
MINUTES

of the

JANUARY 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 17-18 January 2009 in San Diego, California, USA.

ATTENDANCE

Present were Chairman Jonathan B. Majiyagbe, Chairman-elect Glenn E. Estess, Sr., Vice-Chairman Ron D. Burton, other Trustees Doh Bae, William B. Boyd, Peter Bundgaard, John F. Germ, Carolyn E. Jones, David D. Morgan, Samuel A. Okudzeto, K.R. Ravindran, José Antonio Salazar-Cruz, Carl-Wilhelm Stenhammar, Sakuji Tanaka, and General Secretary Ed Futa.

The Trustees regretted the inability of Trustee Louis Piconi to attend the meeting.

Also present were RI Director Paul A. Netzel; RI Director-Treasurer Bernard L. Rosen; Rotary Foundation General Manager John Osterlund; Chief Financial Officer Peter DeBerge; Membership Services General Manager Theresa Nissen; Corporate Services Manager Andrew G. McDonald; Corporate Services Associate Manager Alice Baehler, who served as secretary of the meeting; Fund Development Manager Eric Schmelling; Educational Programs Manager Harvey Newcomb III; Humanitarian Grants Manager James Robinson; Administration and Operations Manager Michael Magusin; PolioPlus Manager Carol Pandak; General Counsel Steven Routburg; Controller Geoff Woie; Deputy General Counsel Maureen Ninneman; Administration Department Manager Gary Millman.

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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* Filed only with the official copy of these minutes.

59. Minutes of the October 2008 Trustee Meeting

Statement: Copies of the minutes of the October 2008 meeting were provided to each trustee in advance of the meeting.

DECISION: The Trustees approve the minutes of the October 2008 meeting and request the chairman to sign the official copy of these minutes.

60. Decisions Taken on Behalf of the Trustees

Statement: Section 5.9 of The Rotary Foundation bylaws 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 1 October and 31 December 2008 by those authorized to do so.

61. Report of the General Secretary

Statement: The general secretary presented a report to the Trustees on the work at the Secretariat during the second quarter of 2008-09.

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

62. 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.

63. Communications from the RI Directors

Statement: At its November 2008 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 November 2008 meeting of the RI Board of Directors:

29. Communications from the Trustees
 32. Appointment of Foundation Trustees
 48. General Secretary Annual Review Process
 50. Meal Expense Reimbursement Limit
 56. PolioPlus Update
 57. Review of Existing and Proposed Cooperative Relationships with Other Organizations
 66. Service Above Self Award Recipients
 83. Interpretation at RI Conventions
 112. Proposed Per Capita Dues Increase
 116. Rotary Districts with Rotarians with Outstanding Financial Obligations to RI
 117. Recommended Structure for a Stand-Alone TRF Audit Committee
2. recognizing the importance of avoiding additional, unanticipated administrative budget expenses during the current global financial situation, request the Alumni Advisory Committee to reconsider the issue of alumni registration fees for convention events and look forward to receiving its report for consideration at their October 2009 meeting;
 3. thank the RI Board for agreeing to submit a proposed enactment to the 2010 Council on Legislation that would authorize the Board to terminate a Rotary club that violates the stewardship policies of TRF;
 4. thank the RI Board for advising the Trustees of its concern about meal expenses, and request the general secretary to continue monitoring TRF-funded expenses;
 5. thank the RI Board for its recommendation in decision 116, November 2008, but agree instead that those districts where current or past district governors have outstanding financial obligations to RI and/or TRF shall not be selected to be pilot districts of the Future Vision Plan;
 6. concur with the proposed enactment to amend the RI Audit Committee terms of reference, as shown in Appendix B, and thank the RI Board for agreeing to submit this proposed enactment to the 2010 Council on Legislation;
 7. thank Director Paul Netzel for his report and for his service as liaison from the RI Board of Directors.

64. 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 April 2009 meeting.

65. Miscellaneous Communication

Statement: The Trustees reviewed a communication from the Rotary Club of Marne la Vallée, S.-et-M., France, District 1770, regarding the allocation of contributions for cancelled Matching Grants.

