



**MINUTES**  
**of the**  
**AUGUST 2019**  
**ROTARY FOUNDATION**  
**BOARD OF TRUSTEES MEETING**

**ROTARY FOUNDATION TRUSTEES**  
**2019–20**

**CHAIR**

**Gary C. K. Huang**  
Taipei, Taiwan (Rotary Club of Taipei)

**VICE CHAIR**

**Kenneth M. Schuppert Jr.**  
Decatur, AL, USA (Rotary Club of Decatur)

**CHAIR-ELECT**

**K.R. Ravindran**  
Colombo, Sri Lanka (Rotary Club of Colombo)

**GENERAL SECRETARY**

**John Hewko**  
Evanston, IL, USA (Rotary Club of Kyiv, Ukraine)

**OTHER TRUSTEES**

**Jorge Aufranc**  
Guatemala City, Guatemala  
(Rotary Club of Guatemala Sur)

**Brenda M. Cressey**  
Templeton, CA, USA (Rotary Club of Paso Robles)

**Hipólito S. Ferreira**  
Belo Horizonte, Brazil  
(Rotary Club of Contagem-Cidade Industrial)

**John F. Germ**  
Chattanooga, TN, USA (Rotary Club of Chattanooga)

**Per Høyen**  
Gelsted, Denmark (Rotary Club of Aarup)

**Jennifer E. Jones**  
Lasalle, ON, Canada  
(Rotary Club of Windsor-Roseland)

**Seiji Kita**  
Saitama, Japan (Rotary Club of Urawa East)

**Julia D. Phelps**  
Greenland, NH, USA (Rotary Club of Amesbury)

**Ian H. S. Riseley**  
Black Rock, Victoria, Australia  
(Rotary Club of Sandringham)

**Gulam A. Vahanvaty**  
Mumbai, Mah., India (Rotary Club of Bombay)

**Michael F. Webb**  
Somerset, England (Rotary Club of Mendip)

**Sangkoo Yun**  
Jongro-Gu, Republic of Korea  
(Rotary Club of Sae Hanyang)

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**MINUTES**  
**of the**  
**AUGUST 2019 MEETING**  
**Rotary Foundation Board of Trustees**

The 2019–20 Rotary Foundation Trustees held their second meeting of the year on  
16 August 2019 via videoconference

Present were Chair Gary C.K. Huang, Vice Chair Kenneth M. Schuppert Jr., Chair-elect K.R. Ravindran, other Trustees Jorge Aufranc, Brenda M. Cressey, Hipolito S. Ferreira, John F. Germ, Per Høyen, Jennifer Jones, Seiji Kita, Julia D. Phelps, Ian H.S. Riseley, Gulam A. Vahanvaty, Michael F. Webb, Sangkoo Yun, and General Secretary John Hewko. Jeffry Cadorette attended as director liaison.

Andrew McDonald served as secretary of the meeting with assistance from Matt Hohmann. Other staff present were Michele Berg, Julie Burke, Nancy Hoffman, Armando Huerta, Eric Jones, Abby McNear, Maureen Ninneman, Steven Routburg, Eric Schmelling, Thomas Thorfinnson, and Doris Yuxue Xie. Misa Mais and Eiko Terao served as staff interpreters.

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

\* \* \* \* \*

**13. 2018–19 Year-End Financial Report**

*Statement:* The Trustees received the 2018–19 year-end financial report, reflecting preliminary total revenues of US\$361 million (including \$322 in contributions, \$38 million in net investment returns, and 1 million in “other” income) and total expenses of \$335 million. The Trustees also reviewed the overall status of Foundation assets, including the Annual Fund, Endowment Fund, PolioPlus Fund, operating reserves, and other assets (which include, among others, revenue from One Rotary Center and licensee fees).

**DECISION:** The Trustees receive the general secretary’s report on the 2018–19 year-end financials.

**14. Investment Results for Fiscal Year 2018–19 and July 2019 Estimated Returns**

*Statement:* The general secretary reported on the 2018–19 investment results for each of the four main portfolios as follows: The Annual Fund and Endowment Fund posted losses in the first half of the fiscal year amidst heightened market volatility but recovered in the second half of the year fiscal year. The Operating Reserve fund and PolioPlus fund also posted positive results.

	<u>FY2018–19</u>	<u>Benchmark</u>
<b>Annual Fund</b>	+2.8%	+2.6%
<b>Endowment Fund</b>	+4.7%	+4.8%
<b>Operating Reserve</b>	+4.0%	+2.3%
<b>PolioPlus</b>	+2.4%	--

**DECISION:** The Trustees receive the general secretary’s update on investments.

**15. Grant Appeals**

*Statement:* The Rotary Foundation Code of Policies authorizes the general secretary to approve all grant awards up to US\$100,000. Any appeals of the general secretary’s action in this regard will be reviewed by the Trustees. The general secretary received two appeals to global grant applications that had been previously denied.

**DECISION:** The Trustees

1. agree, on an exception basis, to award Global Grant 1983618 sponsored by the Rotary Club of Abingdon, UK (District 1090) and District 6080 (USA) to fund a peacebuilding and conflict prevention scholarship for Mr. Raymond Pottbaum in the amount of \$21,250 from the World Fund (total scholarship cost of \$43,750);

2. uphold the decision of the general secretary to decline Global Grant 1987842 sponsored by the Rotary Clubs of Reading Abbey, UK (District 1090) and Fort Worth East, TX, USA (District 5790) to fund a peacebuilding and conflict prevention scholarship for Mr. Austin Perrotti in the amount of \$15,288 from the World Fund (total scholarship cost of \$31,363).

## 16. New Philippines Entity

*Statement:* In decision 158, June 2018, the Trustees requested the general secretary to take efforts to establish a new entity in the Philippines if the Foundation's tax appeal in that country was rejected. In November 2018, local Philippines counsel advised that the Foundation should explore establishing a new entity to accept local funds and provide tax benefits to donors. The general secretary reported on the steps being taken to find an alternative entity that could fulfill this role.

**DECISION:** The Trustees request the general secretary to establish a new, corporate entity in the Philippines to accept donations, provide tax deduction for donors, and pay local grants.

## 17. Resolution to Appoint Agent in Estate Matter

*Statement:* The general secretary reported on the status of a legal representative for an open estate in Australia.

**DECISION:** The Trustees appoint Bruce Allen as the Foundation's legal representative for the purposes of obtaining a grant of Letters of Administration for the Estate of the Late Warren Norman Campbell Knox in proceedings 2018/00208487.

## 18. Election of 2019 Council on Resolutions Member

*Statement:* RI Bylaws section 9.110.6. provides for the Trustees to elect a trustee representative to the Council on Resolutions as a non-voting member of the Council.

**DECISION:** The Trustees, pursuant to RI Bylaws section 9.110.6., elect Trustee John Germ as a non-voting member of the 2019 Council on Resolutions.

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## 2019–20 Budget Review

- The approved 2019–20 Rotary Foundation's budget.

### 2019–20 Budget

Revenues:	US\$385,502,000
Program Awards:	304,310,000
Program Operations	21,727,000
Operating Expenses	<u>36,276,000</u>
Total Expenses:	362,313,000

Net total of revenue and reserve  
funding over expenses: 23,189,000

## Adjournment

The foregoing is a true record of the 2019–20 Trustees videoconference meeting held on 16 August 2019.

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Gary C. K. Huang, Chairman  
The Rotary Foundation

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Andrew McDonald  
Secretary of the Meeting

## ATTEST:

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John Hewko  
General Secretary, RI