of the Future Vision Plan, districts will have the option of using their District Grant funds to support international volunteer travel. This option comes with a number of safeguards and efficiencies for TRF and Rotarians.

DECISION: The Trustees request the general secretary to study the feasibility of allowing Foundation funds to be used for international travel to support Rotarian

volunteers, for report to the Trustees at their April 2010 meeting.

37. Report on 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 each year.

DECISION: The Trustees

1. thank the general secretary for the status report on allegations and litigation;
2. note the Stewardship Committee's action pursuant to *The Rotary Foundation Code of Policies* section 10.030.6.2., *Sanctions for Failure to Comply with Foundation Reporting Requirements or Stewardship Guidelines or Misuse or Mismanagement of Foundation Grant Funds*;
3. request the general secretary to refer information in his report regarding past officers to the RI president;
4. thank RI Director K.R. Ravindran for his assistance and guidance in resolving stewardship issues in his zone.

38. World Reporting Analysis for the Humanitarian Grants Program

Statement: Districts and their member clubs are expected to be consistently 100% current and compliant with Humanitarian Grant reporting requirements. In accordance with Trustee policy, the general secretary provides a comprehensive report on the status of such grant reporting at the Trustees' October and April meetings. The Trustees considered changes to the process for distributing reporting statistics to districts and clubs.

DECISION: The Trustees

1. recognize that timely and accurate grant reporting is an important component of effective stewardship and thank clubs and districts for their efforts to make progress on reporting compliance for humanitarian grants worldwide;

2. acknowledge a decrease in world reporting for humanitarian grants for the October 2009 analysis and anticipate that districts will improve their reporting percentages by the semi-annual report analysis in April 2010;
3. thank the general secretary for the World Reporting Analysis of the Humanitarian Grants Program and request an update at their April 2010 meeting;
4. thank both the international and host grant sponsors for their participation in the Humanitarian Grants program and their commitment to providing services to communities in need;
5. reaffirm the standard Humanitarian Grant policies and program standards with regard to grant reporting and partner participation;
6. amend *The Rotary Foundation Code of Policies* section 9.010.4, paragraph 1 as follows:

To facilitate the work support that of the district regional Rotary Foundation committee and grants subcommittee coordinators provide to districts and their member clubs participating in the Humanitarian Grants program the Foundation general secretary will provide activity reports reporting statistics semiannually to the governor, DRFC chair, and grants subcommittee chair each coordinator as well as copy the coordinators on all report warning letters for the districts she/he supports.

39. Audit of Grants Involving Pure Water for the World

Statement: In decision 131, April 2009, the Trustees reaffirmed their decision 85, January 2009, which suspended grant payments for projects already approved that include Pure Water for the World as a cooperating organization or beneficiary. An audit of the five projects was conducted in May 2009 by a member of the Humanitarian Grants Cadre with assistance from the general secretary.

DECISION: The Trustees

1. thank the general secretary for his report;
2. continue the suspension of the cooperating organization Pure Water for the World from participation in TRF's Humanitarian grants

programs as Pure Water is not in compliance with the Humanitarian Grants program's policies as shown in *The Rotary Foundation Code of Policies*;

3. request the general secretary to communicate this decision to Pure Water for the World and provide a report to the Trustees at their April 2010 meeting.

40. Humanitarian Grants Cadre Training Events

Statement: During 2008-09, successful training programs for the Humanitarian Grants Cadre were held in Colombo, Sri Lanka, and in Birmingham, England. Training sessions are scheduled during 2009-10 in Istanbul, Turkey, and in Montréal, Canada. In response to the success of this initiative, the general secretary recommended a recruitment and training program for Cadre members in Kampala, Uganda, in September 2010 and one to be held in conjunction with the 2011 Convention in New Orleans, LA, USA.