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.

66. Updates to *The Rotary Foundation Code of Policies*

Statement: *The Rotary Foundation Code of Policies* section 2.040.6. requests the general secretary, at the conclusion of each Trustees meeting, to review the decisions taken by the Trustees at that meeting and prepare a report listing the decisions that might be added to *The Rotary Foundation Code of Policies*. Accordingly, the general secretary provided suggested amendments to the *Foundation Code* based upon decisions taken at the October 2008 Trustees meeting.

DECISION: The Trustees, to record the decisions that they have taken previously, amend *The Rotary Foundation Code of Policies* as shown in Appendix C, filed only with the official copy of these minutes.

67. Selection of 2008-09 Recipients of Distinguished Service Award

Statement: Each year the Trustees recognize up to fifty Rotarians worldwide for their outstanding efforts on behalf of The Rotary Foundation with the Distinguished Service Award. *The Rotary Foundation Code of Policies* section 16.050.5. requires the chairman to annually appoint a committee of trustees to meet during their January/February meeting to review the nominations for the Distinguished Service Award. The committee met on 16 January 2009 in San Diego, California, USA, and selected 38 recipients for the Distinguished Service

Award. The committee also recommended revising the eligibility criteria for this award.

DECISION: The Trustees

1. amend section 16.050.5.4. of *The Rotary Foundation Code of Policies* as follows:

16.050.5.4. Ineligible Rotarians

If a person has received a Distinguished Service Award, he or she is not eligible to receive the same award again. Current and incoming Trustees of The Rotary Foundation, current and incoming Directors of RI, current and incoming district governors, and current ~~and incoming~~ Regional Rotary Foundation Coordinators are not eligible to receive this award.

2. select the Rotarians shown in Appendix D, filed only with the official copy of these minutes, to receive the Distinguished Service Award in 2008-09.

68. Report of the Global Alumni Service to Humanity Award Selection Committee

Statement: *The Rotary Foundation Code of Policies* section 13.030.3. describes the procedures for selecting the recipient of the Global Alumni Service to Humanity Award. The process calls for all 34 zones to provide the names of the zone-level award recipients to the Trustee selection committee, and the Trustee committee to select one worldwide recipient of the award. The committee met on 16 January 2009 in San Diego, California, USA, and reviewed detailed information on each of the candidates.

DECISION: The Trustees

1. select the individuals recommended by the selection committee as the primary recipient and alternate recipient of The Rotary Foundation Global Alumni Service to Humanity Award for 2008-09, as shown in Appendix E, filed only with the official copy of these minutes;
2. request the general secretary to notify the award recipient and confirm the recipient's commitment to receive the award at the 2009 (Birmingham) Convention;
3. authorize the general secretary, on behalf of the Trustees, to designate the alternate as the award recipient if the principal award recipient cannot

make the commitment to receive the award at the RI Convention and provided that the alternate confirms his/her commitment to receive the award at the 2009 (Birmingham) Convention.

69. Unrestricted Estate Gifts

Statement: The Rotary Foundation Code of Policies section 15.050.2. states that when gifts are received without donor instructions, outright gifts of US\$10,000 or more from individuals will be placed in the Permanent Fund with future annual earnings directed to the World Fund. In decision 27, October 2004, the Trustees requested the general secretary to inform the Trustees of all restricted gifts of US\$250,000 or more at the next meeting of the Trustees after the receipt of such a gift, so that the Trustees can determine the most appropriate use of the gift.

DECISION: The Trustees

1. receive with appreciation the November 2008 distribution of US\$536,356.50 from the estate of Alva O. and Mary A. Decker, Rotary Club of Stoughton, District 6250, Stoughton, Wisconsin, USA;
2. confirm that this and future distributions from the estate of Alva O. and Mary A. Decker shall be designated Permanent Fund – World Fund;
3. receive with appreciation the October 2008 distribution of US\$300,000 from the estate of Lee S. and Dorothy N. Whitson, Rotary Club of Roseville, District 5960, Roseville, Minnesota, USA;
4. confirm that this and future distributions from the estate of Lee S. and Dorothy N. Whitson shall be designated Permanent Fund – World Fund.

