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# MINUTES

of the

JUNE 2006 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 15-16 June 2006 in Copenhagen, Denmark.

## ATTENDANCE

Present were Chairman Frank J. Devlyn; Chairman-elect Luis Vicente Giay; Vice-Chairman Ray Klinginsmith; other Trustees Michael W. Abdalla, Peter Bundgaard, Jayantilal K. Chande, Rudolf Hörndler, Gary C.K. Huang, Carolyn E. Jones, Dong-Kurn Lee, Jonathan B. Majiyagbe, Mark Daniel Maloney, Bhichai Rattakul, Robert S. Scott, Fumio Tamamura, and General Secretary Ed Futa. Also present were Incoming Trustees Ron D. Burton, Glenn E. Estess, Sr., K.R. Ravindran and Sakuji Tanaka.

**Note:** The meeting on 15 June was presided over by 2005-06 Chairman Frank J. Devlyn and the meeting on 16 June was presided over by 2006-07 Chairman Luis Vicente Giay. Several decisions were taken by the 2006-07 Trustees and it is so noted.

Also present were International PolioPlus Committee Chairman William T. Sergeant; 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; Humanitarian Grants Program Manager Anne Gross; PolioPlus Manager Carol Pandak; Fund Development Manager G. Holger Hansen; Membership Services General Manager Theresa Nissen; Administrative Services General Manager Alan Jarvis; Controller Geoffrey Woie.

## 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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\* Decisions taken by 2006-07 Trustees, Chairman Luis Vicente Gay presiding.

+ Filed only with the official copy of these minutes.



### **179. Minutes of the April 2006 Meeting**

*Statement:* Copies of the minutes of the April 2006 meeting were provided to each trustee in advance of the meeting.

*DECISION:* The Trustees approve the minutes of the April 2006 meeting and request the chairman to sign the official copy of those minutes.

### **180. 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 March and 31 May 2006 by those authorized to do so.

### **181. Report of the General Secretary**

*Statement:* The general secretary presented a report to the Trustees on the work at the Secretariat during the fourth quarter of 2005-06.

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

### **182. 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.

### **183. Communications from the RI Directors**

*Statement:* At its June 2006 meeting, the RI Board of Directors made a number of decisions of interest to the Trustees.

*DECISION:* The Trustees

1. note the following decisions from the June 2006 meeting of the RI Board of Directors:

218. Communications from the Trustees
222. Strategic Planning Committee Recommendations
225. Nomenclature for Institutes
250. Site for 2013 Convention
258. Suspension of Services to Clubs
281. RI and TRF Administrative Services Agreement

2. agree to consider utilizing the services of the newly approved strategic planning manager to coordinate their Future Vision plan as appropriate;
3. agree that their chairman should appoint a trustee liaison/advisor to the RI Strategic Planning Committee who should attend its meetings;
4. concur with the additional suspension of services from The Rotary Foundation to clubs that have not paid their district per capita levy.

### **184. Tentative Future Agenda\***

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

*DECISION:* The Trustees receive the tentative agenda for their October 2006 meeting.

### **185. Miscellaneous Communication\***

*Statement:* The Trustees reviewed a communication from District 3860 (the Philippines) requesting that a mandatory awards committee be appointed to assist the district governor in evaluating nominations for the Citation for Meritorious Service and the Distinguished Service Award.

*DECISION:* The Trustees request the general secretary to follow through on the miscellaneous communication received at this meeting in accordance with discussion at this meeting.

### **186. Appreciation to RI Staff\***

*Statement:* The Trustees wished to record their thanks to the general secretary, general manager, and staff for their support during 2005-06.

*DECISION:* The Trustees express their sincere appreciation and gratitude to the general secretary, the general manager of The Rotary Foundation, and the

professional staff of the Secretariat in the World Headquarters and the international offices around the world for their excellent assistance and support rendered to Rotarians, to the Trustees, and to The Rotary Foundation in 2005-06.

### **187. Sale of Convention Audio-Visual Presentations\***

*Statement:* In decision 133, April 2006, the Trustees received an interim report from the general secretary on the sale of audio-visual presentations from RI's annual convention and requested a final report at this meeting. The general secretary noted that, in order to provide this service, the high definition images used in the plenary hall would need to be reformatted for small screens. He further noted that speakers using images and/or music not owned by Rotary would require either releases or the payment of royalties.

**DECISION:** The Trustees

1. thank the general secretary for his report regarding the sale of audio-visual presentations on the Foundation that take place at the convention;
2. agree that in order to offer videos and/or DVDs of Foundation speakers at the international convention, the taped speaker must be a Rotary senior leader and he/she must use library images and music to support his/her presentation;
3. further agree that orders for the videos/DVDs will be taken on site at the convention and that the video/DVD will be shipped later, which allows the sale price to cover production and shipping costs;
4. request the general secretary to begin this new approach for Foundation videos/DVDs starting with the 2007 RI Convention in Salt Lake City, Utah, USA.