DECISION: The Trustees

1. thank the general secretary for his report;
2. communicate to the RI Board of Directors their support for a Humanitarian Grants Cadre of Technical Advisors' training to take place before the 2011 (New Orleans) Convention;
3. approve a 2010-11 budget of \$4,890 for a regional cadre training seminar to be held in New Orleans, Louisiana, USA;
4. approve a Humanitarian Grants Cadre of Technical Advisors recruitment and training event to be held in connection with the Zone 20A Rotary Institute to be held in Kampala, Uganda (17-19 September 2010) to address the need for qualified cadre members from this area;
5. thank the Humanitarian Grants Cadre of Technical Advisors for their continued service and dedication to The Rotary Foundation and appreciate that the cadre members attend the training seminars at no expense to RI.

41. Review of the 2008-09 Audit Report

Statement: In accordance with The Rotary Foundation bylaws and as authorized by the Trustees, the firm of Deloitte & Touche audited the Foundation's financial

statements for the fiscal year ended 30 June 2009. Their report was received at this meeting.

DECISION: The Trustees

1. receive with appreciation the report on The Rotary Foundation's audited financial results for 2008-09 submitted by Deloitte & Touche, as shown in Appendix C, filed only with the official copy of these minutes;
2. request the general secretary to publish an annual report in accordance with the Foundation bylaws.

42. Report to Management from the Auditors

Statement: It is customary for the independent auditors to submit recommendations to management for opportunities to enhance internal controls along with the audit report.

DECISION: The Trustees note there were no items reported to management from the auditors in 2008-09 recommending opportunities to enhance internal controls.

43. Report of the General Auditor

Statement: At the request of the Finance Committee (acting as the Audit Committee), the general auditor reports semi-annually on the activities and results of the Auditing Services Division of Rotary International.

DECISION: The Trustees receive the report of the general auditor.

44. Report of the Investment Advisory Committee

Statement: The Rotary Foundation Investment Advisory Committee met on 21-22 September 2009 in Evanston, Illinois, USA. The committee made numerous recommendations to the Trustees, including appointment of a new investment consultant, and recommended investment policy statements for associate foundations and TRF's Donor Advised Fund.

DECISION: The Trustees

1. appoint NEPC to provide investment consulting services for the five-year period beginning 1 December 2009 and request the RI Board's concurrence with this appointment;

2. amend the "Delegation of Responsibilities" section of the investment policy statements for the Annual Programs Fund and Permanent Fund as shown in Appendix D;
3. note that the extraordinary events in the financial markets over the past year delayed the implementation of several changes to the asset allocation policies for both the Annual Programs Fund and the Permanent Fund approved by the Trustees at their April 2008 meeting;
4. note that a new investment consultant will be retained by the Foundation effective 1 December 2009, and that the new consultant will likely recommend a different approach to allocating assets;
5. recommend that no further action be taken to implement the asset allocation policy for the Annual Programs Fund and the Permanent Fund approved by the Trustees at their April 2008 meeting until comprehensive investment policy reviews are undertaken with the new investment consultant;
6. adopt the investment policy statement for associate foundations as shown in Appendix E;
7. delegate authority to the general secretary to amend the performance measurement standards section of the investment policy statement for associate foundations to add additional performance benchmark indices as new associate foundations are approved by the Trustees;
8. note that the investment policy statement for the Rotary Foundation (Canada)'s long-term investment portfolio supersedes the investment policy statement for associate foundations;
9. note that Deutsche Rotarische Stiftung will follow the investment policy statement for the Permanent Fund to the extent permitted under German law;
10. adopt the investment policy statement for the Rotary Foundation's Donor Advised Fund as shown in Appendix F.

45. Investment Advisory Committee Terms of Reference

Statement: When issues affecting both organizations are discussed, two members of the RI Finance Committee

are invited to participate in the TRF Investment Advisory Committee meetings to efficiently utilize the resources of Rotary International. However, while the members of the RI Finance Committee are invited to share their views, they do not have voting rights and their comments are not documented in the IAC's meeting minutes. The general secretary recommended incorporating language into the committee's terms of reference that formally recognizes their attendance at meetings; thereby fulfilling the RI Finance Committee's responsibility for monitoring the performance of RI's investment managers.

DECISION: The Trustees amend the Investment Advisory Committee terms of reference as shown in Appendix G.