70. Jerry L. Johnson Trust Estate Gift

Statement: In June 2008, The Rotary Foundation received a distribution of US\$20,000 from the estate of Jerry L. Johnson, specifically the Jerry L. Johnson Testamentary Trust. He was a member of the Rotary Club of Killeen Heights, Texas, USA. A difference of opinion arose between the trustees of the Johnson trust and The Rotary Foundation as to the proper designation of the gift and future gifts. In decision 28, October 2008, the Trustees requested Vice-Chairman Burton and the general secretary to develop a memorandum of

understanding with the trustees of the Jerry L. Johnson Trust, for report to the Trustees at this meeting.

DECISION: The Trustees

1. thank the trustees of the Jerry L. Johnson Testamentary Trust for their willingness to meet and reach an agreement regarding the estate of Jerry L. Johnson;
2. receive with appreciation the vice-chairman's report and confirm the understanding as to distributions from the Jerry L. Johnson Testamentary Trust;
3. authorize the general secretary to finalize a memorandum of understanding with the trustees of the Jerry L. Johnson Testamentary Trust.

71. Endowment Automated Tracking Project

Statement: In decision 39, October 2007, the Trustees reviewed the general secretary's plans to secure an automated system for tracking and reporting on endowed gifts to the Foundation, and requested a progress report at their April 2008 meeting. In decision 135, April 2008, the Trustees requested the general secretary to provide an update on the endowment automated tracking project at this meeting.

DECISION: The Trustees receive the general secretary's report on the project currently underway to automate a system for tracking and reporting on the Foundation's endowed gifts.

72. Update on Rotary's US\$100 Million Challenge

Statement: Rotary's US\$100 Million Challenge Committee met in Evanston, Illinois, USA, on 21-22 October 2008. General Secretary Futa and Trustee Germ, chairman of the committee, provided a status report at the Trustees October 2008 meeting and a further update at this meeting. The Trustees also discussed the content of the announcement to be made at the 2009 International Assembly concerning the progress of the challenge.

DECISION: The Trustees

1. receive the report on Rotary's US\$100 Million Challenge and the status of The Bill & Melinda Gates Foundation Challenge Grant;

2. agree to announce at the 2009 International Assembly that Rotary has received cash and commitments of US\$73 million toward the US\$100 Million Challenge, US\$62 million of which is cash and US\$11 million in commitments from individuals, clubs and districts.

Note: Trustees Boyd and Stenhammar abstained from voting on this decision.

73. Competitive Matching Grant Request

Statement: Matching Grant requests of at least US\$25,001 must be reviewed by the Trustees on a competitive basis. In decision 32, October 2008, the Trustees deferred consideration of Matching Grant #67871 to this meeting due to concerns regarding the large program operation costs being requested. The Trustees expressed continuing concerns in this regard at this meeting.

DECISION: The Trustees request their Programs Committee to consider Matching Grant #67871, for report to the Trustees at their April 2009 meeting.

74. 3-H Program Consideration for the RI/USAID Alliance

Statement: In decision 71, November 2006, the RI Board agreed to a Memorandum of Understanding (MOU) with the United States Agency for International Development (USAID), signed by both parties in April 2007, with regard to shared goals in countries where both organizations wish to pursue joint activities in the development of water, sanitation and hygiene projects over a period of 18 months. A steering committee, formed in June 2008, selected three focal countries for the pilot phase of the project: Ghana, the Philippines and the Dominican Republic. It is anticipated that clubs and districts in these countries will seek 3-H Grant funding that will be matched in country by USAID. At this meeting the Trustees discussed 3-H Grant requirements that required modification for the pilot phase.