### **188. Coordination of Rotary World Peace Symposium\***

*Statement:* In decision 154, April 2006, the Trustees looked with favor upon the general secretary's proposal for a Rotary World Peace Symposium to be held just before the 2007 RI Convention in Salt Lake City, Utah, USA, and requested the RI Board to include this symposium in the pre-convention program. In decision 218, June 2006, the Board agreed to include this symposium in the 2007 pre-convention program. The

Trustees expressed concern at this meeting that the symposium must be properly coordinated with other pre-convention events already scheduled.

**DECISION:** The Trustees

1. note their approval, in decision 154, April 2006, of the proposal for a Rotary World Peace Symposium to be held just before the 2007 (Salt Lake City) RI Convention and their request to the RI Board to include the symposium in the pre-convention program;
2. further note that the decision did not approve a specific schedule of events for the symposium;
3. agree that the decision about the symposium did not properly reflect the discussion at their April meeting about the importance of coordinating the symposium with the international institute in Salt Lake City, also to be held just before the convention;
4. request their 2006-07 chairman to confer with the 2006-07 RI president and the chairman of the 2007 international institute about the proposed schedule of events for the symposium, the international institute, and any other pre-convention meetings and to coordinate the events in the best possible manner to maximize their effectiveness.

### **189. Foundation Events at the 2008 (Los Angeles) Convention\***

*Statement:* The Trustees annually identify which Foundation events should be held at or in conjunction with the RI Convention. Since the final authority regarding the convention program rests with the RI Board, the Trustees communicated to the Board of Directors their plan regarding Foundation events to be held at the 2008 RI Convention in Los Angeles, California, USA.

**DECISION:** The Trustees

1. look with favor upon The Rotary Foundation events listed below to take place in conjunction with the 2008 (Los Angeles) Convention:
  - a. TRF plenary session to include the Trustee chairman's presentation and other elements to be determined;
  - b. Arch Klumph Society event (by invitation

- only);
  - c. Bequest Society event (by invitation only);
  - d. Paul Harris Fellow event;
  - e. Major Donor event (by invitation only);
  - f. an all-day (seven-hour) Foundation Alumni event;
  - g. seven workshops, tentatively scheduled to include: TRF – An Update; Fund Development; Educational Programs; PolioPlus; Humanitarian Grants Program; Rotary Centers for International Studies program/Rotary Peace and Conflict Studies pilot program; and Future Vision of TRF;
  - h. TRF exhibit booth space for programs and fund development;
  - i. TRF exhibit for PolioPlus;
  - j. TRF exhibit for Rotary Centers for International Studies;
  - k. office space for TRF Trustee chairman and chairman-elect;
2. request the RI Board of Directors to look with favor upon The Rotary Foundation’s plans to include the foregoing events and/or space in conjunction with the 2008 Convention, and to incorporate appropriate costs for these activities and displays into the 2008 Convention budget;
  3. request the general secretary to include funding for activities and displays not covered by the 2008 Convention budget in the 2007-08 TRF administrative budget, for review at the Trustees’ April 2007 meeting.

**190. The Australian Rotary Foundation (Charity)\***

*Statement:* This matter came to the Trustees at the request of The Australian Rotary Foundation Trust (“TARFT”). TARFT was authorized to become an associate foundation of TRF pursuant to decision 16, October 1994. TARFT is currently a “charitable trust” under Australian law, and also qualified as an “Overseas Aid Fund” under Australian federal law. The leadership

of TARFT sought permission to convert TARFT (a charitable trust) into TARF (a charity) under Australian law.

**DECISION:** The Trustees

1. recognize that an associate foundation has existed in Australia with the approval of the Trustees since 1994 known as The Australian Rotary Foundation Trust (“TARFT”);
2. recognize that the process of converting TARFT (a charitable trust) into an Australian “charity” to allow more flexibility in the operation of this associate foundation does not violate the existing moratorium on establishing new associate foundations as recorded in decision 22, October 2005;
3. thank the members of The Australian Rotary Foundation Trust for providing the draft Deed of Trust for the newly proposed charity in Australia, to be known as “The Australian Rotary Foundation” (“TARF”);
4. request the general secretary to follow-up with the founders of TARF regarding the matters discussed at this meeting, including
  - a. clarifying whether TARF could receive and expend funds in support of all Rotary Foundation programs in all countries;
  - b. clarifying whether (or to what extent) TARF could comply with the overall investment policies of TRF;
  - c. clarifying whether (or to what extent) TARF could comply with the guidelines found in TRF’s Gift Acceptance Manual;
  - d. confirming that membership and voting rights in the associate foundation by non-Rotarian individuals or corporations are prohibited;
  - e. clarifying whether the TARF Articles (Article 10) may be revised to include indemnification of TRF Trustees;
  - f. drafting a letter for consideration by the RI Board of Directors to support the acceptance of the Deed of Trust for use by the founts of TARF with the Australian Parliament or other governing bodies;

5. agree to review the formal establishment of The Australian Rotary Foundation at their October 2006 meeting.