46. Status of Operating Reserve

Statement: The *Rotary Foundation Code of Policies* section 19.010. defines the Foundation's operating reserve as the earned income balance of the Annual Programs Fund adjusted for any unspent reserve allocations. The Foundation is required to maintain an operating reserve equal to the sum of (1) budgeted operating expenses for the current year, (2) forecasted operating expenses for the next two fiscal years, and (3) 50 percent of the budgeted Annual Programs Fund awards for the current year. The Trustees must take action to re-establish the reserve or reduce expenses if the level of the reserve falls to 50 percent of the targeted reserve level.

DECISION: The Trustees

1. note that, as of 30 June 2009, the operating reserve balance of negative US\$41.6 million does not meet the minimum required reserve ratio of 50 percent or US\$82.6 million;
2. note that there is not presently a World Fund surplus available to meet the 50 percent requirement;
3. receive the report of the subcommittee to review methods to re-establish the reserve.

47. Trustee Spouses' Role at Rotary Meetings

Statement: In decision 145, June 2009, the TRF Finance Committee was requested to study the role of Trustees' spouses at Rotary institutes and other meetings and to consider appropriate amendments to *The Rotary*

Foundation Code of Policies for report to this meeting. The RI Board of Directors amended the RI Travel Policy and numerous sections of the *Rotary Code of Policies* in decision 276, June 2009. At the request of the RI Board, the 2009-10 RI president appointed an advisory committee to the RI Audit Committee to continue reviewing spouses' roles at Rotary meetings and reimbursement of their expenses.

DECISION: The Trustees

1. accept the amendments to the RI volunteer travel and expense reporting policy made by the RI Board of Directors in Board decision 276, June 2009;
2. agree to defer consideration of changes to *The Rotary Foundation Code of Policies* related to spouse expenses until the RI Board has completed its review of the *Rotary Code of Policies*.

48. Health Insurance Coverage for Trustee Chairman

Statement: In decision 112, October 2000, the Trustees agreed to provide health insurance coverage to their chairman commensurate with that provided to the RI president and president-elect. The annual cost is approximately US\$5,500 and covers only medical costs incurred in the US. The general secretary noted that trustee chairman have yet to seek reimbursement for claims under this policy, and suggested that the Trustees rescind their previous decision.

DECISION: The Trustees

1. rescind their decision 112, October 2000 which authorized health insurance coverage for the Trustee chairman;
2. authorize a budget variance of US\$2,400 to pay the 2009 taxes related to including the Trustee chairman in Rotary International's employee health coverage plan.

49. Temporary Restriction of Permanent Fund Earnings

Statement: The general secretary suggested that the Trustees review their policy on the classification of endowment funds in view of recent changes in the law and accounting standards.

DECISION: The Trustees, in response to new accounting rules for endowments held by charitable organizations in the state of Illinois,

1. amend accordingly *The Rotary Foundation Code of Policies* section 15.070.4. regarding the policy for the Foundation's Permanent Fund:

15.070.4. Policy

The following policy for the Foundation's Permanent Fund has been adopted:

- The Trustees may accept or reject any contribution to the Foundation.
- Unless the donor specifically names another fund, the Trustees may place any contribution to the Foundation in The Rotary Foundation Permanent Fund.
- The Permanent Fund shall include donor-restricted endowment and unrestricted contributions.
- ~~All~~ Any contribution of a donor-restricted endowment fund in the Permanent Fund that is not classified as permanently restricted contributions shall be considered classified as temporarily restricted until appropriated for expenditures. unrestricted unless the donor specifically states a restriction in writing.
- Contributions may be received only for programs or projects approved by the Trustees.
- ~~The net income from donor restricted endowment funds that are classified as temporarily restricted net assets in and unrestricted the Permanent Fund contributions shall be expended by the Trustees based on the spending policy that provides that the historic dollar value of the endowment fund is maintained with the approval of the Board of Directors of RI for programs and their administrative costs.~~
- The net income from donor-restricted endowment funds in the Permanent Fund that is classified as temporarily restricted net assets contributions shall be expended by the Trustees for a Foundation program or project, including reasonable administrative costs, according to terms agreed on at the time of acceptance.