DECISION: The Trustees

1. waive the previous Matching Grant partnership requirement for 3-H Grant proposals received for projects considered for funding in April 2010 as part of the RI/USAID Alliance (*The Rotary Foundation Code of Policies* section 9.050.1.j. Application Requirements);

2. extend the 3-H Grant proposal deadline from 31 March to 30 June 2009 and the application deadline from 1 August to 15 August 2009 for projects considered for funding in April 2010 as part of the RI/USAID Alliance (*The Rotary Foundation Code of Policies* section 9.010.2 Humanitarian Grants Business Cycle);

3. allocate US\$1.5 million from the 2009-10 3-H Grant awards budget and an additional US\$105,000 for project monitoring for funding 3-H Grant applications sponsored by clubs and districts as part of the alliance with USAID missions to improve water and sanitation.

Note: Trustee Jones abstained from voting on this matter.

DECISIONS 75-81

International PolioPlus Committee Report

The International PolioPlus Committee met in San Diego, California, USA on 14-15 January 2009 and made several recommendations to the Trustees.

75. 2008-09 Service Awards for a Polio-Free World

Statement: *The Rotary Foundation Code of Policies* section 16.050.2. provides criteria and guidelines for international and regional service awards to honor Rotarians who have contributed active personal service toward the goal of polio eradication. Nominations for the 2008-09 awards were presented to the International PolioPlus Committee for review. Recipients of the International Service Awards for a Polio-Free World must be approved by the Trustees.

DECISION: The Trustees approve the nominations of the following Rotarians for the 2008-09 International Service Award for a Polio-Free World: Larry Bender, John Elloway, Loring Miller, Ralph Munro, Howard and Kate Schwadron, and Luciano Vélez.

76. Revised PolioPlus 2008-09 Program Awards Budget

Statement: At its October 2008 meeting, the International PolioPlus Committee (IPPC) agreed to defer a request for changes to the 2008-09 program awards budget until this meeting, in coordination with the

announcement at the International Assembly of the supplemental challenge grant from the Bill & Melinda Gates Foundation. The first installment of the supplemental challenge grant was received in September 2008 and the IPPC intends to spend all funds from the first installment in 2008-09. Therefore, the Trustees considered an increase in the PolioPlus awards budget at this meeting.

DECISION: The Trustees agree to increase the 2008-09 PolioPlus program awards budget from US\$60,750,000 to US\$88,400,000, and request the concurrence of the RI Board.

**77. 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 in several countries in Africa.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$880,569 to UNICEF for social mobilization support in the following countries:

- Angola US\$522,427
- DR Congo US\$358,142

this grant to be released in accordance with Trustee policies;

2. approve a PolioPlus grant of up to US\$1,198,125 to WHO for operational support in the following countries:

- Angola US\$798,750
- Niger US\$399,375

this grant to be released in accordance with Trustee policies;

3. approve a PolioPlus grant of up to US\$6,000,000 to the WHO African Regional Office for surveillance activities, this grant to be released in accordance with Trustee policies;

4. approve a PolioPlus grant of up to US\$4,284,680 to UNICEF for operational support in Nigeria, 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 March 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:

- Angola from US\$5,656,645 to US\$6,977,822
- DR Congo from US\$13,359,412 to US\$13,717,554
- Niger from US\$9,089,658 to US\$9,489,033
- Nigeria from US\$71,352,684 to US\$75,637,364
- WHO African Regional Office from US\$120,968,756 to US\$126,968,756

**78. 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 several countries in the Eastern Mediterranean region.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$2,636,985 to UNICEF for operational support in the following countries:

- Afghanistan US\$1,443,648
- Pakistan US\$395,833
- Northern Sudan US\$797,504

this grant to be released in accordance with Trustee policies;

2. approve a PolioPlus grant of up to US\$1,991,753 to WHO for operational support in the following countries:

- Northern Sudan US\$862,809
- Southern Sudan US\$559,013
- Somalia US\$569,931

this grant to be released in accordance with Trustee policies;