### **191. Report of the Future Vision Committee\***

*Statement:* In decision 125, April 2006, the Trustees requested a complete list of proposed goals for each of the four broad priorities in accordance with the discussion at that meeting, and a proposed implementation plan with timetable and measurable objectives for the next Rotary year. The Future Vision Committee met on 2-3 May 2006 in Evanston, Illinois, USA, and made numerous recommendations to the Trustees.

**DECISION:** The Trustees

1. thank the Future Vision Committee for its report;
2. receive the advisory comments of the Future Vision consultant, Beth Michaels, as shown in Appendix B, express their appreciation for her wise counsel, and acknowledge the importance of her advice;
3. note that the general secretary and the Future Vision Committee are developing a list of assumptions that will serve as the base of the Future Vision Plan, and that the assumptions are expected to be ready for review by the Trustees at their October 2006 meeting;
4. approve the proposed initial goal statements of the Future Vision Plan, as shown in amended Appendix C, in accordance with the Broad Priorities adopted at their April 2006 meeting, and request the Future Vision Committee to recommend goal statements for the fifth priority, for report to the Trustees at their October 2006 meeting;
5. agree that the term "Broad Priorities" used in the development of the Future Vision Plan should be shortened to the word "Priorities" in all current and future references to the plan;
6. approve the proposed Criteria for Evaluation of Programs as shown in amended Appendix D, and authorize the general secretary and the chairman to develop similar criteria for the evaluation of business operations and technology utilization;
7. authorize the general secretary, in consultation with the chairman, to initiate a comprehensive and unbiased evaluation of TRF's present programs, with a progress report for the Trustees at their April 2007 meeting, including budgetary implications of possible staff resources, and to delay the regularly scheduled program evaluations for 2006-07;
8. approve the proposed implementation plan with its timetable and measurable objectives as shown in Appendix E;
9. acknowledge that the Future Vision Committee will need to continue its work for at least three more years; thank the chairman-elect for maintaining the stability of the committee by replacing only two of the seven members for next year, and agree that the committee should remain constant at seven members, in addition to the chairman as an ex officio member, that the continuity of the committee should be preserved by limiting normal replacements to no more than two new members in any year, and that the number of Trustees on the committee should be no less than three at any time, including the chairman as one of the three.

### **192. Recognition of the One Millionth Paul Harris Fellow\***

*Statement:* In decision 141, April 2006, the Trustees requested a progress report toward the achievement of the Foundation's One Millionth Paul Harris Fellow milestone at this meeting.

**DECISION:** The Trustees

1. receive the progress report toward achievement of the Foundation's One Millionth Paul Harris Fellow;
2. request a report on the achievement and recognition of the 34 One Millionth Paul Harris Fellow representatives at their October 2006 meeting.

### **193. Annual Programs Fund Goal\***

*Statement:* In decision 29, October 2005, the Trustees agreed on the process for establishing a worldwide Annual Programs Fund goal each year. Based upon the submission of club goals and club per capita goal projections, and in cooperation with the RI president and president-elect, the Trustee chairman-elect announced the worldwide Annual Programs Fund goal during the convention. He then sought the formal endorsement of the Trustees at this meeting.

**DECISION:** The Trustees

1. receive the chairman-elect's recommended 2006-07 worldwide Annual Programs Fund goal as announced at the June 2006 RI Convention;
2. endorse the 2006-07 worldwide Annual Programs Fund goal of US\$120,000,000.

**194. Trustee Personal Commitment \***

*Statement:* In decision 98, April 2003, the Trustees adopted the *Every Rotarian, Every Year* marketing plan that calls for both TRF and RI senior leaders to "Lead by example and contribute every year to the Annual Programs Fund." Chairman-elect Giay agreed to "lead the way" by making a personal leadership contribution to the Annual Programs Fund on 1 July 2006, and requested the Trustees to join him in this effort.

**DECISION:** The Trustees

1. agree that it is important to "lead the way" by making a personal leadership contribution to the Annual Programs Fund at the beginning of 2006-07;
2. request the members of the 2006-07 RI Board of Directors to join them in making personal contributions to the Annual Programs Fund;
3. agree to encourage all Rotary senior leaders to contribute to the Annual Programs Fund every year;
4. request the general secretary to report on participation at their October 2006 meeting.

**195. Approval of Revolving Loan (Micro-Credit) Grants\***

*Statement:* In decision 139, April 2003, the Trustees amended the revolving loan fund policy to ensure that it was consistent with standard international development practices. Due to the complexity of revolving loan fund grants, additional requirements were added to current Trustee policies. In decision 143, April 2006, the Trustees requested the general secretary to review *The Rotary Foundation Code of Policies* to determine how procedures for revolving loan (micro-credit) grants requesting less than US\$25,000 could be approved on an ongoing basis, rather than semiannually, for report at this meeting.