2. thank the general secretary for the updated information regarding the impact of unfavorable market conditions on the Permanent Fund, acknowledge the impact of Financial Accounting Standards No. 117-1 upon The Rotary Foundation's financial statements at 30 June 2009, and request the general secretary to report back to the Trustees at their April 2010 meeting regarding the status of the Permanent Fund net asset classification.

50. Modifications to the 2009-10 Budget

Statement: The Trustees approved several variances to the 2009-10 budget during the course of this meeting.

DECISION: The Trustees

1. note no modification to the 2009-10 budget:

2009-10 Budget	
Revenues	US\$248,865,000
Program Awards	153,263,000
Program Operations	19,373,000
Fund Development	17,295,000
General Administration	6,477,000
Total expenses	196,408,000
Change in Net Assets	US\$52,457,000

2. approve budget variances for 2009-10 as indicated below:

June 2009 meeting - Program Operations	8,000
October 2009 meeting	
3. Decision by Communication - Program Awards	2,300,000
16. Report of the Future Vision Committee - Program Operations	600
48. Health Insurance Coverage for Trustee Chairman - General Administration	2,400
Total Variances 2009-10	US\$2,311,000

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

FY10-11

31. Report of the Rotary	
Center Committee Meeting	<u>600,000</u>
	<u>US\$600,000</u>

ADJOURNMENT

The foregoing is a true record of the proceedings of the meeting of the Trustees of The Rotary Foundation of Rotary International held 26-29 October 2009 in Evanston, Illinois, USA.

Glenn E. Estess, Sr., Chairman
The Rotary Foundation

Alice A. Baehler
Secretary of the Meeting

ATTEST:

Ed Futa
General Secretary

APPENDIX A

Summary of Decisions Taken on Behalf of the Trustees (Decision 2)

- Exhibit a – Citation for Meritorious Service Awards
Twenty-four recipients in 18 countries.
- Exhibit b – PolioPlus Grants approved by the Trustee chairman
Two PolioPlus Partners Matching Funds grants, one Administrative Grant and two Special Administrative Grants for a total of US\$170,525.21.
- Exhibit c – Ambassadorial Scholarships, Grants for University Teachers Awards, Rotary Centers and Group Study Exchanges.
One hundred five Ambassadorial Scholarships were awarded for a total of US\$2,625,000. Fourteen GSE policy exceptions were approved.
- Exhibit d – District Simplified Grants
Sixty grants for a total of US\$1,257,696.
- Exhibit e – Matching Grants
Nine hundred twenty grants for a total of US\$10,742,632.50.
- Exhibit f – Humanitarian Grants Cadre
Sixty-six grants reviewed by the Cadre.
- Exhibit g – Humanitarian Grants administration
Ten decisions made by the general secretary.

APPENDIX B

Amendments to *The Rotary Foundation Code of Policies* Packaged Global Grants Criteria (Decision 16)

[text omitted]

14.020.1.2. General Criteria

Global grants that are club- and district-developed are a ~~privileged opportunity~~ only to be awarded to clubs and/or districts.

[text omitted]

14.020.2. Packaged Global Grants

General Criteria

Packaged global grants must

- a) conform to one or more of the areas of focus
- b) have measurable outcomes and be able to account for success in a quantifiable or observable manner

14.020.2.1 Requirements

All packaged global grants will:

- a) provide scholarships, vocational trainings, or projects to address humanitarian needs in the areas of focus
- b) provide clubs and districts with opportunities to contribute their talents and energies to pre-designed projects and activities
- c) provide sustainable outcomes and address community needs. Sustainability refers to an activity's ability to continue to fulfill an individual or community need on a long-term basis after grant funds have been expended.
- d) produce measurable outcomes and be able to account for success in a quantifiable and/or observable manner.

14.020.2.2 General Criteria

Packaged global grants are only to be awarded to clubs and/or districts.

- a) Packaged global grants with strategic partners will be in accordance with the Joint Policy on Cooperative Relationships.
- b) The award amount will be determined by the terms and conditions of the packaged global grant with the minimum grant award being no less than US\$50,000.
- c.) Each packaged global grant will be fully funded by either The Rotary Foundation's World Fund or DDF.
- d) If a requirement outlined in a packaged global grant's terms and conditions conflicts with local law, the sponsors may request the general secretary to waive the requirement.
- e) Packaged global grants will comply with the Foundation's minimum reporting requirements. Any additional reporting requirements will be defined in the grant's terms and conditions.

