



MINUTES
of the
JANUARY 2019
ROTARY FOUNDATION
BOARD OF TRUSTEES MEETING

ROTARY FOUNDATION TRUSTEES
2018–19

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(Rotary Club of Sae Hanyang)

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* Filed only with the official copy of these minutes

MINUTES

of the

JANUARY 2019 MEETING

Rotary Foundation Board of Trustees

The 2018–19 Rotary Foundation Trustees held their second meeting of the year on 9–11 January 2019 in Evanston, IL, USA

Present were Chair Ron D. Burton, Vice-Chair Brenda Cressey, Chair-elect Gary C.K. Huang, other Trustees Mário C. de Camargo, John F. Germ, Mary Beth Growney Selene, Per Høyen, Seiji Kita, Julia D. Phelps, K.R. Ravindran, Kenneth M. Schuppert Jr., Gulam A. Vahanvaty, Michael F. Webb, Sangkoo Yun, and General Secretary John Hewko. Jeffry Cadorette attended as director liaison. Trustee Örsçelik Balkan was unable to attend this meeting.

At the invitation of the chairman, incoming Trustees Jorge Aufranc, Hipolito S. Ferreira, and Ian H.S. Riseley also attended. To attend to her responsibilities as assistant moderator of the 2019 International Assembly, Jennifer Jones received the chair's permission to miss observing this Trustees meeting.

Andrew McDonald served as secretary of the meeting with assistance from Matt Hohmann. Other staff present were David Alexander, Jim Barnes, Victor Barnes, Michele Berg, Meredith Burlew, Lori Carlson, Richard Kick, Bernadette Knight, Abby McNear, Maureen Ninneman, Carol Pandak, Steven Routburg, Eric Schmelling, Thomas Thorfinnson, and Nora Zei. 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:

* * * * *

61. Approval of the October 2018 Meeting Minutes

Statement: The general secretary distributed the October 2018 Trustees meeting minutes to each trustee.

DECISION: The Trustees approve the minutes of their October 2018 meeting and request the chairman to sign the official copy of those minutes.

62. Ratification of Decisions Taken on Behalf of the Trustees

Statement: Rotary Foundation Bylaws section 5.10 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 shown in Appendix A—the complete copy of which is filed only with the official copy of these minutes—taken on their behalf between 22 September and 28 November 2018 by those authorized to do so.

63. General Secretary's Report

Statement: The general secretary presented an update on the work at the Secretariat since the October 2018 Trustees meeting.

DECISION: The Trustees receive the general secretary's report on the activities at the Secretariat since the October 2018 Trustees meeting.

64. Tentative Future Agenda

Statement: At each meeting, the Trustees review a tentative agenda for their next meeting.

DECISION: The Trustees receive the tentative agenda for their April 2019 meeting.

65. Updates to The Rotary Foundation Code of Policies

Statement: Rotary Foundation Code of Policies section 22.010.6. 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. The general secretary also recommends amendments to the Code to reflect current practices, language, or other factors.

DECISION: The Trustees amend the Rotary Foundation Code of Policies as shown in Appendix B, filed only with the official copy of these minutes.

66. Approval of 2019–20 Committee Structure and Appointments

Statement: Rotary Foundation Bylaws section 6.1 provides for the Trustees to establish committees and prescribe the duties and authority of such committees. The number of members on the committees and the term of membership shall be as determined by the Trustees. Rotary Foundation Bylaws section 6.2 states that the Trustee chairman shall appoint the members of the committees. Rotary Foundation Code of Policies section 23.010.1. provides that such appointments are reviewed and approved by the full Board of Trustees at their January meeting. Chair-elect Huang presented his recommended committee appointments for the Trustees' consideration.

DECISION: The Trustees

1. approve Chair-elect Huang's proposed committee structure for 2019–20 and his recommendations for the 2019–20 Foundation committees and joint committees with the RI Board as shown in Appendix C, filed only with the official copy of these minutes, and request the chair-elect to invite the listed persons to serve in their respective roles;
2. offer their congratulations, encouragement, and support to all of the committee members for the next Rotary year.

67. Joint Task Force to Consider RI Tax Status Report

Statement: In decision 137, April 2018, the Trustees agreed to establish a six-member joint task force comprising three 2018–19 trustees and three 2018–19 directors to study the issues relating to the possible change in RI's tax status. The task force met multiple times, in-person and via correspondence, starting in August 2018 and met recently via teleconference to review suggested revisions to the operating agreement between Rotary International and The Rotary Foundation in light of the proposed change of RI's tax status. The task force presented a revised operating agreement for the Trustees to review.