**DECISION:** The Trustees

1. agree that revolving loan (micro-credit) Matching Grants requesting US\$25,000 or less shall be considered according to the standard Matching Grant business cycle, once an acceptable review is received from a member of the Cadre of Humanitarian Grants Advisors;
2. remove accordingly section B-2-k of the delegation of authority found in *The Rotary Foundation Code of Policies* section 2.010. as follows:  
~~k) approve matching fund grants of up to US\$10,000 for revolving loan projects.~~
3. amend *The Rotary Foundation Code of Policies* as follows:

~~9.090.1.3. Considered at Semi Annual Meetings~~

~~Revolving loan grant requests for 3-H and Major Matching Grants will be considered only on a competitive basis at the semi annual Trustee meetings.~~

9.090.1.4. Review by Cadre

Grant applications for revolving loan projects must be reviewed by the Cadre of Humanitarian Grants Advisors and determined to be technically sound with for technical soundness and long-term viability prior to a grant being made ~~submission to the Trustees.~~

**196. Philippines Power of Attorney for Matching Grants\***

*Statement:* Various audits had been completed regarding five Matching Grants in District 3770, the Philippines. Pursuant to Article 10 of *The Rotary Foundation Code of Policies*, the Stewardship Committee authorized the general secretary to bring legal action in the Philippines to recover funds that were improperly used. To bring legal action in the Philippines, TRF must grant a power of attorney to a local law firm to represent its interests.

**DECISION:** The Trustees agree to grant Ed Futa, general secretary of TRF, authority to issue a Special Power of Attorney ("SPA") on behalf of TRF, to initiate criminal, civil, or other administrative action, and all procedures and actions attendant thereto, against any

and all current or former members and officers of the Rotary clubs of Norzagaray South, Norzagaray Central, Baliuag North, or any of their agents or other relevant individuals or entities, before the appropriate courts in the Philippines or government agencies, and to represent TRF in all matters related thereto.

### **197. Audit of The Wheelchair Foundation\***

*Statement:* In decision 166, April 2006, the Trustees received an audit of The Wheelchair Foundation. The Trustees requested the general secretary to negotiate certain operating procedures with The Wheelchair Foundation, for report to this meeting.

**DECISION:** The Trustees thank the general secretary for his interim report, and look forward to a further report at their October 2006 meeting.

### **198. 3-H Grant Stewardship and Reports\***

*Statement:* As of 1 June 2006, there were 81 open 3-H Grants with awards totaling US\$27,316,668. Some of the oldest open projects were approved in 1996. In recent months, the general secretary contacted the sponsors of open 3-H Grant projects to ensure that they were in compliance with all 3-H Grant reporting and stewardship requirements and to bring these older projects to closure. In some cases, TRF made numerous requests for reports, independent financial reviews, and updated contact information without acknowledgement or action on the part of the sponsors. The general secretary requested the Trustees to authorize their chairman to suspend the host and international primary sponsors of 3-H Grants if they fail to meet their reporting requirements.

**DECISION:** The Trustees

1. authorize their 2006-07 chairman to suspend from participation in Humanitarian Grants the appropriate sponsors of 3-H Grants 865, 914, 922, 1071, 1086 and 1396 if the sponsors fail to report or return funds by the established deadlines;
2. maintain the suspension of District 2430 and its member Rotary clubs until acceptable reports are received for 3-H Grants.

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## DECISIONS 199-204

### **Report of the International PolioPlus Committee**

The International PolioPlus Committee met in Copenhagen, Denmark, on 7-9 June 2006, and made several recommendations to the Trustees.

### **199. Terms of Appointments to the International PolioPlus Committee**

*Statement:* In decision 40, October 2004, the Trustees agreed that the International PolioPlus Committee (IPPC) would continue until the global certification of the eradication of polio, and further agreed that terms of each member should not extend beyond 30 June 2008 without Trustee approval. Given the current status of polio eradication, the IPPC recommended that it continue at the current size beyond that date.

**DECISION:** The Trustees amend decision 40, point 3, October 2004, by striking out the words “and, in any event, not beyond 30 June 2008 without Trustee approval.”

### **200. Status of Smithsonian Exhibit “Whatever Happened to Polio?”**

*Statement:* The “Whatever Happened to Polio?” exhibit at the National Museum of American History at the Smithsonian Institution, was scheduled to close on 4 September 2006. The general secretary had been advised by the curator of the exhibit that the Roosevelt Warm Springs Institute (Georgia, USA) was interested in the possibility of permanently displaying the exhibit at their facility.

**DECISION:** The Trustees

1. request the general secretary to pursue the preservation of the Smithsonian exhibit, “Whatever Happened to Polio?”, and to explore available options for a suitable permanent or long-term location that enjoys a significant number of visitors on a regular basis;
2. authorize their 2006-07 chairman to concur on behalf of The Rotary Foundation with any proposal to move, transfer or otherwise dispose of the exhibit and the conditions thereof;
3. request the general secretary to make available a virtual tour of the exhibit on RI’s website.