14.020.2.3 Humanitarian Projects

A. General Criteria

1. Packaged global grants support clubs and districts in their efforts to address humanitarian issues within the areas of focus and to benefit communities in need.
2. Humanitarian projects must meet the basic human needs of an underserved population while improving overall well-being in one or more of the areas of focus.
3. Packaged global grants may include an element of construction as long as construction is conducted by an appropriate strategic partner and is not the primary component of the grant funding.
4. Eligible activities will be defined in the terms and conditions of the packaged global grant.

B. Packaged global grants will not fund:

- 1) continuous and/or excessive support of any one beneficiary, entity, or community.
- 2) the establishment of a trust, a permanent foundation, or permanent interest-bearing account. Grant funds can be used to establish a revolving loan fund if the sponsors comply with all TRF revolving loan requirements.
- 3) activities that consist primarily of research-oriented projects or data collection.
- 4) the purchase of land or buildings.
- 5) cash donations or stipends to beneficiaries outside of a revolving loan fund.
- 6) operating, administrative, or indirect program expenses of another organization.
- 7) unrestricted cash donations to a beneficiary or cooperating organization.

14.020.2.4 Vocational Training Teams

A. General Criteria

- 1) Packaged global grants support the capacity-building of professionals, either by enhancing their own vocational skills or by providing professional training to others through vocational training teams within the areas of focus.
- 2) Each team shall consist of qualified professional men and/or women.
- 3) Detailed composition of teams and requirements of participants, including pre-departure orientation, will be defined in the terms and conditions of the packaged global grant.
- 4) Relatives of a team member may also be participants on the same team if they meet all requirements set forth in the terms and conditions.
- 5) Any expenses incurred as a result of personal travel must be paid by the individual team member outside of grant funds.
- 6) All vocational training teams must make a Rotary-related presentations and participate in service projects.
- 7) All applicants must meet medical requirements ensuring that they can fully participate in international travel and activities during their vocational training.

14.020.2.5 Scholarships

A. General Criteria

- 1) Packaged global grants support scholarship activities within the areas of focus.
- 2) Scholar eligibility, study institution, and term requirements will be defined in the terms and conditions of the grant.
- 3) Scholarships can be awarded to scholars of all ages for a minimum term of one year.
- 4) The scholarship's term may be no longer than four years.
- 5) All scholars are required to attend an outbound orientation session before departure as outlined in the terms and conditions of the grant.
- 6) A host counselor shall be appointed for each scholar unless distance from the nearest Rotary clubs makes such appointment impractical.
- 67) Scholars are expected to participate in club or district activities in accordance with the terms and conditions of the grant.

78) Grant funding may cover tuition, travel, living, insurance, and other education-related expenses as outlined in the terms and conditions of the grant.

89) If the scholar leaves or terminates the grant without the prior written approval of The Rotary Foundation, or if the scholar's grant is canceled by The Rotary Foundation, the primary sponsor club or district is expected to help recover the funds from the scholar for return to The Rotary Foundation.

[text omitted]

14.040. Delegation of Authority

14.040.1 Authority of General Secretary

The general secretary or appointed designee is authorized to:

[text omitted]

B. Rotary Foundation Global Grants

[text omitted]

5. Packaged Global Grants

- a) develop the terms and conditions of the packaged grant, following Trustee review of the objectives and general scope of the opportunity.
- b) approve all grant awards to those clubs and districts that demonstrate the capacity to implement the grant as outlined in the terms and conditions.

[text omitted]

14.040.2 Authority of Trustees

The board of Trustees must

- a.) approve all club- and district-developed global grant awards from US \$100,001 to \$200,000.
- b.) approve the objectives and general scope of each packaged global grant before it is developed and made available to Rotary clubs and districts.