DECISION: The Trustees

1. approve the draft operating agreement between Rotary International and The Rotary Foundation of Rotary International prepared by the Joint Task Force to consider RI Tax Status as presented at this meeting;
2. endorse the RI Board's proposal to convert RI into Section 501(c)(3) organization and proposed position statement 19-117 submitted to the 2019 Council on Legislation by the RI Board in furtherance thereof, as shown in Appendix D.

Note: Trustee Chair Burton requested his no vote be recorded.

68. 2019 Council on Legislation Report

Statement: RI Bylaws section 9.010.6. provides for the Trustees to elect a Trustee representative as a non-voting member of the Council on Legislation. The primary role of the Trustee representative at the Council is to alert the Trustees to any enactments or position statements that may be of particular interest. In the lead up to the 2019 Council, Trustee Representative Growney Selene reported on items of legislation that may be of interest to the Trustees, the logistics of the Council, and other topics.

DECISION: The Trustees

1. thank Trustee Growney Selene for her report on the 2019 Council on Legislation;
2. agree with the strategy as discussed at this meeting for the 2019 Council on Legislation.

69. Donor Recognition for Corporate Giving

Statement: In decision 106, April 2018, the Trustees agreed to extend the corporate social responsibility India pilot project for a fourth year through 30 June 2020. In decision 20, August 2018, the Trustees requested the general secretary to study additional opportunities and issues identified during the current pilot for further review. The general secretary requested the Trustees to consider clarifying the circumstances in which it is appropriate to confer Major Donor or Arch Klumph Society recognition on an individual for a gift involving a corporation or foundation, and what it means for an

outside organization to be an Arch Klumph Society member.

DECISION: The Trustees

1. reaffirm that only outright personal contributions to The Rotary Foundation qualify for Major Donor and Arch Klumph Society recognition;
2. confirm that contributions from a family-controlled business or a family foundation may be considered outright personal contributions for Major Donor and Arch Klumph Society recognition purposes;
3. confirm that these policies apply to recognition for all corporate and foundation contributions, including Corporate Social Responsibility contributions.

DECISIONS 70–76

International PolioPlus Committee Report
Meeting 7–8 January 2019 in Evanston, IL, USA

70. Increase of World Fund Match for District Designated Funds Contributions to PolioPlus

Statement: The International PolioPlus Committee reported that the PolioPlus program has seen a 35 percent decrease in DDF contributions over the previous year. Noting that the World Fund match for Global Grants paid for with DDF is one-to-one, the committee recommended that the same ratio be established for DDF contributions to PolioPlus. The committee further recommended doubling the available DDF earmarked for PolioPlus contributions by districts.

DECISION: The Trustees amend their decision 68, January 2017, to increase the World Fund match from US\$0.50 to \$1.00 for every \$1.00 of DDF contributed to the PolioPlus program, and to increase the maximum from \$5 million to \$10 million annually, effective for fiscal years 2019–20 through 2022–23.

71. PolioPlus Partners Report

Statement: PolioPlus Partners provides grants for direct Rotarian engagement in the polio-endemic and high-risk countries. These grants are primarily used for social mobilization, surveillance, and to encourage Rotarian volunteer efforts on the ground. In decision 37, September 2017, the Trustees extended the PolioPlus

Partners program through 2018–19 and allocated up to US\$3.5 million from the PolioPlus Fund for PolioPlus Partners grants in 2018–19. Noting that polio cases continue to be reported and Rotarian engagement is needed in polio endemic and high risk countries, the International Polio-Plus Committee suggested that the Trustees extend and approve additional funding for PolioPlus Partners grants through 2020.

DECISION: The Trustees

1. extend the PolioPlus Partners program through fiscal year 2020;
2. allocate up to US\$3 million from the PolioPlus Fund for PolioPlus Partners grants in fiscal year 2020.

72. 2018–19 Service Awards for a Polio-free World Update

Statement: The Service Award for a Polio-free World honors Rotarians who have contributed active, personal service toward the goal of polio eradication. Nominations for the 2018–19 awards were reviewed by the International PolioPlus Committee and forwarded to the Trustees for approval.

