

TOASTMASTERS INTERNATIONAL
Rancho Santa Margarita, California

Minutes of the Meeting of the 2005-2006 Board of Directors
Westin South Coast Plaza Hotel, Costa Mesa, California
February 16-17, 2006

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The second meeting of the Board of Directors of Toastmasters International for the 2005-2006 administrative year convened at 8:00 a.m., February 15, 2006, President Dilip Abayasekara, DTM, Chairman, presiding. The other officers and directors present were: Uy, Ford, Barnhill, Greiner, Albright, Baker, Bienia, Emond, Fair, Garber, Hastings, Heinsch, Johnson, Lau, May, Miller, Notaro, Poirier, Starr-Cassidy, Thomas, Wallace, and Wood. Executive Director Donna H. Groh was also present.

The minutes of the August 22-24 and 28, 2005 Board Meeting were approved previously by electronic ballot.

It was moved, seconded, and carried, that the Minutes of the November 13-15, 2005, Executive Committee meeting be approved in the form previously distributed to all Board members.

PRESIDENT'S REPORT

President Abayasekara reported on his Presidential activities since August 2005.

Whew, what a ride it's been! And we are only halfway through! I started this journey as your International President in Toronto, Canada, feeling that this was going to be an extraordinary year. It has been a life-changing experience as Sharon and I traveled to districts in the U.S. and Mexico, experiencing firsthand how our members are finding their voices and serving their world.

Early in the year, TI faced an unexpected challenge in the form of a duo of savage hurricanes that wreaked havoc in several Gulf states. The hardest hit was District 68, which had more than half its clubs in the devastated New Orleans area. In the face of these hits, we have been very heartened by the caring and determined leadership that the officers in the affected districts have displayed and are continuing to demonstrate.

In keeping with our strategic plan, our educational program has received two big boosts: the release of the long-awaited new *Competent Leadership* manual and the unveiling of our new educational program, which features a strengthened leadership-development leg. In further advances toward our strategic growth objectives, research on products and programs for the youth and corporate markets are yielding exciting new possibilities for the future of our organization.

In terms of our critical success factors, after six months, every region shows 40%-50% achievement of their membership goal (except for one hurricane-ravaged district). Overall membership payments increased by 1.9% over the same period last year. Almost the same number of clubs have been chartered in the first half of this year as were chartered in the first half last year, but a point of concern is that the pace of new-club development in October through December was significantly less than that of last year. If our rate of new-club charters picks up similar to previous years, we expect to charter more than 850 clubs by June 30.

The highlight of serving as your International President is the opportunity to meet, learn from and positively influence our individual members and leaders. Sharon and I had the pleasure and privilege of visiting districts 34, 13, 32, 37, 1 and 12. We traveled from the beaches of Puerto Vallarta, Mexico, to the mountains of West Virginia and North Carolina, to the beautiful northwest and to sunny California. When I began my presidential journey in August of 2005, a past international president told me that I wouldn't be a "real president" until I had the unique experiences that result from visiting Toastmasters in numerous districts. After these first six presidential visits, I understand what he meant!

I have been moved and touched by the great enthusiasm and commitment I've seen in hundreds of members at every district I have visited. I have seen and heard from members who have demonstrated that the Toastmasters program helped them find their voices, helped them discover their potential and gifts. I have also seen how so many Toastmasters are lifting other lives through acts of service.

As we become more and more global in our operations, we are facing new challenges that were not anticipated a decade ago. Yet I have great confidence that we are capable of handling whatever the future presents. Our work for this year is only half-done. Let's rev up our engines and make this the best ever second half of the year!

EXECUTIVE DIRECTOR'S REPORT

Executive Director Groh summarized her written detailed report previously distributed to all Board members. The report covered Toastmasters International activities from July 1 through December 31, 2005.

We have continued to reap the benefits from our investment in technology. Each renewal cycle, more clubs are utilizing the online payment mechanisms. An added plus is that

clubs are submitting dues earlier and therefore more clubs are meeting the on-time goal in the Distinguished Club Program.

We have begun utilizing our electronic survey tools more broadly, as well. For example, we surveyed club presidents, district officers, and past leaders regarding the potential for a bylaws change related to the way the dues structure is set. We also utilized the electronic survey process for evaluating the International Convention and regional training for top three officers and got a greater response than previous years. Additional surveys are planned to assure that we are listening to the members' and volunteers' needs and opinions.