APPENDIX D

Investment Policy Language for the Annual Programs Fund and Permanent Fund (Decision 44)

Delegation of Responsibilities

The Trustees of The Rotary Foundation ~~have responsibility~~ are responsible for ~~formulating~~ setting overall investment policy; including the investment objectives and asset allocation strategy, and for approving any changes to this Investment Policy Statement (IPS). ~~retaining, monitoring, and terminating investment managers; and allocating assets among the managers.~~

The Investment Advisory Committee is responsible for reviewing and monitoring investment results, reviewing and recommending changes to the IPS, reviewing and recommending hiring and termination of investment managers, approving the termination and hiring of investment managers by the investment staff, advising and educating the Trustees on various investment issues, actively participating in investment manager selection process, and actively participating in meetings with the investment managers.

The investment staff is responsible for the daily operation of and compliance with the IPS on behalf of the Trustees. Such daily operations and compliance shall include implementation of Trustee decisions and the termination and hiring of investment managers with the approval of the Investment Advisory Committee.

~~Staff is responsible for implementing the policies and investment related decisions taken by the Trustees.~~

The investment consultant is responsible for developing and recommending asset allocation strategies, monitoring the Fund's investments, researching and recommending investment vehicles and managers to the Investment Advisory Committee and the investment staff, and preparing quarterly providing timely investment performance reports to the Investment Advisory Committee and the investment staff. ~~assisting in manager searches, and advising on all investment related matters.~~

The investment managers appointed to execute the policy will invest the Fund in accordance with the Fund's investment guidelines and the managers' judgments concerning relative investment values.

APPENDIX E

Investment Policy Statement Associate Foundations of The Rotary Foundation of Rotary International (Decision 44)

Scope

This policy applies to those associate foundations for which the general secretary oversees the daily operations and will serve as guidance for all other associate foundations. In addition, this policy does not apply to the long-term investments of TRF (Canada).

Distinction of Responsibilities

The treasury and investment division will oversee the investments in accordance with this investment policy. The Trustees of each associate foundation have ultimate responsibility for the investments of their respective associate foundation.

Maturities

1. As the assets of the associate foundations represent the temporary investment of contributions collected on behalf of The Rotary Foundation and for use towards TRF program awards and operational expenses, a substantial portion of the portfolio will consist of overnight and other very short-term investments.
2. A maximum of 25% of the portfolio may be invested in securities or instruments which have a maturity date exceeding 181 days from the date of purchase.
3. A minimum of 5% of the portfolio should be available each business day. This may be satisfied by maturities or demand features.
4. The weighted average maturity of the portfolio will be limited to 90 days.
5. Floating rate instruments and variable rate instruments must have interest rate resets or potential reset frequencies of 90 days or less, and an expected final maturity or weighted average life not exceeding 18 months from the date of purchase.
6. The maturity of a security or instrument shall mean the date when final payment is due. Instruments, which have a variable/floating rate of interest, shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate or the period until the principal amount can be recovered through demand.

Diversification Requirements

1. Safety of principal, liquidity and marketability should be prime considerations in the selection of individual securities.
2. The total holdings of any one issue may not exceed 10% of the market value of the portfolio, with the following exceptions:
 - (a) Sovereign debt issues of AAA/Aaa rated countries and agencies thereof;
 - (b) Diversified money market funds;
 - (c) Savings accounts at the associate foundation's operating bank;
 - (d) Fixed term deposits at the associate foundation's operating bank.

3. With the exception of sovereign debt issues of AAA/Aaa rated countries and agencies thereof, total holdings of any one industry may not exceed 25% of the market value of the portfolio.
4. All diversification requirements apply at the time of purchase.

Permitted Investments

1. Sovereign debt issues of AAA/Aaa rated countries or agencies thereof.
2. Savings accounts, bankers' acceptances, and fixed term deposits at the associate foundation's operating bank.
3. With respect to commercial paper and other short-term obligations, investments and reinvestments shall be limited to obligations rated (or issued by an issuer that has been rated) at the time of purchase in a "Tier One" ratings category by a nationally recognized statistical rating organization ("NRSRO") followed by the associate foundation's bank's credit committee that has assigned a rating to such security (or issuer)
4. With respect to bonds and other long-term obligations, investment and reinvestment shall be limited to obligations rated at the time of purchase in one of the three highest ratings by the NRSRO followed by the associate foundation's bank's credit committee that has assigned a rating to such security.
5. Repurchase agreements 100% collateralized with direct sovereign debt securities of AAA/Aaa rated countries.
6. Money market funds adhering to the permitted investments described above.