DECISION: The Trustees approve the following four nominations for the International Service Award for a Polio-Free World:

Omara Benjamin Abe
Keith Barnard-Jones
Dernet Duarte
Ashok Mirchandani

73. 2018–19 PolioPlus Pioneer Award Update

Statement: The PolioPlus Pioneer Award honors Rotarians who have provided extraordinary service to The Rotary Foundation and the goal of polio eradication. Nominations for the 2018–19 awards were reviewed by the International PolioPlus Committee and forwarded to the Trustees for approval. The committee also recommended an amendment to the Rotary Foundation Code of Policies regarding the award criteria.

DECISION: The Trustees

1. approve the following 16 nominations for the PolioPlus Pioneer Award:

Masood Ahmed Bhalli
 Carmen Bossenbrock
 Kenneth E. Collins
 Chinnathambi Gunasekaran
 Sushil Gupta
 Ruben Henson
 Veli Honkola
 Abdul Haiy Khan
 Ashok Mulraj Mahajan
 Manohar Lal Manchanda
 Philip McDonalds
 Albert J. Miller
 R.M. Muthukaruppan
 Charles Rockwood
 Walter Sczebel
 Jun Tambunting

2. amend Rotary Foundation Code of Policies section 51.060.8. regarding the PolioPlus Pioneer Award as follow:

Criteria:

1. The service must be non-financial, although service in advocacy and fund raising is not excluded.
2. A Rotarian may receive the Pioneer award and one or both of the Service Awards for a Polio-free World.
3. Current and past directors, trustees and members of the International PolioPlus Committee are ~~ineligible~~ eligible for the award.

74. PolioPlus Grants: Combined World Health Organization African Region (WHO/AFRO) and UNICEF Grant Request

Statement: The World Health Organization African regional office (WHO/AFRO) and UNICEF requested grants for technical assistance in Democratic Republic of Congo and Nigeria; social mobilization support in Chad and Nigeria; and operational support for Democratic Republic of Congo, Kenya, Nigeria, and South Sudan; and surveillance support in the African region.

DECISION: The Trustees

1. approve a PolioPlus grant in the amount of US\$448,547 to UNICEF for technical assistance for the following countries:
 - DR Congo \$360,000

- Nigeria \$88,547

this grant to be released in accordance with Trustee policies;

2. approve a PolioPlus grant in the amount of \$803,279 to UNICEF for social mobilization support for the following countries:

- Chad \$102,395
- Nigeria \$700,884

this grant to be released in accordance with Trustee policies;

3. approve a PolioPlus grant in the amount of \$7,425,597 to WHO for operational support for the following countries:

- DR Congo \$3,814,271
- Kenya \$2,421,844
- South Sudan \$1,189,482

this grant to be released in accordance with Trustee policies;

4. approve a PolioPlus grant in the amount of \$4,942,929 to UNICEF for operational support in Nigeria, this grant to be released in accordance with Trustee policies;

5. approve a PolioPlus grant in the amount of \$5,129,877 to WHO for surveillance support in the African region, this grant to be released in accordance with Trustee policies;

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

7. note that these are one-year grants that must be fully expended by 31 March 2020, or one year after the transfer of funds to the grantee, whichever comes later;

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

- African Region from: \$199,773,032 to \$204,902,909;

- Chad from:
\$46,451,106 to \$46,553,501;
- DR Congo from:
\$70,362,928 to \$74,537,199;
- Kenya from:
\$5,714,678 to \$8,136,522;
- Nigeria from:
\$257,883,648 to \$263,616,008;
- South Sudan from:
\$47,880,304 to \$49,069,789.

75. PolioPlus Grants: Combined World Health Organization Eastern Mediterranean Region (WHO/EMRO) and UNICEF Grant Request

Statement: The World Health Organization Eastern Mediterranean regional office (WHO/EMRO) and UNICEF requested grants for technical assistance in Afghanistan, Pakistan, and Somalia; social mobilization support in Afghanistan and Pakistan; and for operational support in Afghanistan, Iraq, Pakistan, Syria, and Yemen.

