

**MINUTES OF THE
LA JOLLA GOLDEN TRIANGLE ROTARY CLUB FOUNDATION
ANNUAL BOARD OF DIRECTORS MEETING ON
December 18, 2009
La Jolla Marriott**

BOARD MEMBERS

PRESENT:	Steve Brown	President
	Carl Lower	Vice President
	Eric O. Freeberg	Secretary
	Pam Russell	Treasurer
	Bruce Geier	Director
	John Stephan	Director
	Linda Stouffer	Director
	Craig Clark	Director

GUESTS:	Romik Kesian	Club President Elect Elect
	Louise Andres	Club President
	Dory Griffith	Club President Elect

Meeting was called to order by President Brown at 8:45 am, after Secretary Freeberg reported we had a quorum.

Please note that all references to exhibits herein refer to the exhibits attached to the Agenda.

1. Secretary Freeberg reported that the Minutes of the June 10, 2009 Board meeting were previously approved via e-mail by unanimous vote of the Board (Exhibit 1 to Agenda). Exhibit 1 also includes (i) the minutes of our Foundation's Annual Meeting of our Membership on June 5, 2009 which were previously approved by the Board at the June 10, 2009 annual meeting. M/S/C to approve the minutes of the June 10, 2009 Board meeting.

Please note that the minutes of the June 5, 2009 Annual Meeting of our Membership also contains a list of the Current Directors and Officers of our Foundation with their applicable terms of office.

2. After explanation by Treasurer Russell and President Brown, unanimously M/S/C to approve Exhibit 2. Exhibit 2 is the End of Year Foundation Summary Financial Report as of June 30, 2009. The report specifies the San Diego Foundation principal and distributable balances as of June 30, 2009, the checking and money market account balances in Torrey Pines Bank and the 2008-2009 Avenue of Service Expenditures.
3. The Board reviewed, and had no objections to Exhibit 3 which is the (i) Register Report for the Torrey Pines Bank checking account maintained by Pam Russell from 7/1/2008 – 6/30/2009.

Please note that the Torrey Pines Accounts located at the UTC Branch are maintained by Treasurer Pam Russell and are for the deposit of members' contributions fulfilling Paul Harris pledges by our Club members, funds to be

added to our endowment, funds earmarked for next years projects and donations to Cheers for Charity that have been earmarked to specific projects. The Torrey Pines Account located at the Del Mar branch is maintained by President Brown and is for fund-raising outside the club and for Matching Grants (“MG”).

4. The Board reviewed, and had no objections to, the Summary of the Checking Account maintained by Pam Russell broken out into the *Itemized Categories* Report 7-1-08 to 6-30-09 (Exhibit 4).
5. The Board reviewed, and had no objections to, the *Special Projects* Register for 7-1-0086 to 6-30-09 which relates to the checking account maintained by Steve Brown and specifies chronological payments and deposits (Exhibit 5). The Board reviewed, and had no objections to, the *Itemized Categories* Summary of the Checking Account maintained by Steve Brown which itemizes all expenditures and deposits by Project from the period of time 7-1-08 to 6-30-09 (Exhibit 6). The Board reviewed, and had no objections to, the *All Accounts* Register for 1-1-03 to 11-28-09 which specifies Life to Date checking account activity for the account maintained by Steve Brown by Project (Exhibit 7).
6. After explanation by Pam Russell, the Board reviewed, and had no objection to, the Foundation Member Donation Statistics as of 6-30-09 (Exhibit 8).
7. After explanation by Pam Russell, the Board reviewed the Report on New Paul Harris Fellows for 2008-9, New Multiple Paul Harris Fellows for 2008-9, Members of the Paul Harris Society for 2008-9, new Major Donors for 2008-9, New Foundation members for 2008-9 and New Benefactors/Bequest Society Members for 2008-9, and a breakdown of every Club member as to their participation in the all of the above Life to Date (Exhibit 9).
8. After explanation by Pam Russell, the Board reviewed, and had no objection to, the Life to Date Summary of Foundation Pledges and Contributions for 2008 – 2009 (Exhibit 10).
9. After discussion the Board unanimously M/S/C to approve the Local Foundation Funding for the 2009-2010 Avenue of Service projects (Exhibit 11). This funding was previously unanimously approved by the Board via e-mail.
10. The Board reviewed, and had no objections to, the Statement from the San Diego Foundation (Exhibit 12 to Agenda). The Board had a lengthy discussion on the performance of our Foundation’s assets as managed by the San Diego Foundation as the annual earnings determine the level of assistance the Foundation is able to provide to the Club’s three Avenues of Service as administered by the Club’s International, Community Service and Vocational Committees. It was noted that some years ago the Board decided to select a “Balanced” portfolio in order to best obtain reasonable returns with minimal risk. The Board requested Pam Russell to coordinate a meeting with a representative of the San Diego Foundation and our

Board early next year to have a presentation of the various investment alternatives available to us and to determine if a “Balanced” portfolio continues to be the best option for the management of Foundation assets. The Board also decided that it would be prudent to have such meetings with a representative of the San Diego Foundation periodically but not necessarily annually.