3. approve a PolioPlus grant of up to US\$1,368,827 to the WHO Eastern Mediterranean Regional Office for surveillance activities in the region, this grant to be released in accordance with Trustee policies;
4. approve a PolioPlus grant of up to US\$395,833 to UNICEF for social mobilization support in Pakistan, 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 March 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:
 - Afghanistan from US\$24,188,856 to US\$25,632,504
 - Pakistan from US\$50,763,445 to US\$51,555,111
 - Somalia from US\$7,923,695 to US\$8,493,626
 - Sudan from US\$14,509,029 to US\$16,728,355
 - WHO Eastern Mediterranean Regional Office from US\$31,496,022 to US\$32,864,849

79. 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 India.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$1,986,225 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\$1,433,890 to WHO for surveillance support in India, this grant to be released in accordance with Trustee policies;

3. approve a PolioPlus grant of up to US\$1,205,997 to UNICEF to support social mobilization activities in India, this grant to be released in accordance with Trustee policies;
4. 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;
5. note that these are one-year grants which must be fully expended by 31 March 2010, or one year after the transfer of funds to the grantee, whichever comes later;
6. note that these grants, if fully expended, will increase total PolioPlus grants to India from US\$93,934,187 to US\$98,560,299.

80. World Health Organization Polio Research Committee Grant Request

Statement: The World Health Organization requested a grant for polio eradication research activities proposed by the Polio Research Committee.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$1,217,069 to WHO for the implementation of polio eradication research activities proposed by the Polio Research Committee;
2. authorize the general secretary to execute an agreement letter with WHO to convey the funds on a scheduled basis. WHO will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;
3. note that this is a two-year grant which must be fully expended by 31 March 2011;
4. note that this grant, if fully expended, will increase total PolioPlus grants to the WHO Polio Research Committee from US\$2,549,002 to US\$3,766,071.

81. World Health Organization Request for the Global Polio Laboratory Network

Statement: The World Health Organization requested a grant to support the Global Polio Laboratory Network.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$921,225 to WHO to support the Global Polio Laboratory Network, this grant to be released in accordance with Trustee policies;
2. authorize the general secretary to execute an agreement letter with WHO to convey the funds on a scheduled basis. WHO will apply the funds to appropriate projects under such controls and conditions as the agreement specifies;
3. note that this is a one-year grant which must be fully expended by 31 March 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 to the WHO Global Polio Laboratory Network from US\$1,210,000 to US\$2,131,225.

82. Report of the Scholarships Fund Pool for Low-Income Countries Committee

Statement: The Rotary Foundation Code of Policies section 8.010.6. provides for the Scholarships Fund Pool for Low-Income Countries as a permanent funding scheme of the Ambassadorial Scholarships Program. The Scholarships Fund Pool for Low-Income Countries Committee met 18-20 November 2008 in Evanston, Illinois, USA, and selected 23 scholarship finalists and two alternate candidates. The committee also expressed its wish to have a larger, higher quality, and more diverse applicant pool, and recommended that during the pilot phase of the Future Vision Plan, the fund pool should continue to operate in a manner similar to the Rotary Centers for International Studies program.

DECISION: The Trustees

1. thank the Scholarships Fund Pool for Low-Income Countries Committee for its work;
2. receive the report of the Scholarships Fund Pool for Low-Income Countries Committee, including the list of twenty-three Ambassadorial Scholarship finalists and two alternate candidates approved by the general secretary on the Trustees' behalf;

3. request the general secretary to annually certify an approved list of countries not listed as high-income for the purpose of maintaining a current list of countries eligible to submit applications to the fund pool;
4. agree that in order to provide a larger, higher quality, and more diverse applicant pool, there shall be a limit of up to three applications a district or country within a multi-country district may endorse for the annual selection process;
5. refer the committee's recommendations that impact the pilot phase of the Future Vision Plan to the Future Vision Committee for its consideration and report to the Trustees at their April 2009 meeting.

83. Update on the 2009 Rotary World Peace Symposium

Statement: In decision 44, October 2008, the Trustees requested an update at this meeting on the plans to conduct a Rotary World Peace Symposium as an official pre-convention event at the 2009 RI (Birmingham) Convention. The Trustees discussed allowing registrants of the International Institute to also attend the scheduled symposium speech of Archbishop Emeritus Desmond Tutu.