Note that if a security held by the associate foundation is downgraded to a quality not permitted herein after purchase, the associate foundation may continue to hold the security at its discretion if it reasonably believes that the security will mature at par value.

Performance Measurement Standards

The investment return objective is to approximate the rate of return of the money market index of the country in which the associate foundation is domiciled over a three- to five-year period on a net-of-fees basis.

The indices are as follows:

COUNTRY	MONEY MARKET INDEX	BLOOMBERG TICKER
Australia	Australia 3-month Bank Bill	ADBB3M
Brazil	Brazil 3-month Certificate of Deposit	BCCDBCE
Canada	Canada 3-month T-bill	EH317438
Germany	Euro 3-month Deposit	EUDRC
India	India 3-month T-bill	GINTB3MO
Japan	Japan 3-month Deposit	JYDRC
United Kingdom	UK 3-month T-bill	UKGTB3M

APPENDIX F

Investment Policy Statement for The Rotary Foundation's Donor Advised Fund (Decision 44)

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 are responsible for establishing the investment policy that is to guide the investment of the DAF and the investment portfolios.

The Investment Advisory Committee has the responsibility to monitor the investment portfolios on an ongoing basis.

The investment staff and Boston Private Bank, hereinafter referred to as "the Manager", are responsible for adding, replacing, or eliminating underlying funds in the investment portfolios when it is deemed appropriate to do so. The investment staff's approval is required on any changes made by the Manager.

The Manager has been appointed to execute the policy and will invest the assets of the DAF in accordance with the policy.

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 match 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 Capital Aggregate Bond Index.

Moderate Growth: 25% of the Russell 3000 Index, 25% of the FTSE All World ex US Index, and 50% of the Barclay's Capital Aggregate Bond 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 Capital Aggregate Bond Index.

Diversification

The Conservative, Moderate Growth, and Growth portfolios will be invested in three underlying exchange traded funds that track their respective indexes. The Capital Preservation portfolio will be invested in a money market fund.

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 Investment Advisory Committee will review the investment policy statement annually. Any recommended changes will be presented to the Trustees for approval.

Review of Investment Manager

The Investment Advisory Committee will review the results of each investment portfolio semi-annually.

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

APPENDIX G

Amendments to *The Rotary Foundation Code of Policies* Investment Advisory Committee Terms of Reference (Decision 45)

2.020.4 Investment Advisory Committee

The Investment Advisory Committee shall have the following characteristics:

Members	Nine members, six of whom will be Rotarians with investment experience and three will be Trustees, including the chairman and vice-chairman of the Finance Committee and one other Trustee who has investment or other financial experience.
<u>Non-Voting Attendees</u>	<u>Two members of the Rotary International Finance Committee, including its chairman and another member appointed by the chairman of the Rotary International Finance Committee.</u>
Qualifications	<u>Rotarians must have investment experience, preferably institutional experience (ideally with endowments and/or foundations, but pension experience is acceptable), and at least two members should have experience with alternative investments (specifically, hedge funds, private equity, real estate, commodities, and/or timber). CFA or other investment professional designation is preferred. MBA is preferred. Members must be fluent in English.</u>
Tenure	Six-year staggered terms for Rotarians with investment experience. One Rotarian will be appointed or re-appointed each year for a six-year term.
Reporting	This committee will report directly to the Board of Trustees.
Meeting frequency	At least semi-annually, quarterly if needed, to address investment issues in a timely manner. <u>Meetings are typically two to three days.</u>
Responsibilities	Review and monitor investment results Review and recommend changes to investment policy and structure Review and recommend hiring and termination of investment managers Advise and educate the Trustees on various investment issues Actively participate in the investment manager selection process Actively participate in meetings with investment managers

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