Formal market research is underway regarding the potential for products related to the youth market. Initial response has been extremely positive and a full progress report will be made later during this meeting. We have also begun a more in-depth analysis of issues related to translation and globalization of our products, which will be summarized later in this meeting, as well.

The new leadership manual has been launched and initial feedback is very positive. A free manual was sent to all top three officers in time for mid-year club officer training and the manual was included in new member kits beginning in January. Initial sales orders have also been strong. Additionally, district officers were supplied with training materials for the changes in the recognition system.

We have entered into a contract agreement to support and manage Web site hosting for clubs and ultimately districts and regions. The service was pioneered by a member and is already being utilized by approximately 1800 clubs. We will begin actively promoting this to clubs in the April issue of the magazine. This service will afford clubs the ability to have a free Web site with pre-established templates that are provided to assure consistent look and feel, which supports our branding efforts. The service includes features for club meeting scheduling and communication, as well.

Overall membership payments for the first half of 2005-2006 increased by 1.9% to 206,476. New member payments (including duals and reinstates) were slightly decreased to 36,182 and charter member payments decreased from 7,006 to 6,752 this year. The number of new clubs chartered during the first half of the year decreased this year. Between July and December 279 clubs chartered compared to 281 last year. This count puts us on track to charter more than 850 clubs during the 2005-2006 year if previous years patterns hold.

The number of members earning CTM awards in the first half of the 2005-06 year increased, but at a slightly lower rate than last year (0.7% versus 0.8% last year). The overall number of educational awards issued grew by 2.6% during this period, compared to 5.4% for the same period last year. We are still optimistic that we will finish the 2005-06 year with more educational awards than ever before.

Again this year, we have witnessed disasters affecting some of our Toastmasters family, particularly in the Gulf states. WHQ will replace any lost club materials free of charge, as well as waiving October dues, if the club is able to regroup and submit April dues. The courage and camaraderie demonstrated by Toastmasters everywhere in response to this disaster has been heartwarming, to say the least.

In late January, World Headquarters installed a new telephone system. The system we had was over 15 years old and was obsolete. The software was outdated and upgrades were no longer available. As we are continually expanding our network of clubs worldwide, we needed to move toward an enhanced contact center solution to better serve existing and new members. One of the main aspects of choosing a new telecom solution was the ability to provide increased efficiency and improved customer service by assuring the caller gets to the correct member service representative and that all calls are answered in a timely manner. Some of the tools the new system has includes detailed reporting capability and increased routing and hunt group manageability. One system will give us voice mail, automated attendance, and computer telephony integration. We will be able to use the new system as a real time report card for monitoring and managing interaction with our members.

Since July 1, 2005, we hired a manager to head our Volunteer Support Services department. Stephanie Demiris comes to us with extensive background and experience in volunteer support. She brings new and fresh ideas and is ready, willing and able to provide support and service to our district and club leaders. We have replaced three staff members and currently are filling three vacancies; one in Publications and two in Member Services. When replacing staff, we have required additional skills, such as customer service experience and computer experience. Having this experience has improved our workforce which, in turn, has resulted in improved customer service.

Toastmasters International experienced a 15.2% increase in health insurance. We put our health insurance out to bid and found that our current vendor, even with the increase, had the best price. We were able to save \$18,000 in annual premiums for our dental, life, accidental death and dismemberment, short term disability and long term disability by changing from our current provider, Fortis/Assurant, to Jefferson Pilot. In order to keep costs for our benefits package within a manageable range, we increased the employees' portion of the premium payment for family coverage. The organization continues to pay full health benefits for each employee, but the employee pays an increased co-payment for spouse, child or family coverage.

Salary scales for WHQ personnel had not been updated since 2002 so a market comparison was conducted in October, 2005, resulting in some changes to the ranges, but not indicating any serious areas of deficit. It was not necessary to make adjustments to individual rates, but the new scales will allow some individuals who had reached the top of the scale to receive increases based on performance appraisal in the future.

COMMITTEE OF THE WHOLE

The Board reviewed the year-end Financial Statements and the independent auditor's report.