DECISION: The Trustees

1. approve a PolioPlus grant in the amount of US-\$2,510,436 to UNICEF for technical assistance in the following countries:

- Afghanistan \$869,351
- Pakistan \$1,001,085
- Somalia \$640,000

this grant to be released in accordance with Trustee policies;

2. approve a PolioPlus grant in the amount of \$10,347,934 to UNICEF for social mobilization support in the following countries:

- Afghanistan \$1,719,017
- Pakistan \$8,628,917

this grant to be released in accordance with Trustee policies;

3. approve a PolioPlus grant in the amount of \$13,732,075 to WHO for operational support in the following countries:

- Afghanistan \$3,870,791
- Iraq \$4,033,179
- Pakistan \$2,917,992

- Syria \$816,790
- Yemen \$2,093,323

this grant to be released in accordance with Trustee policies;

4. approve a PolioPlus grant in the amount of \$2,807,881 to UNICEF for operational support in Afghanistan, 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 that must be fully expended by 31 March 2020, 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:
\$159,991,891 to \$169,258,931;
- Iraq from:
\$8,442,023 to \$12,475,202;
- Pakistan from:
\$205,669,274 to \$218,217,267;
- Somalia from:
\$46,763,568 to \$47,403,568;
- Syria from:
\$746,946 to \$1,563,736;
- Yemen from:
\$1,981,370 to \$4,074,693.

76. PolioPlus Grants: World Health Organization Polio Research Committee Grant Request

Statement: The World Health Organization Polio Research Committee requested a grant for polio eradication research activities in Colombia, India, Belgium, Nigeria, Pakistan, and China.

DECISION: The Trustees

1. approve a PolioPlus grant of up to US\$933,175 to WHO for the implementation of polio eradication research activities in Colombia, India, Belgium,

Nigeria, Pakistan and China as 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 that must be fully expended by 31 March 2021;
4. note that this grant, if fully expended, will bring the total PolioPlus grants to WHO/Research to \$33,442,226.

77. End of Polio Communications Plan Expansion Update

Statement: In decision 17, August 2018, the Trustees received the End of Polio communications expansion concept and requested the general secretary to conduct further research into End of Polio communication plan options. Noting that new polio cases have been reported, the general secretary suggested that the Trustees defer further exploration of costs for the End of Polio communication plan and to transfer any unused funds targeted for polio communication into the 2019–20 polio communications budget. The general secretary also reported on plans to identify one public-facing End of Polio activity for regional use, one to be deployed globally, and one that can be used by clubs locally.

DECISION: The Trustees

1. receive an update on the End of Polio Communications expansion proposal;
2. agree to transfer any unspent polio communications funds after 30 June 2019 into the 2019–20 polio communications funds budget.

78. Level III Grant Requests

Statement: Per Trustee policy, Global Grants requesting over US\$100,000 from the World Fund must seek Trustee approval. The Trustees reviewed four such Global Grant applications at this meeting.

DECISION: The Trustees

1. agree to award
 - a. Global Grant 1752052, a disease prevention and treatment grant sponsored by the Rotary Clubs of Mumbai Cuffe Parade, India (District 3141) and Kathmandu Metro, Nepal (District 3292) to provide medical equipment to a community hospital in Jajarkot, Nepal in the amount of \$78,750 from the World Fund (total project cost of \$240,250);
 - b. Global Grant 1869296, a disease prevention and treatment grant sponsored by the Rotary Clubs of Jaipur Round Town, Rajasthan, India (District 3054) and Central Butwal, Nepal (District 3292) to provide dialysis care to people in need at hospitals in Butwal, Tansen, and Ghorahi, Nepal in the amount of \$200,000 from the World Fund (total project cost of \$560,000);
 - c. Global Grant 1871792, a maternal and child health grant sponsored by the Rotary Clubs of Anthony Wayne (Fort Wayne), IN, USA (District 6540) and Raipur Greater, Chhattisgarh, India (District 3261) to provide cardiac surgical equipment to Sri Sathya Sai Sanjeevani Hospital in Raipur, India in the amount of \$148,885 from the World Fund (total project cost of \$394,677);
2. to enable the sponsors to increase their eligibility, the Trustees defer consideration until their April 2019 meeting of Global Grant 1876643, a basic education and literacy grant sponsored by the Rotary Club of Nairobi-Utumishi, Kenya (District 9212) and District 1860 (Germany) to improve literacy levels, promote gender parity, and increase academic performance in western Kenya in the amount of \$109,030 from the World Fund (total project cost of \$245,100).

79. 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 to uphold the general secretary’s decision to decline Global Grant 1871643 sponsored by the Rotary Clubs of Nuuk, Greenland (District 1470) and Hørsholm, Denmark (District 1470) to construct four playgrounds in the Kujalleq municipality in Greenland, in the amount of US\$19,173 from the World Fund (total project cost of \$47,934);
2. do not agree to waive the prohibition on funding local undergraduate studies for health care workers in Liberia.