- 11.** The Board discussed the issue interrelationship of the Foundation and Club funding of projects. There is no obligation on behalf of the Club to continue to make annual contributions of excess funds into the principal of the Foundation assets, and there is no obligation of the Foundation to use its annual earnings to exclusively fund the Club’s three Avenues of Service. However, like most of our Club’s activities what starts out like a good idea, grows and becomes successful and becomes a standard operating procedure. The Board agreed that given the Club’s support of the Foundation this use of the funds was the best use of Foundation earnings. Linda Stouffer raised the issue of potentially maximizing returns in the years when it would appear Cheers results might be not as successful as in the past. Steve Brown pointed out that Cheers was the real wild card and it was impossible to predict results from Cheers. Eric Freeberg pointed out that the Board cannot really do much to maximize earnings as the management of the principal is dependent upon the management of the San Diego Foundation. Eric also mentioned that although the Club donations to the Foundation are most appreciated, perhaps it would be prudent for the Club to ensure bad Cheers results do not diminish Avenues of Service expenditures by establishing a savings account for such a contingency rather than making a donation next year. Linda expressed her concerns with inadequate controls on spending such a fund. The Board left it up to the Board of the Club to determine the proper process. The Foundation Board agreed all that it could do at the present time to respond to this issue was to review its decision as to what is the proper investment allocation as discussed in Section 10 above.
- 12.** President Brown explained current status of “Light up Jalalabad” Project which is also included in Exhibit 12. The Board enthusiastically supported Steve in his efforts on behalf of Afghanistan and it was unanimously M/S/C by the Board to ratify our prior approval because of the increased amount of money that was not involved in this project.
- 13.** Steve Brown agreed to check on the status of prior Board actions in connection with the Global Connection and Exchange Program. Although the Board had previously approved the Foundation’s involvement in this program, Steve realized he had not provided follow-up reports and documents to the Board. A few hours after our meeting Steve emailed the Board with the applicable reports and documents including the First Year Report, the Proposal for Year Two, and the formal contract for Year Two.
- 14.** Linda Stouffer strongly recommended to the Board that the Foundation upgrade its current accounting practices. She noted that she did not think Quicken would

soon be adequate for future Foundation financial transactions, and she felt we needed more comprehensive accounting support such as a compilation statement from a CPA. Steve Brown was comfortable that every penny was not only accounted for, but done so in three different ways, and did not see the need for different accounting. Bruce Grier questioned the cost benefit, as did Eric Freeberg. It was noted that Linda raised a very good issue, but the practical issue of expensive has to be taken into account, the fact that every penny has always been accounted for, and although the dollar amounts of Foundation activity has increased the actual number of monthly transactions remains small. It was agreed that the Board would look into it for the future.

- 15.** M/S/C to approve the expenditure of Steve and Susan Brown's donation of \$12,000 to fund the 2009 Camp Pendleton Project.
- 16.** Board had a general discussion on the issue of administrative support. Steve expressed some concern at the amount of time he has spent this past year on Foundation related projects primarily Afghanistan related. Eric suggested Steve build in administrative expense for any future projects, and determine if he can use any portion of existing monies for such assistance which is probably doubtful. Steve said he primarily needs help with filing. The Board agreed that Steve's time was too valuable to spend on administrative matters and it was agreed that we would investigate how to assist Steve. The Board then discussed the fact that our Club and the Foundation have become a mini business and the Club Board needs to consider the issue of administrative help as Eric noted that we rely too much on the same volunteers to run the Club and Cheers. Consider if we did not have Sharon what a shambles our Club finances would be, and without Pam and Steve our Foundation books would be a mess. Just because we have been blessed to have such able members is not a reason not to recognize that we need to consider a more businesslike approach with some paid help at the Club and Foundation level. We agreed to see how we might find help for Steve with his filing needs, and leave the issue of help for the Club and Cheers to the Board of Directors of the Club.
- 17.** The Board thanked Pam Russell for her work as Treasurer. Treasurer Pam Russell did not request any reimbursement for expenses incurred this past year.
- 18.** The Board thanked Emido De Conte for his work in filing the last year's tax returns. After review of the returns by both Eric Freeberg reported that he has signed and mailed the returns via return receipt and certified mail. Steve Brown reported that last year's returns were apparently timely sent by Larry Murrill but the IRS contends they did not receive them in time. Larry did not send the returns with a return receipt and by certified mail. Larry is contesting the penalty and optimistic of resolving the matter.
- 19.** The Board unanimously M/S/C that all email votes by the Board from 6-10-09 to 12-17-09 were formally ratified and approved.

There being no further business, the meeting was adjourned at 10:05 a.m.

Submitted by:

Eric O. Freeberg
Secretary
December 19, 2009

These minutes were approved by the necessary vote of the Board of Directors as of December __, 2009.

Submitted by:

Eric O. Freeberg
Secretary
December __, 2009