## **201. PolioPlus Funding Contingency Plan**

*Statement:* Funding of PolioPlus has been accomplished by two massive fundraising campaigns, contributions from funds available from The Rotary Foundation, earned income on designated PolioPlus funds, and Rotarian contributions made outside of the two fundraising campaigns. The total income of nearly US\$650 million appeared adequate to maintain Rotary in a key global role should transmission of the wild polio virus be halted by 31 December 2007. Noting that this deadline was unrealistic, given the current status of the eradication initiative, the IPPC recommended that the Trustees establish a reserve fund for PolioPlus contingencies.

**DECISION:** The Trustees

1. allocate within the World Fund a reserve for PolioPlus contingencies, effective 1 July 2006;
2. allocate US\$19.1 million to such reserve;
3. agree to review the PolioPlus Fund's investment policy at their October 2006 meeting.

## **202. World Health Organization Somalia Grant Request**

*Statement:* The World Health Organization requested a grant for operational support in Somalia.

**DECISION:** The Trustees

1. approve a PolioPlus grant of up to US\$800,000 to WHO for operational support in Somalia, this grant to be released in accordance with Trustee policies;
2. authorize the general secretary to negotiate new agreements with WHO to convey the funds on a scheduled basis. WHO will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;
3. note that this is a one-year grant which must be fully expended by 31 July 2007, 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 Somalia from US\$6,123,695 to US\$6,923,695.

## **203. World Health Organization African Region (WHO/AFRO) Grant Request for Polio Laboratory Network**

*Statement:* The World Health Organization African Region (WHO/AFRO) requested a grant to support the global polio laboratory network.

**DECISION:** The Trustees

1. approve the allocation of US\$189,000 in Canadian International Development Agency matching funds to WHO to support the global polio laboratory network;
2. agree that the provisions agreed to by the Trustees of The Rotary Foundation and WHO, under the Umbrella Agreement, apply to this grant. WHO will apply the funds to appropriate projects, under such controls and conditions as the agreement specifies;
3. note that this grant must be fully expended by 31 July 2007.

## **204. Combined World Health Organization Southeast Asia Region (WHO/SEARO) and UNICEF Grant Request**

*Statement:* UNICEF requested a grant to support communication and social mobilization activities in Moradabad and vicinity in India.

**DECISION:** The Trustees

1. approve a PolioPlus grant of up to US\$200,000 to UNICEF to support communication and social mobilization activities in Moradabad and vicinity in India, this grant to be released in accordance with Trustee policies;
2. further approve a grant to UNICEF of up to US\$100,000 contingent upon approval of the Trustee chairman, pending advice from the chairman of the India National PolioPlus Committee concerning how such additional funds can effectively be deployed in critically high-risk districts of India;
3. authorize the general secretary to negotiate new agreements with UNICEF to convey the funds on a scheduled basis. UNICEF will apply the funds to appropriate projects under such controls and

conditions as the agreement specifies;

4. note that this is a one-year grant which must be fully expended by 31 July 2007, or one year after the transfer of funds to the grantee, whichever comes later;
5. note that this grant, if fully expended, will bring the total PolioPlus grants to India from US\$62,894,777 to US\$63,194,777.

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### **205. Report of the Regional Scholar Orientation Seminar Alliance\***

*Statement:* The purpose of Regional Ambassadorial Scholarship Seminars is to help build greater identity and relationships between Ambassadorial Scholars, Rotary World Peace Fellows, University Teacher Grant recipients and Rotarians, RI and its Foundation. In decision 150, April 1999, the Trustees agreed to provide funding for Regional Scholar Orientation Seminars. The first Regional Scholar Orientation Seminar Alliance meeting, composed of one representative from each region, was held in Evanston, Illinois, USA on 3-4 May 2006. The group provided a comprehensive report to the Trustees.

*DECISION:* The Trustees receive the report of the Regional Scholar Seminar Alliance, and thank the alliance for its work.

### **206. Status of Reporting for Educational Programs Grants\***

*Statement:* In 2004-05, TRF awarded US\$23 million through its educational programs. The TRF Stewardship Committee suggested an analysis of educational program activities would be appropriate. Moreover, it would be useful for the Stewardship Committee to consider how TRF's Conflicts of Interest Policy concerning program participation could most effectively be applied to educational programs.

*DECISION:* The Trustees request the general secretary to provide information on the reporting rate by educational programs participants, and how the TRF Conflicts of Interest Policy can best apply to educational programs, for consideration at their October 2006 meeting.

### **207. Replacement of Investment Manager\***

*Statement:* In decision 175, April 2006, the Trustees terminated the hedge fund-of-funds manager for the Foundation, effective 30 June 2006, with the funds being received by the end of July 2006. The Trustees also requested the general secretary to undertake a search for a replacement fund-of-funds hedge fund manager for recommendation to the Trustees at their October 2006 meeting. Given that the termination and receipt of funds will occur in June/July 2006 and that a new manager will not be appointed until October, the Trustees also requested the general secretary to recommend how the funds received should be invested until a replacement manager is appointed.