Note: Trustee de Camargo requested his no vote be recorded.

80. Areas of Focus Review Committee Report

Statement: The Areas of Focus Review Committee met on 7–8 November 2018 in Evanston, IL, USA, and discussed the development of the Areas of Focus policy statements, an update on the evaluation of the Areas of Focus, Areas of Focus activity to date, the new programs of scale grant type, disaster relief and how Rotary responds to disasters, data on areas of interest from Rotarians and non-Rotarians, focus areas at other foundations, levels of assessment, fundraising within the Areas of Focus, issues around declined grant applications, procedures for grant appeals, and common project issues, among other topics.

DECISION: The Trustees

1. thank the Areas of Focus Review Committee for its report;
2. amend the Rotary Foundation Code of Policies regarding the levels of assessment for global grants, effective 1 July 2019, as follows:

33.050.3. Humanitarian Projects
 Global grants support Rotary clubs and districts in their efforts to address humanitarian issues within the areas of focus and benefit communities in need.

[text omitted]

C. Eligibility

[text omitted]

3. Levels of Grant Application Assessment

- a) Level 1*
 - i. ~~Award World Fund award~~ amount: US\$15,000-US\$50,000
 - ii. Assessment requirements: Application review by general secretary; area of focus expert analysis, if needed.
- b) Level 2*
 - i. ~~Award World Fund award~~ amount: ~~US\$50,001-US\$100~~ US\$50,001–US\$200,000, or
 - ii. Total funding amount for applications with directed gifts or endowment earnings: US\$100,002–US\$400,000, and
 - iii. Assessment requirements: Application review by general secretary; area of focus expert analysis, ~~if needed;~~ ~~technical review~~ and interim site visit by The Rotary Foundation Cadre of Technical Advisers.
- c) Level 3*
 - i. ~~Award World Fund award~~ amount: ~~US\$100,001-US\$200,000~~ US\$200,001–400,000, or
 - ii. Total funding amount for applications with directed gifts or endowment earnings: US\$400,002+, and
 - iii. Assessment requirements: Application review by general secretary, area of focus expert analysis, ~~technical review,~~ advance site visit, audit and/or interim site visit by The Rotary Foundation Cadre of Technical Advisers.

*An area of focus expert, in consultation with the Cadre chair, may determine that the appropriate level of assessment is not commensurate with the award amount and either waive or add additional requirements to the level of assessment. Applications that include directed gifts or endowment earnings shall be assessed based upon their total funding, not the award amount.

3. agree to revisit the levels of assessments every five years to ensure that they are appropriately set.

81. Peace Programs Oversight Committee Report

Statement: The Peace Programs Oversight Committee met on 5–7 September 2018 in Evanston, IL, USA, and discussed Rotary’s overall peace strategy, staffing structure for the peace programs, a new peace center search, a report from cadre member Dr. Dan Shanit on a potential peace center in the Middle East, and Rotary’s partnership with Chulalongkorn University, among other topics.

DECISION: The Trustees thank the Peace Programs Oversight Committee for its report on Rotary’s peace strategy, staffing structure for peace, and the new Rotary Peace Center search.

82. Rotary Disaster Response Fund and Grant

Statement: In decision 154, June 2018, the Trustees requested the general secretary to research allowing The Rotary Foundation to receive disaster-related donations and immediately distribute the funds to the disaster-affected districts, and to further research providing for districts to contribute District Designated Funds to a disaster relief fund that would be passed to an established district disaster committee. The general secretary presented options at the October 2018 meeting, and the Trustees, in decision 50 from that meeting, requested the general secretary, based on discussion at the meeting, to further study the possibility of establishing a disaster response fund. The general secretary recommended the Trustees consider the creation of a single Rotary disaster response fund that would support Rotarians’ worldwide response to disasters.

DECISION: The Trustees

1. agree to establish a “Rotary Disaster Response Fund” as the single support fund to receive contributions through the Foundation’s normal contribution mechanisms, including district designated funds (DDF), for worldwide Rotarian response to disasters;
2. agree to transfer to the Rotary Disaster Response Fund all the remaining monies in the Rotary Pakistan Flood Recovery Fund and the Rotary Southern United States Tornado Disaster Recovery Fund;
3. agree to a five percent assessment from all cash contributions to the disaster response fund to cover the costs associated with these gifts;

4. agree to the creation of a new grant type—Rotary Disaster Response Grant—for the distribution of grants of up to US\$25,000 provided that funds are available from the disaster response fund;
5. request the general secretary to evaluate the new disaster response fund and grant and recommend continuation or cancellation of the program based on its effectiveness, for report to the January 2022 Trustees meeting.