DECISION: The Trustees

1. receive the general secretary's report on the 2009 Rotary World Peace Symposium to be held as a pre-convention event in Birmingham, England on 18-19 June 2009;
2. agree that individuals registered for the RI Institute, scheduled for 19-20 June 2009, may attend the Archbishop Emeritus Desmond Tutu speech scheduled for the Rotary World Peace Symposium, and authorize a 2008-09 budget variance of up to US\$20,000 to fund their attendance;
3. look forward to receiving an update on the 2009 Rotary World Peace Symposium for consideration at their April 2009 meeting.

84. Status Report on the 2009 and 2010 Rotary Alumni Celebrations

Statement: In decision 45, October 2008, the Trustees requested a status report on plans for the 2009 and 2010 Rotary Alumni Celebrations at this meeting. In decision

29, November 2007, the RI Board agreed to continue reduced convention fees for recent alumni, and one guest each, for 2009 and subsequent worldwide alumni meetings held at conventions during the three-year pilot phase. As part of decision 45, October 2008, the Trustees extended the pilot period for the Rotary Alumni Celebration through the 2013 convention.

DECISION: The Trustees

1. receive the status report on the preparations for the 2009 and 2010 Rotary Alumni Celebrations;
2. look with favor on the plans developed thus far, including the tentative draft program for the 2009 Rotary Alumni Celebration in Birmingham, and request the Alumni Advisory Committee and the general secretary to continue with preparations as described;
3. request the RI Board to
 - a. approve a US\$25 registration fee for the 2010 Rotary Alumni Celebration in Montréal, Canada;
 - b. consider granting reduced convention registration fees for recent Foundation alumni for the entire pilot period for Rotary Alumni Celebrations, now continuing until the 2013 RI Convention;
4. look forward to receiving the Alumni Advisory Committee's report on the outcome of the 2009 Rotary Alumni Celebration in Birmingham and an update regarding the 2010 Rotary Alumni Celebration in Montréal for consideration at their October 2009 meeting.

85. Suspension from Participation in the Humanitarian Grants Program

Statement: Matching Grant #60907 was funded in October 2006 to help provide biosand water filters in La Ceiba, Honduras. While it was reported that there were difficulties working with the cooperating organization (Pure Water for the World), project contacts had also advised TRF that two people were abducted while distributing the sand filters. Although denied by the local Rotarians, it was learned that TRF funds had been used by the host and international project sponsors to secure the release of the abducted individuals.

Additionally, the Rotary Club of La Ceiba had been working with Pure Water for the World under Matching Grant #57079 to help provide clean, potable water to 500 families in Honduras.

Matching Grant #51772 was funded in November 2004 to help provide deworming medicine and preventative education to 90,000 children in Cavite Province, Philippines. In March 2005, allegations were received that a former Rotarian was misusing the grant funds. Return of grant funds was requested numerous times from the Rotary Club of Malate, but no response was received. The club recently demonstrated its awareness of the serious nature of this matter, but did not believe it was at fault.

DECISION: The Trustees

1. suspend the Rotary Club of La Ceiba, District 4250 (Honduras) and the Rotary Club of Swampscott, District 7930 (USA) from participation in the Humanitarian Grants program until 1 July 2010 for failure to properly manage grant funds for Matching Grant #60907 and failure to provide accurate information to The Rotary Foundation;
2. cancel Matching Grant #60907 and require the Rotary Club of La Ceiba, District 4250 (Honduras) and the Rotary Club of Swampscott, District 7930 (USA) to immediately return all cash on hand, including the ransom amount to The Rotary Foundation;
3. cancel Matching Grant #57079 and require the Rotary Club of La Ceiba, District 4250 (Honduras) to immediately return all cash on hand to The Rotary Foundation and submit a final report;
4. agree that Pure Water for the World shall not be used as a cooperating organization for any future or pending grants, and suspend payments for projects that include Pure Water for the World as a cooperating organization or beneficiary until a random audit of selected grant projects is completed by 30 June 2009;
5. suspend the Rotary Club of Malate, District 3810 (Philippines) from participation in the Humanitarian Grants program until 1 July 2009, and require the club to submit a stewardship plan detailing how it will ensure proper stewardship and fiscal oversight of grant funds for future projects.