*DECISION:* The Trustees request the general secretary to invest the proceeds from the liquidation of the Foundation's investment in SphinX Funds in a money market account until such time as a new hedge fund manager has been appointed by the Trustees and implemented by the general secretary.

### **208. Deferring Review of Investment Consultant\***

*Statement:* In decision 73, October 2005, the Trustees adopted the Policy for Investment Consultant Evaluation, and requested the general secretary to evaluate Hewitt Investment Group in accordance with that policy at the end of Hewitt's current contract term, which is 1 July 2006. As an Investment Advisory Committee is due to be established on 1 July 2007, and current resources to conduct the review process are unavailable, the general secretary requested a one-year deferral for implementing this decision.

*DECISION:* The Trustees

1. amend decision 73, point 4, October 2005 as follows:

The Trustees request the general secretary to evaluate Hewitt Investment Group in accordance with the Policy for Investment Consultant Evaluation at the end of its current contract term, which is 1 July 2006 by 30 June 2007, for report to the Trustees at their October 2007 meeting;

2. request the general secretary to extend the contract term with Hewitt Investment Group through 31 December 2007.

**209. Compensation to “Disqualified Persons”\***

*Statement:* In accordance with section 2.020.1. of *The Rotary Foundation Code of Policies*, the Executive Committee annually reviews the amounts to be paid to Rotary International for the services of the general secretary and general manager of The Rotary Foundation so as to assure that such payments are “reasonable” as the term is defined under US tax law. US tax law provides that sanctions may be imposed on tax-exempt companies that pay unreasonably high levels of compensation to certain senior officers and executives. These persons are referred to as “disqualified persons.”

**DECISION:** The Trustees

1. thank their Executive Committee for its report on this matter;
2. note that the Executive Committee has determined that the amounts to be paid in 2006-07 to Rotary International for the services of the general secretary and general manager of The Rotary Foundation are reasonable under US tax law.

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Note: General Secretary Ed Futa and General Manager John Osterlund were not present during the discussion or vote on this item.

**210. Annual Programs Fund – Transfer of Funds\***

*Statement:* The *SHARE* system is the process through which Rotary districts manage their District Designated Funds (DDF), i.e., the districts’ portion of the Annual Programs Fund (APF). In the early 1990s the *SHARE* database was developed to enable districts to keep track of their portion of APF contributions. This database was a stand-alone system and was not integrated into TRF’s financial systems. In conjunction with the secretariat’s enterprise resource plans over the past two years, the *SHARE* database was phased out and the DDF balances integrated into the PeopleSoft financial system. After the migration was completed, seven non-existent district accounts were identified. These accounts were apparently created between 1994 and 1999, with no activity after 1999. Annually, the general secretary requests each district to confirm their DDF balance and, following this verification done between January and May 2006, the general secretary believed that the balances of the active districts were accurate.

**DECISION:** The Trustees

1. note that prior to 1999-2000, contributions to The Rotary Foundation were incorrectly allocated to the District Designated Fund, resulting in an overstatement on the District Designated Fund in the Foundation’s financial statements;
2. acknowledge that the correct amount of the District Designated Fund for each district has now been verified;
3. agree to transfer US\$19.1 million from the District Designated Fund to the World Fund as of 30 June 2006.

**ADJOURNMENT**

The foregoing is a true record of the proceedings of the meeting of the Trustees of The Rotary Foundation of Rotary International held 15-16 June 2006 in Copenhagen, Denmark.

---

Frank J. Devlyn, Chairman  
The Rotary Foundation

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Alice Baehler  
Secretary of the Meeting

**ATTEST:**

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Ed Futa  
General Secretary

## **APPENDIX A**

### **Summary of Decisions Taken on Behalf of the Trustees (Decision 180)**

- Exhibit a – Citation for Meritorious Service Awards  
*One hundred twenty-three recipients in 32 countries.*
- Exhibit b – PolioPlus Grants Approved by the Trustee Chairman  
*Five grants for a total of US\$139,630.76.*
- Exhibit c – Ambassadorial Scholarships, Grants for University Teachers Awards and Group Study Exchanges  
*One Ambassadorial Scholarship was awarded for a total of US\$26,000.  
One Rotary Grant for University Teachers exception was granted.  
One Rotary Peace and Conflict Studies exception was denied.  
Six Group Study Exchanges (GSE) policy exceptions were approved. One Rotary district was put on GSE withholding for 2006-07 program year because of unethical selection process for GSE team members.*
- Exhibit d – Blane Immunization Grants  
*Four grants for a total of US\$10,500.*
- Exhibit e – District Simplified Grants  
*Two hundred forty-three grants for a total of US\$3,759,268.*
- Exhibit f – Matching Grants  
*Nine hundred seventy-eight grants for a total of US\$9,998,408.27.*
- Exhibit g – Humanitarian Grants Cadre  
*Twenty-two grants reviewed for a total cost of US\$23,392.*
- Exhibit h – Humanitarian Grants administration  
*Five decisions made by the Trustee Chairman.  
Three decisions made by the general secretary.*

## **APPENDIX B**

### **Advisory Comments**

#### **Prepared by Beth Michaels for the Trustees Future Vision Plan – June 2006 (Decision 191)**

##### **Trustee decision-making**

Planning is the easier phase of the Future Vision initiative. Staying the course through the years required for full implementation will be the challenge. Research indicates that 80 percent of long-range plans fail. Vigilance will be required if the Future Vision Plan is to succeed.