83. Rotary Peace Centers Conflict of Interest Policy

Statement: The Rotary Peace Centers Committee recommended the Trustees consider amending their policy regarding membership on the district Rotary Peace Fellowship Subcommittee to ensure there is no conflict of interest among reviewers for the selection of Rotary Peace Fellowship finalists.

DECISION: The Trustees amend the Rotary Foundation Code of Policies regarding the qualification of membership on the district Rotary Peace Fellowship Subcommittee as follows:

25.020.5. Rotary Peace Fellowship Subcommittee

Note: This subcommittee shall become effective 1 July 2019.

Purpose

The Rotary Peace Fellowship subcommittee is responsible for promoting and encouraging participation in the Rotary Peace Centers program.

Additional Qualification of Members

In appointing members of the district Rotary Peace Fellowship subcommittee, preference should be given to Rotarians who have experience with a Rotary Peace Fellowship, speak a second language, and have professional expertise in peace and conflict resolution.

To avoid the appearance of a conflict of interest, Rotary Peace Centers Committee members and volunteer readers for the Rotary Peace Fellowship are not permitted to serve concurrently as a district Rotary Peace Fellowship Sub-committee chair or serve on a district Rotary Peace Fellowship Subcommittee.

[text omitted]

84. RI-USAID Partnership Update

Statement: The RI-USAID Steering Committee met on 15–16 October 2018 in Washington, DC, and discussed WASH program activity in Ghana and Uganda, a possible update to the RI-USAID Steering Committee terms of reference, the creation of the globalwaters.org/rotary-USAID website, and ongoing partnership activity in Ghana, Uganda, and Madagascar, among other topics.

DECISION: The Trustees

1. thank the RI-USAID Steering Committee for its update;
2. approve the RI-USAID Steering Committee’s revised terms of reference, as shown in Appendix E, filed only with the official copy of these minutes.

85. Selection of 2018–19 Alumni Awards Recipients

Statement: The Trustees annually recognize one outstanding Rotary Foundation alumnus with the Rotary Alumni Global Service Award and one exemplary alumni association with the Rotary Alumni Association of the Year Award. The Trustees reviewed the recommended recipients of these awards submitted by the Joint Young Leaders and Alumni Engagement Committee.

DECISION: The Trustees

1. select the individuals, as shown in Appendix F (filed only with the official copy of these minutes), as the 2018–19 primary recipient and alternate recipient of the Rotary Alumni Global Service Award;
2. request the general secretary to notify the award recipient and confirm the recipient’s commitment to receive the award at the 2019 RI (Hamburg) convention;
3. authorize the general secretary, on behalf of the Board, to designate the alternate as the award recipient if the primary award recipient cannot receive the award in person at the Hamburg convention;
4. select the alumni association, as shown in Appendix G (filed only with the official copy of these minutes) as the 2018–19 recipient of the Rotary Alumni Association of the Year Award;

5. request the general secretary to notify the association and confirm its commitment to receive the award at the Hamburg convention.

86. Report on Allegations

Statement: To facilitate the work of the Stewardship Committee, and in accordance with the Rotary Foundation Code of Policies, the Trustees receive semi-annual updates on stewardship allegations, investigations, and litigation.

DECISION: The Trustees

1. receive the special advisers’ report on District 3030 (India), and thank PDG Basu Golyan and PDG Ajay Gupta for their work, and approve probationary participation in Rotary grants to District 3030 until 30 June 2020;
2. suspend the Rotary Club of Nasik from participation in Rotary grants until all special adviser requests related to Global Grant 1642528 are fulfilled;
3. thank District 3054 (India) for the timely resolution of audit requirements and return of funds for Global Grant 1420550 and lift the suspension on district-sponsored grants;
4. suspend the Rotary Club of Jaipur North, Rajasthan, India and the Rotary Club of Jaipur Citizen, Rajasthan, India, from participating in Rotary grants until they participate in a grant management seminar hosted by District 3054 and submit a club financial management plan to The Rotary Foundation, and suspend project committee members Manoj Jain, Archana Sharma, Somender Sharma, and Kamlesh Jain from participation in Rotary grants for three years until 31 January 2022 due to misuse of funds from Global Grant 1420550;
5. receive the special adviser’s report on District 9212 (Kenya, Ethiopia and South Sudan), and thank PDG Francis Tsubira for his work, lift the payment freeze on global grants in District 9212, and request an update at their April meeting inclusive of the Stewardship Committee’s requirements;
6. amend Rotary Foundation Code of Policies section 34.030.3. as follows:

34.030.3. The Rotary Foundation Cadre Chair Responsibilities

The cadre chair responsibilities shall be to:

- 1) Orient and support Technical Coordinators
- 2) ~~Approve~~ Receive a quarterly report of all assignments for technical advisers to who traveled to project sites and report back to the Foundation
- 3) Ensure quality and consistency of all technical adviser reports
- 4) Maintain integrity and confidentiality of all technical adviser reports.

Note: Trustee Growney Selene requested her no vote be recorded on point 4.

87. Rotary Foundation Financial Review

Statement: To ensure that the Trustees are fully aware of the status of Foundation finances before they consider trustee items with potential financial impact, the Rotary Foundation Finance Committee chair reviews the current status of Foundation finances.

DECISION: The Trustees thank Trustee Webb for his review of Rotary Foundation finances.

88. Finance Committee Report

Statement: The Rotary Foundation Finance Committee met on 7 January 2019 in Evanston, IL, USA, and discussed a Foundation financial update, an update on the funding model, the philanthropic support model, an update from the Sunsetting workgroup, and the use of cash in India for philanthropic support, among other topics.

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

89. Audit Committee Report

Statement: The Audit Committee met on 3 January 2019 via webinar and discussed recently completed audits, an update on key performance indicators of the Secretariat's audit department, a summary of management action plans, and survey results evaluating the performance of Rotary's external auditing firm, Deloitte.

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

2018–19 Budget Review

- The Approved 2018–19 Rotary Foundation's budget.

| | |
|--|----------------------------|
| 2018–19 Budget | |
| Revenues: | US\$359,385,000 |
| Program Awards: | 274,151,000 |
| Program Operations | 29,485,000 |
| Operating Expenses | 28,271,000 |
| Total Expenses: | <u>331,907,000</u> |
| Change in net assets before variances: | 24,478,000 |
| Net total of revenue and reserve funding over expenses: | <u>\$27,186,700</u> |

- 2018–19 budget variances:

| | |
|-----------------------|-----------|
| Expenses: | |
| August 2018 meeting: | \$80,000 |
| October 2018 meeting: | \$211,300 |
| January 2019 meeting: | \$0 |

Total 2018–19 Trustee meeting expense: **\$291,300**

Total 2018–19 change in net assets Including variances: **\$27,186,000**

- Decisions taken at this meeting, impacting future years:

| | <u>2018–19</u> | <u>2019–20</u> | <u>2020–21</u> |
|--------------------------------|----------------|------------------|------------------|
| <u>Revenues</u> | | | |
| Dec. 81 RI | | | |
| Disaster Resp. | | | |
| Fund and Grant | - | 500,000 | 500,000 |
| Total Revenues: | \$0 | \$500,000 | \$500,000 |
| <u>Program Awards</u> | | | |
| Dec. 81 RI | | | |
| Disaster Resp. | | | |
| Fund and Grant | - | 475,000 | 475,000 |
| Total Program Awards: | - | \$475,000 | \$475,000 |
| Net Surplus/ (Deficit): | 0 | \$25,000 | \$25,000 |

Adjournment

The foregoing is a true record of the proceedings at the third meeting of the 2018–19 Rotary Foundation Trustees held on 9–11 January 2019 in Evanston, IL, USA.

Ron D. Burton, Chairman
The Rotary Foundation

Andrew McDonald
Secretary of the Meeting

ATTEST:

John Hewko
General Secretary, RI

APPENDIX A

SUMMARY OF DECISIONS TAKEN ON BEHALF OF THE TRUSTEES (Decision 62)

TRF Cadre of Technical Advisers

- The cadre reviewed 57 grants, including three advance site visits, one grant model evaluation vocational training team evaluation, one grant model evaluation beneficiary interview, one grant model evaluation sustainability visit, 28 interim monitoring visits, four operational audits, two random audits, two routine audits, and 15 technical reviews.

PolioPlus Partner Grants

- US\$132,000 of PolioPlus Partners funds to provide vests for health workers in Papua New Guinea.

Foundation Programs

- 228 global grants awarded for a total of \$6,945,523 in World Fund;
- 113 district grants awarded for a total of \$5,788,662 in District Designated Fund.