86. Report of RI/TRF Allocations Committee

Statement: The Rotary Foundation Code of Policies section 21.010. provides that each year the president and trustee chairman shall each appoint two members of their respective boards to a joint committee of directors and trustees that will review and recommend to the Board and the Trustees any changes required to RI’s methodology and allocation of costs to the Foundation. This annual meeting was held in Evanston, Illinois, USA, on 31 October 2008.

DECISION: The Trustees

1. receive the report of the RI/TRF Allocations Committee;
2. approve the administrative services agreement for 1 July 2009 through 30 June 2012, as shown in Appendix F, filed only with the official copy of these minutes;
3. request the concurrence of the RI Board of Directors;
4. request the RI president, the Trustee chairman, and the general secretary to sign the agreement;
5. request the general secretary to obtain outside counsel to review the agreement during the next three years to ensure that it continues to meet all regulatory requirements and minimize any risk to both organizations in this area.

87. 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. In decision 57, October 2008, the Trustees requested the general secretary to prepare a contingency plan that would provide options for reducing expenditures in the event the Foundation’s operating reserve is projected to remain below the minimum

requirements beyond 2008-09, for report to the Trustees at this meeting.

DECISION: The Trustees

1. note that, as of 30 November 2008, the operating reserve balance of negative US\$39.1 million does not meet the minimum required reserve ratio of 50 percent (US\$86.8 million);
2. receive the general secretary’s report on the RI and TRF contingency planning;
3. thank the general secretary for the actions taken to reduce expenses during this adverse economic climate and approve favorable budget variances of US\$1.8 million for 2008-09;
4. request the general secretary to
 - a. incorporate the contingency plan cost reduction options into the proposed 2009-10 budget for the Trustees to consider at their April 2009 meeting;
 - b. reduce the 2008-09 World Fund expenditures by US\$16.7 million, as shown in Appendix G, and approve a favorable budget variance of this amount.

88. Budget Modifications

Statement: The Trustees approved several modifications to the 2008-09 budget during the course of this meeting.

DECISION: The Trustees

1. approve modifications to the 2008-09 budget:

2008-09 Budget	
Revenues	US\$225,799,000
76. Report of the International PolioPlus Committee	80,030,000
Total revenues	305,829,000
Program Awards	153,002,000
76. Report of the International PolioPlus Committee	27,650,000
Total program awards	180,652,000

Program Operations	22,725,000
Fund Development	16,162,000
General Administration	<u>5,794,000</u>
Total expenses	<u>225,333,000</u>
Change in Net Assets	<u>US\$80,496,000</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 17-18 January 2009 in San Diego, California, USA.

2. approve budget variances for 2008-09 as indicated below:

83. Update on the 2009 Rotary World Peace Symposium	US\$20,000
87. Status of Operating Reserve – Operations and Administration Expense	(1,800,000)
87. Status of Operating Reserve - World Fund Expenditures	<u>(16,700,00)</u>
January 2009 meeting	US\$(18,480,000)
October 2008 meeting	(950,000)
June 2008 meeting	<u>15,000</u>
Total Variances 2008-09	<u>(19,415,000)</u>
Revised Change in Net Assets	<u>US\$99,911,000</u>

Jonathan B. Majiyagbe, Chairman
The Rotary Foundation

Alice Baehler
Secretary of the Meeting

ATTEST:

Ed Futa
General Secretary

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

	<u>2009-10</u>	<u>2010-11</u>
86. Report of RI/TRF Allocation Committee		US\$12,000
74. 3-H Program Considerations for the RI/USAID Alliance	US\$1,605,000	
Total Budget Impact	<u>US\$1,605,000</u>	<u>US\$12,000</u>

APPENDIX A

Summary of Decisions Taken on Behalf of the Trustees (Decision 60)