The Future Vision Plan is a top priority for the trustees and the general secretary for the next three years. All trustee meeting agendas should include Future Vision Plan updates, with more time available on the October and April agendas for recommendations, discussions and decisions.

Future Vision Plan recommendations are fact-based so that decisions can be made from what is known versus what is felt to be true.

Sufficient time is allocated to the achievement of the Future Vision Plan to ensure work is not rushed and ineffective. At minimum, the Future Vision Plan is a three-year commitment.

All programs and business processes are assessed with an open mind, recognizing that recommendations may include eliminations, amendments and/or additions.

Simplification, stewardship and effective monitoring are high priorities for future recommendations for change.

##### **Staff resources**

The Future Vision Plan becomes the basis from which divisions create their work plans. In order for implementation to succeed, the individuals responsible for the work must see the connection between the Future Vision and their day-to-day responsibilities.

Staff resources are dedicated and prioritized through the secretariat to appropriately facilitate the implementation of The Rotary Foundation's Future Vision. Increased resources will shorten the deliverable dates and reduced resources will lengthen the deliverable dates.

There will be no moratoriums on programs or major Foundation events (conferences, assemblies, institutes) for the duration of the Future Vision Plan implementation.

Either additional staff or outside consultants are hired to forward the Future Vision Plan or significant staff work is delayed or removed to allow time for implementation.

There will be implementation plans for the goals and dedicated project managers to guide the implementation process.

##### **Rotary International support**

Information services (IS), translations, finance, and legal are four examples of RI-allocated resources that will need to be made available. The Rotary Foundation's Future Vision Plan requires a significant focus on IS in order to create the measures and collect the data necessary for fact-based decision-making. Without this resource, the goals may not

be possible as currently outlined. It will be imperative that the IS plans work in conjunction with the Future Vision Plan.

Budgets

Each goal requires a budget. The complete timetable with indicators and projected budgets will be presented to the trustees in October 2006.

Given that the IS budget is in place for 2006-07, IS improvements for the Foundation will require incremental funding approvals by the trustees.

Some of the goals may require skill sets not currently available on staff. Professional resources may be included in the budgets as warranted.

**APPENDIX C**  
**Priorities and Goals**  
**Future Vision Plan**  
**The Rotary Foundation of Rotary International**  
**June 2006**  
**(Decision 191)**

**Priority 1: Align Program Outcomes/Descriptions with the Future Vision Plan**

- A. Evaluate current and potential programs for fulfillment of the mission as stated in the approved Mission Statement
- B. Ensure program outcomes are significant by addressing priority world needs that are relevant to Rotarians
- C. Provide program results that are sustainable by reasonable efforts of the beneficiaries
- D. Secure program continuity and stability with a consistent strategic vision
- E. Utilize a three-year assessment model without interim changes for all Foundation programs

**Priority 2: Increase Participation and Sense of Ownership at District and Club Levels**

- A. Implement a simple and cost-effective program administration model
- B. Keep responsibility for program administration as local as possible
- C. Educate Rotarians at every level about program and fundraising opportunities
- D. Establish a streamlined and cost-effective recognition program that increases donor participation

**Priority 3: Provide Sufficient Resources to Achieve the Program Goals**

- A. Broaden and solidify our base of donors
- B. Increase quality partnerships/alliances
- C. Ensure the timely use of District Designated Funds

**Priority 4: Develop a Business Model that Supports the Future Vision Plan**

- A. Implement and regularly assess a business model that includes efficiency indicators
- B. Build and maintain the technological infrastructure to support the mission
- C. Stay informed about the standards and best practices for non-profit organizations
- D. Actively develop innovations to assure the reputation of The Rotary Foundation as a premiere foundation
- E. Enhance the innovative, professional work environment characterized by the ongoing pursuit of excellence

**Priority 5: Simplify All Programs and Operations**

Note: The goals are not shown in any rank order

## **APPENDIX D**

### **Criteria for Evaluation of Programs** **The Rotary Foundation of Rotary International** **June 2006** **(Decision 191)**

1. Cost effectiveness
2. Expense of administration
3. Significant Rotarian support
4. Consistent with the TRF mission in both design and actual utilization
5. Simplicity
6. Evidence of sustainable outcomes
7. Probability of achieving the desired results
8. Program funding equity – Fairness in the mix of World Fund, District Designated Funds, and other resources

Supplemental criteria:

- A. Appeal to third party alliances/donors
- B. Cultural differences taken into consideration

Pursuant to the comments offered by Jim Collins in his *Good to Great for the Social Sector* monograph, all programs also should be reviewed against the following tests:

- What is TRF the best in the world at doing;
- What are Rotarians passionate about; and
- What drives the resources for TRF.