EXECUTIVE COMMITTEE

Reporting for the Executive Committee, Senior Vice President Johnny Uy stated that at its meeting on February 13-15, 2006, the following items were presented:

1. As required by law, the committee approved the signatories on district bank accounts, including the districts involved, the names and locations of the financial institutions, and the names of the persons to be added or dropped as signatories since the prior committee meeting.
2. Senior Vice President Johnny Uy, as Finance Officer of the Board, gave a report of his visit to World Headquarters, including a review of the World Headquarters operations and the Executive Director's expenses, as required by Organization Guide V 4.
3. The committee received a presentation by the organization's investment manager on the TI investment portfolio and the Smedley Memorial Investment Fund results. It was noted that the changes to the investments policy made last year to provide more opportunity and flexibility for investment vehicles within our desired level of risk have had a positive impact on the overall results. Additionally, the committee recommended that \$2,000,000 be transferred from short-term cash investments into the long-term portfolio.
4. In accordance with the requirements of the California Non-Profit Integrity Act (NIA) of 2004 and the February 2005 Board resolution, the committee reviewed the compensation of the Executive Director and the Chief Financial Officer to assure that their compensation is reasonable compared to similar organizations. The California NIA also requires the Board to appoint an audit committee which is separate from the finance committee of the board. Alfred Herzing, DTM, served as the audit committee for the fiscal year 2005 and the committee recommended that Mr. Herzing be appointed to serve again for the 2006 fiscal year.
5. The committee reviewed options for the site of the International Convention in 2009 and concurred with the staff's decision that the convention be held at the Foxwoods Resort Casino in Mashantucket, Connecticut, August 12-15.
6. The committee reviewed the report of the independent audit firm for fiscal year 2005 and recommended acceptance of the report.

7. The committee reviewed a proposal submitted by Club 153 for a bylaws change relating to the eligibility requirements for international directors and recommended no change. The intent of the bylaw is that no two international directors have the same home club and district, however the wording in the bylaws will be clarified in the future when other bylaws changes may be considered.
8. The committee reviewed a request for the purchase of “Direct to Plate” print technology and recommended approval not to exceed \$150,000.
9. The committee reviewed a presentation on current growth patterns throughout the organization. This data provides a useful baseline for future trending and analysis.
10. The committee reviewed a proposal to adopt a non-qualified retirement plan for certain World Headquarters staff and recommended adoption of the attached resolution to establish such a plan. The plan will allow senior staff to achieve maximum contribution levels in a tax-deferred plan beyond the limits of the existing 401K plan.
11. The committee reviewed a request from Club 773706 in Shenzhen, China to be included in District 80. The committee recommended that no change in district designation be made for this club. Given the recent growth of clubs in China and the potential for major growth, the committee recommended that China be designated as the Territorial Council of China, effective July 1, 2006. Appropriate support in terms of training materials and district organization materials will be provided to assist in the council’s development.
12. The committee recommended that district number 81 be assigned to the provisional district formed from the Caribbean Territorial Council, effective July 1, 2006.
13. The committee reviewed a request from the Territorial Council of South Asia, comprised of clubs in India and Sri Lanka, for provisional district status and recommended approval, effective July 1, 2006. The Committee further recommended that district number 82 be assigned to this provisional district.
14. The committee conducted its annual review of the Executive Director's performance and commended Executive Director Groh for her efforts and outstanding contributions during the past year. The committee also approved a compensation package for the Executive Director for the 2006-2007 year, relying upon written submissions, including comparative salary data. While the Executive Director was excused from the room, the Board reviewed confidential advice in writing regarding compliance with excess benefit rules under Section 4958 of the U.S. Internal Revenue Code.

It was moved and carried that all items of the report of the Executive Committee be accepted and the recommendations and actions of the committee be approved.

MAE COMMITTEE

The report of the Marketing and Education Committee was presented by its Chairman, Second Vice President Chris Ford, and covered the following:

1. The committee discussed training of club coaches, new club sponsors and new club mentors. While many districts have created their own training material for these roles, creating Toastmasters International produced material would build quality and consistency worldwide. The committee provided specific recommendations to World Headquarters for the development by the staff.
2. The committee reviewed the 2006 Speech Contest Rulebook and Speech Contest Manual and recommended approval of several changes. These changes will be implemented in the 2007 Speech Contest Rulebook and Speech Contest Manual.

It was moved and carried that the report of the Marketing and Education Committee be accepted and the recommendations and actions of the Committee be approved.