- Exhibit a - Citation for Meritorious Service Awards
Twenty-two recipients in ten countries.
- Exhibit b - PolioPlus Grants Approved by the Trustee chairman
Two PolioPlus Partners Priority C Country grants and one administrative grant for a total of US\$413,389.
- Exhibit c - Ambassadorial Scholarships, Grants for University Teachers Awards, Rotary Centers and Group Study Exchanges.
*Seven hundred ninety Ambassadorial Scholarships and Rotary Grants for University Teachers were approved for the 2009-10 program year, for a total of US\$16,402,000.
Seven Regional Scholar Seminar grants were approved for a total of US\$63,740.
Sixty Rotary World Peace Fellowships were awarded for the 2009-11 program years, and 25 fellowships for the short-term certificate in Bangkok, Thailand, June 2009 class .
One Special Initiative Grant of US\$5,000 was awarded.
Forty-six Group Study Exchanges (GSE) policy exceptions were approved and one was denied.*
- Exhibit d – District Simplified Grants
Forty-seven grants approved for a total of US\$895,383.
- Exhibit e – Matching Grants
Five hundred sixty-one grants for a total of US\$7,020,941.50.
- Exhibit f – Volunteer Service Grants
Sixty-eight grants in 33 countries for a total of US\$351,000.
- Exhibit g – Humanitarian Grants Cadre
Seventeen grants reviewed for a total cost of US\$1,109.89.
- Exhibit h –Humanitarian Grants administration
*One decision made by the Trustee chairman.
Nine decisions made by the general secretary.*

APPENDIX B

PROPOSED COUNCIL ENACTMENT TO AMEND THE TERMS OF REFERENCE OF THE RI AUDIT COMMITTEE (Decision 63)

To amend the terms of reference of the RI audit committee to expand responsibilities to act as the audit committee of
The Rotary Foundation as well as
Rotary International

Proposed by the Board of Directors of RI

IT IS ENACTED by Rotary International that the BYLAWS OF ROTARY INTERNATIONAL be and hereby are amended as follows (page 239 MOP)

Article 16 Committees

16.110 Audit Committee

The board shall appoint an audit committee to be composed of seven ~~six~~ members, each of whom shall be independent and financially literate. The members of the committee shall include three current members of the board appointed annually by the board and two current trustees of The Rotary Foundation appointed annually by the trustees. ~~In addition, the committee shall include two members appointed by the board who shall be neither members of the board nor trustees of The Rotary Foundation, and who shall serve single terms of six years with staggered terms.~~ ~~The three non-director members shall serve a single term of six years with staggered terms.~~ The audit committee shall review and report to the board as appropriate on RI and TRF financial reports, the external audit, the system of internal control, internal audit, and other matters connected therewith. The committee shall meet up to three times per year at such times and places and upon such notice as may be determined by the president, the board, or the chairman of the committee, and if deemed necessary by the president or the chairman of the committee, additional times during the year at such times and places and upon such notice as may be determined by the president or the chairman of the committee. The chairman of the operations review committee or the chairman's designee shall serve as a liaison to the committee. The committee, which shall act only in an advisory capacity to the board and trustees, shall function under such terms of reference not in conflict with the provisions of this section, as may be prescribed by the board and trustees.

Interim Provision Relating to Section 16.110.

From the effective date of 1 July 2007, three non-directors shall be appointed. One non- director shall serve a two-year term ending 30 June 2009, one non-director shall serve a four-year term ending 30 June 2011, and the third non-director shall serve a six-year term Ending 30 June 2013.

(End of Text)

Note: Material to be deleted is lined through and will not appear in the revised text. New material is underlined.

APPENDIX G

**Reductions to 2008-09 World Fund Expenditures
(Decision 87)**

(US\$ in 000)

	Enforce 45-day policy for submitting travel requests to RITS for Group Study Exchange teams.	Awards	\$ 400
	Defer or cancel spending on World Fund-funded programs, in the following order as funding is needed:		
	a. Volunteer Service Grants	Awards	200
	b. 3-H Grants	Awards	2,000
	c. Reduce Matching Grant World Fund spending	Awards	14,100
		Total	<u>\$16,700</u>

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* Filed only with the official copy of these minutes.