



# **MINUTES**

**of the**

**JUNE 2019**

**ROTARY FOUNDATION**

**BOARD OF TRUSTEES MEETING**

**(First meeting of 2019–20 Trustees)**

**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)

## Contents

1.	Ratification of Decisions Taken on Behalf of the Trustees .....	1
2.	General Secretary's Report.....	1
3.	Communications from the Board.....	1
4.	Review of Conflict of Interest Policy .....	1
5.	Tentative Future Agenda .....	2
6.	Investment Committee Report.....	2
7.	Public Benevolent Institution in Australia.....	2
8.	Philanthropic Support Model.....	2
9.	Grant Appeals .....	2
10.	Risk Advisory Committee Report .....	2
11.	Service Partnership Extensions.....	3
12.	Compensation Paid to "Disqualified Persons" .....	3

## Appendices

A.	Decisions Taken on Behalf of the Trustees (Decision 1) (Summary) .....	4
A.*	Decisions Taken on Behalf of the Trustees (Decision 1) (Complete)	

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



# MINUTES

of the

## JUNE 2019 MEETING

### Rotary Foundation Board of Trustees

The 2019–20 Rotary Foundation Trustees held their first meeting of the year on 6 June 2019 in Hamburg, Germany

Present were Chair Gary C.K. Huang, 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. Jeffery Cadorette attended as director liaison. While not present in Hamburg, Vice-Chair Kenneth M. Schuppert participated via video conference call.

Andrew McDonald served as secretary of the meeting with assistance from Matt Hohmann. Other staff present were David Alexander, Jim Barnes, Lori Carlson, Faiz Hanif, Abby McNear, Carol Pandak, Steven Routburg, Eric Schmelling, and Thomas Thorfinnson. 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:

\* \* \* \* \*

#### 1. 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 taken on their behalf by those authorized to do so between 6 March and 3 May 2019, as shown in Appendix A, filed only with the official copy of these minutes.

#### 2. General Secretary's Report

*Statement:* The general secretary presented an update on the work at the Secretariat since the April 2019 Trustees meeting.

*DECISION:* The Trustees receive the general secretary's report on the activities at the Secretariat since the April 2019 Trustees meeting.

#### 3. Communications from the Board

*Statement:* At its May 2019 meeting, the Board took several decisions of interest to the Trustees.

*DECISION:* The Trustees note the following decisions from the 30 May 2019 RI Board meeting:

- 178. Presidential Appointment Review for Assembly and Convention
- 183. Finance Committee Report: Administrative Services Agreement
- 184. Finance Committee Report: Operating Budget
- 186. The Rotary Foundation Unrestricted Programs Budget for 2019–20

#### 4. Review of Conflict of Interest Policy

*Statement:* Rotary Foundation Code of Policies section 20.010. calls for the Trustees to review their conflict of interest policy annually at their first meeting. The Code also requires the Trustees to submit an annual report disclosing all potential conflicts of interest.

*DECISION:* The Trustees have reviewed their current conflicts of interest policy and signed the "Potential Conflicts of Interest Statement" in accordance with the Rotary Foundation Code of Policies section 20.010.

## 5. Tentative Future Agenda

*Statement:* To help the Trustees in their planning and to provide scope for their work ahead, the general secretary presents a draft agenda for the Trustees' next meeting.

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

## 6. Investment Committee Report

*Statement:* The Investment Committee met on 6 May 2019 in Evanston, IL, USA, and discussed asset allocation and investment strategy, private market investments, hedge funds independent return strategies, endowment fund spendable earnings for fiscal year 2020, and an investment performance update, among other topics.

**DECISION:** The Trustees thank the Investment Committee for its report.

## 7. Public Benevolent Institution in Australia

*Statement:* In decision 9, August 2018, the Trustees requested the general secretary to study the formation of a public benevolent institution in Australia that would help expand Rotary's philanthropic reach to local corporate donors, provide tax benefits to local donors, and increase the number, size, and scope of Rotary Foundation in Australia. The general secretary presented findings indicating that there may be challenges in matching Foundation programs with public benevolent institution requirements. The Trustees discussed the report and agreed that more time was needed to fully review the matter.

**DECISION:** The Trustees defer consideration of the establishment of a public benevolent institution in Australia until their October 2019 meeting.

## 8. Philanthropic Support Model

*Statement:* In decision 58, October 2018, the Trustees requested that the general secretary provide an update on the associate foundations and on those countries approved for further investigation under the philanthropic support model. Based on market analysis of the original countries selected, the general secretary provided an updated list of countries that were identified for the model's potential expansion. The general secretary reported that there are alternative structures that may be able to accomplish the goals of an associate

foundation at a reduced cost and with less administration from the secretariat.

**DECISION:** The Trustees

1. receive the general secretary's update on the Philanthropic Support Model;
2. approve Brazil, France, Italy, Korea, and the Philippines as countries for possible expansion of the philanthropic support model;
3. agree that alternative philanthropic support structures should be considered before recommending establishment of an Associate Foundation.