DA COMMITTEE

The report of the District Administration Committee was presented by its Chairman, Senior Vice President Johnny Uy, and covered the following:

1. The Committee reviewed the purpose of district conferences and identified a revised purpose statement. The Committee identified and prioritized the barriers to successful district conferences. The top two barriers were:
 1. Districts lack tools and resources to meet district conference goals and objectives.
 2. Lack of attendance and quorum (at district council meetings)

The Committee brainstormed possible solution strategies and provided a number of recommendations for WHQ staff to develop new materials and resources for district leaders.

2. The Committee reviewed proposed guidelines for sponsorship, product sales and outside speakers for district related conferences and events. The Committee approved the implementation of these guidelines to be added to *TI Policies and Procedures, Section VI D6, District Fiscal Management* and *TI Policies and Procedures, Section VI D11, Fund-raising Activities* pending review by legal counsel.

It was moved and carried that the items of the report of the District Administration Committee be accepted and the recommendations and actions of the committee be approved.

GAP COMMITTEE

The report of the Governance and Policy Committee was presented by its Chairman, Third Vice President Jana Barnhill, and covered the following:

1. The committee reviewed the issue of accommodations for people with disabilities and recommended that Policies and Procedures VI A 22 “Policy on Members with Disabilities” be adopted as attached.
2. The committee continued a brainstorming process to identify changes needed to be made to the organization’s governing documents in order to enable progress towards our strategic objectives. These documents may be impacted depending on the implementation of the strategic plan. This brainstorming process will continue in future GAP Committee meetings as needed.

Item No. 1 recommended adoption of new policies and procedures. A separate vote was taken on this item and it was moved and carried by the required two-thirds vote that the policy be adopted. It was moved and carried that the remaining items of the report of the committee be accepted and the recommendations and actions of the committee be approved.

STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee continued its development of the Strategic Plan.

Within the context of the strategic objectives, the committee reviewed a number of presentations, including:

- a. A report on the addition of Toastmasters International programs to the Caterpillar University and its relevance to our corporate accounts strategy,
- b. An overview of translation issues for educational materials, the magazine, and the website, and
- c. A summary of the progress to date on the youth market research project.

Staff at World Headquarters are directed to continue study and data collection on all of these initiatives and provide further updates in August 2006.

The Board accepted the report of the Strategic Planning Committee as presented by its Chairman, Immediate Past President Jon Greiner.

ADVISORY COMMITTEE OF PAST PRESIDENTS

The Advisory Committee of Past Presidents met on August 24, 2005, in Toronto, Ontario, Canada, during the International Convention. The committee received a briefing on the evolution of the strategic plan and provided feedback to International President Jon Greiner, DTM, and Executive Director Donna Groh. The committee commended the Board of Directors on the positive steps being taken with our leadership program and the new initiatives for the future.

The Board accepted the report of the Advisory Committee of Past Presidents as presented by its Chairman, Immediate Past President Ted Corcoran.

REPORT OF THE NOMINATING COMMITTEE

Past International President Gavin Blakey, Chairman of the Nominating Committee, reported that the committee nominated the following international officer candidates for the 2006-2007 administrative year:

For President:	Johnny Uy, DTM
For Senior Vice President:	Chris Ford, DTM
For Second Vice President:	Jana Barnhill, DTM
For Third Vice President:	Paul Meunier, DTM
(in alphabetical order)	Gary Schmidt, DTM

Pursuant to Policies and Procedures VI A 8, "Board Confidentiality Policy," items contained in the minutes of this meeting were classified as "unrestricted" upon distribution of the minutes by World Headquarters. The results of the Board meeting described in the Board Briefing, written and orally presented in open session on February 18, 2006, were classified "unrestricted."

President Abayasekara announced that the next meeting of the Board of Directors will be held on August 21-23, 2006, at The Hilton Washington, Washington DC.

President Abayasekara adjourned the meeting at 4:00 p.m., February 17, 2006.

Respectively Submitted,

A handwritten signature in black ink that reads "Nancy L. Langton". The signature is written in a cursive style with a large initial 'N' and a long, sweeping tail on the 'n'.