## **APPENDIX E**

### **2006-07 Future Vision Implementation Plan**

#### **Future Vision Plan The Rotary Foundation of Rotary International June 2006 (Decision 191)**

June 2006

Trustees approve:

1. initial Goals for each Broad Priority
2. Criteria for Program Evaluation
3. 2006-07 Implementation Plan
4. implementation of the Future Vision Plan as the Foundation's first priority in 2006-07

Trustees agree to conduct a strategic review of the Future Vision Plan at each trustee meeting in 2006-07

Trustees authorize general secretary and chairman to:

1. develop and approve Criteria for Business Operations Evaluation
2. develop and approve Criteria for Technology Utilization Evaluation
3. initiate the evaluation of programs, business operations and technology utilization (final report due no later than 1 April 2007)
4. increase staff resources to accomplish the evaluations
5. delay regularly scheduled 2006-07 program evaluations

July 2006

General secretary, in consultation with the chairman:

1. develops Criteria for Business Operations Evaluation
2. develops Criteria for Technology Utilization Evaluation
3. develops the necessary staff and/or external support systems to support all three evaluations
4. initiates evaluation process for programs
5. initiates evaluation process for business operations
6. initiates evaluation process for technology utilization
7. maintains current TRF operations and program support
8. develops a PowerPoint presentation about the Future Vision Plan for use by Trustees at Rotary Zone Institutes
9. develop and initiate lines of communication with TRF Future Vision stakeholders
10. supports Training Assessment Committee
11. provides an operational review of the Future Vision Plan at each Future Vision Committee meeting.

August-December  
2006

Trustees deliver Future Vision presentation to Rotary Institutes

August 2006

General secretary reports to Future Vision Committee:

1. update on program evaluation
2. update on business operations evaluation
3. update on technology utilization evaluation
4. operational review of the Future Vision Plan

Future Vision Committee:

1. establishes criteria/process to assess recognition plan
2. establishes criteria/process to develop alliance/partner program
3. establishes criteria/process to develop distributable funds model
4. develops recommendations for presentation of TRF Future Vision Plan at International Assembly
5. initiates discussion on plans for goal implementation
6. provide notes from goal implementation discussion to general secretary/staff for comment/feedback

October 2006

Future Vision Committee and general secretary reports to trustees:

1. update on program evaluation
2. update on business operations evaluation
3. update on technology utilization evaluation
4. status of Future Vision implementation 2006-07

Trustees conduct strategic review of the Future Vision Plan

December 2006

General secretary reports to Future Vision Committee:

1. progress on all three evaluations
2. progress on recognition plan assessment
3. progress on development of alliance/partner program
4. progress on development of distributable funds model
5. design of the presentation for Future Vision Plan at International Assembly
6. staff presentation of vision/benefits of a fully-integrated web-based administration model

Future Vision Committee:

1. reviews plans for TRF Future Vision presentation at International Assembly
2. develops first draft of goal implementation process

February 2007

Chairman/trustees/general secretary presents Future Vision Plan at International Assembly

Training Assessment Committee reports to trustees the completed assessment of TRF training program

Future Vision Committee reports to trustees:

1. status of Future Vision implementation 2006-07
2. initial draft of goal implementation process for discussion and feedback

Trustees conduct strategic review of the Future Vision Plan

March 2007

General secretary reports to Future Vision Committee:

1. completed results of program evaluation
2. completed results of business operations evaluation
3. completed results of technology utilization evaluation

April 2007

Future Vision Committee and general secretary reports to trustees:

1. program evaluation update
2. business operations evaluation update
3. technology utilization evaluation update
4. implications of proposed Council on Legislation actions on Future Vision Plan
5. status of Future Vision implementation 2006-07

6. goal implementation process for approval

Trustees conduct strategic review of the Future Vision Plan

May 2007

Staff presentation/feedback to Future Vision Committee:

1. program evaluation
2. business operations evaluation
3. technology utilization evaluation

June 2007

Future Vision Committee reports to trustees:

1. status of Future Vision implementation 2006-07
2. preliminary Future Vision recommendations for trustee discussion and feedback
3. next steps and plans for 2007-08

*October 2007 (projected)*

*Future Vision Committee requests trustees' approval for:*

- A. program structure for the future*
- B. business operations structure for the future*
- C. technology utilization structure for the future*
- D. TRF recognition plan for the future*
- E. alliance/partner model for the future*
- F. distributable funds model for the future*
- G. 2007-08 Implementation Plan*

Trustees conduct a strategic review of the Future Vision Plan

Trustees approve preliminary 2007-08 Implementation Plan

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\*Decisions taken by 2006-07 Trustees, Chairman Luis Vicente Giay presiding.