## 9. 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. uphold the decision of the general secretary to decline Global Grant 1980700 sponsored by the Rotary Club of Nashua, NH, USA, (District 7870) and District 4140 (Mexico) to construct 23 low cost shelters in San Antonio Alpanocan, Puebla, Mexico, in the amount of \$42,733 from the World Fund (total project cost of \$97,877);
2. uphold the decision of the general secretary to decline Global Grant 1986801 sponsored by the Rotary Club of Bang Rak, Thailand, (District 3350) and Rotary Club of Suwon-Paldal, Korea, (District 3750) to construct playgrounds in public parks in Pone-Ngam Sub-District, Sakon Nakorn Province, Thailand, in the amount of \$32,500 from the World Fund (total project cost of \$67,500).

## 10. Risk Advisory Committee Report

*Statement:* The Risk Advisory Committee met on 1 April 2019 in Evanston, IL, USA, and discussed existing Rotary risks, new activities and tactics under the strategic plan that could raise the level of known risks to Rotary's portfolio, and a list of emerging risks, among other topics.

**DECISION:** The Trustees thank the Risk Advisory Committee for its report.

## 11. Service Partnership Extensions

*Statement:* The general secretary reported that Rotary’s service partnerships with two organizations were set to expire in June 2019. The general secretary further reported that surveys sent to district community service chairs and district vocational service committee chairs confirmed that these partnerships have been beneficial and should continue to be developed. The RI Board also agreed to extend these partnerships at its May 2019 meeting.

**DECISION:** The Trustees extend Rotary’s pilot service partnership agreements with Ashoka and Mediators Beyond Borders International through 30 June 2022.

## 12. Compensation Paid to “Disqualified Persons”

*Statement:* In accordance with Rotary Foundation Code of Policies section 23.020.1., the Executive Committee annually reviews the amounts to be paid to Rotary International for the services of the general secretary and senior staff 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 note that its Executive Committee has reviewed the amounts proposed to be paid in 2019–20 to Rotary International for the services for the general secretary, deputy general secretary, all general managers, and the chief investment officer and determined that such amounts are reasonable under US tax law.

## Adjournment

The foregoing is a true record of the proceedings at the first meeting of the 2019–20 Rotary Foundation Trustees held on 6 June 2019 in Hamburg, Germany.

---

Andrew McDonald  
Secretary of the Meeting

## ATTEST:

---

John Hewko  
General Secretary, RI

---

Gary C.K. Huang, Chair  
The Rotary Foundation

## APPENDIX A

### SUMMARY OF DECISIONS TAKEN ON BEHALF OF THE TRUSTEES (Decision 1)

#### TRF Cadre of Technical Advisers

- The cadre reviewed 57 grants, including two advance site visits, 28 interim monitoring visits, one PolioPlus financial review, three random audits, two routine audits, two stewardship assessments, and 19 technical reviews.

endoscopy department will receive endoscopy equipment, the ophthalmology department will receive eye screening and surgery equipment.

- **Decision:** The general secretary granted a scope change to this grant that the Trustees approved at their October 2018 meeting.

#### PolioPlus Partner Grants

- US\$97,958 of PolioPlus Partners funding for social mobilization activities in Pakistan;
- \$212,500 of PolioPlus Partners funding for operational support activities in the Dominican Republic;
- \$292,480 of PolioPlus Partners funding for social mobilization activities in Nigeria;
- \$34,574 of PolioPlus Partners funding for social mobilization activities in Indonesia;
- \$208,925 in PolioPlus Partners funding for social mobilization activities in the Democratic Republic of Congo.

#### Foundation Programs

- 223 global grants awarded for a total of \$6,243,025 in World Fund;
- 25 district grants awarded for a total of \$864,775 in DDF.

#### Waivers

- **Global Grant 1758087:** to provide critical kidney and urinary care at concessional rates in Gandhinagar, India.
- **Districts/Clubs:** Rotary Clubs of Vijapur, India (District 3054) and Emory-Druid Hills Dekalb County, GA, USA (District 6900)
- **Approved Project Activities:** provide four dialysis machines, a lithotripsy machine, a holmium laser machine, a c-arm fluoroscopic x-ray machine, a reverse osmosis plant and other medical equipment to establish the nephrology and urology department at SMVS hospital.
- **Scope Change Request:** Due to the high cost and limited utility of the holmium laser machine, the sponsors and hospital decided it was no longer needed. It would be more effective and useful to provide needed equipment to other departments. Urology and nephrology will still receive dialysis and lithotripsy equipment. The pathology department will receive pathology equipment, the



## **INDEX**

All references are to decision numbers unless otherwise noted

### **-A-**

Agenda, tentative future, 5  
Australia, public benevolent  
institution in, 7

### **-B-**

Board, communications from the RI,  
3

### **-C-**

Committee report  
investment, 6  
risk advisory, 10  
Communications from the RI Board,  
3  
Compensation paid to “disqualified  
persons”, 12  
Conflict of interest policy, review of,  
4

### **-D-**

Decision taken on behalf of the  
Trustees, 1 (App. A)  
“Disqualified persons”,  
compensation paid to, 12

### **-G-**

General secretary’s report, 2  
Grant appeals, 9

### **-I-**

Investment committee report, 6

### **-P-**

Philanthropic support model, 8  
Public benevolent institution in  
Australia, 7

### **-R-**

Risk advisory committee report, 10

### **-S-**

Service partnership extensions, 11

### **-T-**

Trustees, decisions taken on behalf  
of, 1 (App. A)

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