Nancy Langton
Secretary/Treasurer

Distribution: Board of Directors
Past International Presidents
Past International Directors
District Governors
Legal Counsel
World Headquarters

**Resolution Adopted By The
Board of Directors of
Toastmasters International**

The undersigned Secretary of Toastmasters International hereby certifies that the following resolution was duly adopted by the Board of Directors effective February 17, 2006, and that such resolution has not been modified or rescinded as of the date hereof:

WHEREAS, the Organization, as an inducement and motivation to its key managerial and highly compensated employees, desires to create a Nonqualified 457 Retirement Plan (hereinafter sometimes referred to as “Plan”);

RESOLVED, that the form of Nonqualified 457 Retirement Plan (the “Plan”) presented to this meeting is hereby approved and adopted and that the proper officers of the Organization are hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the Plan.

RESOLVED, that the Administrator shall be instructed to take such actions as are deemed necessary and proper in order to implement the Plan, and to set up adequate accounting and administrative procedures to provide benefits under the Plan.

RESOLVED, that the proper officers of the Organization shall act as soon as possible to notify the appropriate employees of the Organization of the adoption of the Plan by delivering to each said employee a copy of the Plan in the form of the Plan presented to this meeting, which form is hereby approved.

BE IT FURTHER RESOLVED, that the Organization hereby establishes such Plan in accordance with the following:

PURPOSE:

The purpose of such Plan is to encourage selected key managerial employees to maintain their employment with the Organization by providing retirement benefits for them, and pre-retirement death benefits for their survivors.

ELIGIBILITY:

The Plan shall be for the benefit of key managerial employees of this Organization, as determined in the sole discretion of its Board of Directors.

NOTIFICATION:

The Organization shall communicate the existence and terms of the Plan to each eligible employee.

AMENDMENT AND TERMINATION:

The Plan shall be subject to amendment or termination at any time in the sole discretion of the Board of Directors.

IN WITNESS WHEREOF, the undersigned hereto sets her hand in Rancho Santa Margarita, California on February 17, 2006.

Toastmasters International
A California Nonprofit Organization

By: 
Nancy L. Langton, Secretary/Treasurer

Section VI A 22

Toastmasters International
POLICIES AND PROCEDURES

Origin Date: February 17, 2006

POLICY ON MEMBERS WITH DISABILITIES

“No person shall be excluded from membership in a club because of ... physical or mental disability, so long as the individual, through his or her own effort, is able to participate in the program.” Bylaws of Toastmasters International, Art. III, Sec. 3.

Throughout the United States of America and other countries, various laws apply to facilities and organizations regarding their responsibilities, if any, to provide wheelchair access and other measures to support the participation of members and others with disabilities. In some situations, the laws do not apply because no “public accommodation” is involved.

It is the policy of Toastmasters International, and each of its subordinate units, including regions, districts, divisions, and areas, to comply with the applicable law of the jurisdictions in which meetings or other functions are held, regarding accommodations for persons with disabilities.

Toastmasters clubs are separate legal entities with very limited resources, and their legal obligations with respect to persons with disabilities may differ from the obligations of Toastmasters International, depending on national, state, or local regulations and the availability of facilities for meetings in their communities. Given the club’s need to use free or low-cost meeting space in certain locations, it may not be reasonable, feasible, or possible to provide wheelchair access or other forms of accommodation in every instance.

Where disability laws apply, it is the responsibility of the chief executive officer at the level for which an event is planned (e.g. the district governor for a district, the club president for a club) to determine what laws and regulations may apply regarding accommodations at the event facility for persons with disabilities.

If the responsible officer determines that an event facility must meet a certain standard of disability accommodation, he or she should obtain a guarantee in writing from the facility owner or operator that the facility will comply with that standard and will hold Toastmasters International or the club harmless if the facility should violate that standard. If a claim or suit is subsequently brought against Toastmasters International or the club regarding disability accommodation at such event, defense of the claim or suit should be tendered immediately to the facility owner or operator.

Section VI A 22

Toastmasters International and its clubs seek to make its programs available to as many people as possible, but sometimes there are practical limitations or unforeseen circumstances that may result in some obstacle, hindrance, or other difficulty for a person with a disability at an event. That is why Toastmaster organizations cannot and should not promise full participation in its programs to persons who may not be able to participate through their own efforts. Therefore, Toastmasters International and its clubs should not assume any duty to offer a higher level of disability accommodation at its events than the law of the pertinent jurisdiction actually requires.