Waivers

- The Simple Schools pilot, set to end on 31 December 2019, restricts construction of schools to three classrooms, plus additional rooms for miscellaneous school needs. Many Rotarians have expressed interest in building larger schools. Given that this is a pilot and there is some need for flexibility, the general secretary has issued waivers to enable several grants for larger schools to proceed. Six-classroom schools were approved in the following global grants:

Global Grant 1871548: Soronoase Kwaeidenden Elementary School in Tain District of Brong Ahafo Region of Ghana

Districts/Clubs: Rotary Clubs of Sunyani East, Ghana (District 9102) and Rocky Mount, Virginia, USA (District 7570)

Project Description: to provide an elementary school with six classrooms, one staff office, one storage room, one library, and one multipurpose room in Ghana.

World Fund: \$49,126

Total Funding: \$110,377

Global Grant 1872642: Nkrankrom Elementary School in Tain District built by Sunyani East Rotary Club

Districts/Clubs: Rotary Clubs of Sunyani East, Ghana (District 9102) and Rocky Mount, Virginia, USA (District 7570)

Project description: to provide an elementary school with six classrooms, one staff office, one storage room, one library, and one multipurpose room in Ghana.

World Fund: \$39,000

Total Funding: \$97,000

APPENDIX D

2019 COUNCIL ON LEGISLATION PROPOSED POSITION STATEMENT 19-117 (Decision 62)

To authorize the RI Board to take appropriate action to change Rotary International's tax status

Proposer(s): Board of Directors of RI

WHEREAS, through this Proposed Position Statement, the RI Board is seeking authority and direction from the 2019 Council on Legislation on behalf of the membership of Rotary International to take necessary and appropriate action to change Rotary International's tax status and thereby obtain substantial benefits for the association.

WHEREAS, Rotary International is incorporated in the state of Illinois, USA as a not for profit corporation and is exempt from federal income taxes in the U.S. under Section 501(c)(4) of the U.S. Internal Revenue Code.

WHEREAS, Rotary International would gain substantial benefits if it was instead exempt under Section 501(c)(3) of the Internal Revenue Code, including:

- a) Savings from vendors who provide discounts to Section 501(c)(3) organizations - potentially more than US\$400,000 annually.
- b) Reductions in various taxes – up to US\$275,000 annually.
- c) A potential increase in sponsorship/funding partnership opportunities.
- d) A potential increase in obtaining funding through Corporate Social Responsibility programs.

WHEREAS, these cost savings and increased revenue opportunities would serve to reduce future per capita dues increases.

WHEREAS, in November 2016, the RI Board established a corporation in the state of Illinois named "Rotary International Holdings, NFP" that has no assets and no operations.

WHEREAS, Rotary International Holdings, NFP applied to the U.S. Internal Revenue Service for tax exempt status under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service was informed that if Rotary International Holdings, NFP

received Section 501(c)(3) exempt status, then, with approval of the 2019 Council on Legislation, Rotary International and Rotary International Holdings, NFP would be merged. The merged corporation would be known as Rotary International and would operate and be governed in exactly the same manner as Rotary International is currently.

WHEREAS, the Internal Revenue Service granted the exemption in August 2017.

WHEREAS, through this proposed Position Statement, the RI Board is seeking authority and direction of the 2019 Council on Legislation on behalf of the member clubs to take all appropriate action to merge Rotary International with Rotary International Holdings, NFP.

WHEREAS, clubs and districts in the United States are currently automatically tax exempt under a Group Exemption under Section 501(c)(4). This proposal will not change that. The U.S. clubs and districts will remain exempt under a Group Exemption under Section 501(c)(4). RI has applied to the Internal Revenue Service to continue that Group Exemption and is awaiting approval. If the approval is not granted, the process for converting RI to a Section 501(c)(3) organization will be halted.

WHEREAS, this change in the tax status of RI will not change the role of The Rotary Foundation as the primary charitable global fundraising vehicle of Rotary.

IT IS THE POSITION of the 2019 Council on Legislation that the RI Board is authorized and directed to take all necessary and appropriate actions to convert Rotary International into a tax exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code, including merging Rotary International into Rotary International Holdings, NFP. However, the RI Board is directed not to take such action in the event that the application to the U.S. Internal Revenue Service to continue the Group Exemption for U.S. clubs and districts is not granted.

(End of Text)

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* *Filed only with the official copy of these minutes*