



**Minutes of the 2010–2011 Board of Directors Teleconference Meeting
November 9, 2010**

BOARD OF DIRECTORS

The 2010–2011 Toastmasters International Board of Directors convened via teleconference at 6 p.m. PST on November 9, 2010, with International President Pat Johnson, DTM, presiding. The other officers and directors present were: Notaro, Lau, Yen, Schmidt, Black, Cawley, Christopher, Cook, Dalati, Doyle, Hager, Hollingshead, Kirchgessner, McCown, Ostergard, Perry, Schnider, Storkey and Suddleson. Executive Director Daniel Rex, Deputy Executive Director Beverly Wallace and Secretary/Treasurer Sally Newell Cohen were also present. Director Gea was absent.

EXECUTIVE COMMITTEE

The report of the Executive Committee was presented by International President-Elect Michael Notaro, DTM, and covered the following items considered at its November 8-9, 2010, meeting:

1. The Committee discussed a potential dues increase, including a review of income and expense projections and timing of future increases. Staff will present an updated dues increase analysis and recommendation at the February 2011 Board meeting.
2. The Committee reviewed the current status of pending reformations in districts 27, 73, 79 and 82. In anticipation of the reformations occurring on July 1, 2011, it made the following decisions regarding district numbering:
 - a. The number 27 will apply to the current District 27 "East," and the newly formed district in the "West" will be assigned the number 29.
 - b. The number 73 will apply to the current District 73 "East," while the District 73 "West" will be assigned the number 17.
 - c. The number 79 will apply to the current District 79 "R," which contains Saudi Arabia and District 79 "E", which encompasses the remaining parts of the district, will be assigned the number 20.
 - d. The number 82 will apply to the current District 82 "S," which contains clubs in Sri Lanka, Kerala, Tamil Nadu and Karnataka, and District 82 "N", which encompasses the rest of India, will be assigned the number 41.
3. The Committee reviewed a reformation proposal from District 85 and recommends approval for the district to proceed with reformation in July 2012.
4. The Committee reviewed the 2009 IRS Form 990, the organization's annual tax return due on November 15, 2010, and authorized the Executive Director to finalize the return and file it, relying upon legal and accounting advice.
5. The Committee received a status update of the Toastmasters brand refresh project, including materials development, education and launch planning.
6. The Committee reviewed recommendations for the location of the 2013 International Convention and concurred with the selection of Cincinnati, Ohio, USA.

7. The Committee reviewed Policies and Procedures, Section VI D 12, Toastmasters International Reserves (attached), and discussed the fund balances in each account to determine if the amounts are sufficient to meet the anticipated needs of the organization. The Committee recommends that the balance in the Sustaining Fund account be increased from \$7.5 million to \$9 million to reflect current operating costs and budgets. In 2011, the Committee expects to review a full disaster recovery plan to ensure that the funds in the Disaster Recovery Fund reserve are adequate.
8. The Committee received presentations from investment managers Capital Group and MorganStanley SmithBarney. The Committee reviewed the investment portfolio and is satisfied with the recovery of the investment funds over the past two years. In addition, the Committee reviewed the asset allocations and rate of return as is required in Policies and Procedures, Section VI D 1. The Committee directed staff to review and propose any needed amendments to the Investment Policy for consideration at the February 2011 Board meeting. No changes to investment counselors or the investment policy are recommended at this time.
9. The Committee reviewed the annual conflict of interest disclosure forms submitted by international officers, directors and key employees. One declaration was cited, however after Committee deliberation, it was determined that the issue does not represent a conflict of interest. In addition, the Committee reviewed the existing Conflict of Interest Policies and Procedures, Section VI A 23 and determined that no changes are required.
10. The Committee reviewed the appraisal form for the Executive Director's performance evaluation, first used in February 2010. The Committee agreed that the overall evaluation form will not be updated at this time but will be reviewed again in 2011. The Committee also reviewed and approved the timeline for evaluation.
11. The Committee reviewed the current Policies and Procedures, Section VI E 2, International Leadership Committee (attached). The Committee recommends that the policy be changed to no longer prohibit announcement of the International Officer and Director Candidate Survey results. The Committee also recommends allowing results from any leadership assessment tools used to be provided to the candidate.
12. The Executive Committee adjourned and reconvened as the Strategic Planning Committee, Gary Schmidt, DTM, presiding officer.

The Board voted to accept and approve recommendations in items 1-6, 8-10 and 12.

Separately, the Board voted by the required two-thirds to approve item 7, the Executive Committee's recommendation to amend Policies and Procedures, Section VI D 12, Toastmasters International Reserves.

The Board also voted by the required two-thirds to approve item 11, the Executive Committee's recommendation to amend Policies and Procedures, Section VI E 2, International Leadership Committee.

Pursuant to Policies and Procedures, Section VI A 8, items contained in the minutes of this meeting were classified as "unrestricted" upon distribution of the minutes by World Headquarters, not to include any matters marked "restricted".



International President Johnson adjourned the meeting at 7 p.m., November 9, 2010.

Sally Newell Cohen
Secretary/Treasurer

Distribution: Board of Directors
Nonprofit General Counsel
Executive Director

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Toastmasters International
POLICIES AND PROCEDURES

Origin Date: August 12, 2008
Updated: November 9, 2010

TOASTMASTERS INTERNATIONAL RESERVES

Reserves, or “net assets”, are important in the operation of a business for the stability and flexibility they can provide. Adequate reserve levels will sustain the organization through potential economic downturns as well as provide adequate funding for expected major expenditures.

In order to ensure its financial viability, Toastmasters International shall seek to maintain in unrestricted reserves the following designated funds in order of priority. The fund balance will be evaluated annually in November in order to adjust each fund to a level sufficient to meet the anticipated needs. The World Headquarters building and contents shall be appraised at least every 10 years to ensure that the facility is adequately insured and that sufficient funds are designated in the appropriate fund.

Disaster Recovery Fund

The purpose of the Disaster Recovery Fund is to provide adequate funds to enable the organization to reestablish operations following a disaster, either natural or man-made. Specifically, Toastmasters International does not purchase earthquake and flood insurance for the World Headquarters, which is located in Southern California, an area known to have periodic earthquake and flood activity. \$6.5 million will be designated towards this fund. Additional designations to maintain that level of fund balance will be made as necessary.

Sustaining Fund

The purpose of the Sustaining Fund is to enable Toastmasters International to withstand the impact of economic downturns, both internally and/or externally generated. Reserves not designated in the funds named above shall be part of the sustaining fund. At a minimum, Toastmasters International shall seek to maintain an amount equal to six (6) months, or 50%, of annual operating expenses. ~~\$7.59~~ million is designated towards this fund.

Infrastructure Fund

The purpose of the Infrastructure Fund is to set aside funds, on a disciplined basis that will provide for major technology and facility needs. \$3 million will be designated towards this fund.

Operating Reserve Fund

The purpose of the Operating Reserve Fund is to identify monies to be used for operations, when needed. These monies are from member dues collected for the purpose of operations, and have been placed in the Toastmasters International portfolio to take advantage of higher investment returns. A minimum of \$1 million will be designated towards this fund.

Ralph C. Smedley Memorial Fund

The purpose of the Smedley Fund is to provide restricted funds that will be used solely for educational purposes. Refer to Policies and Procedures VI D 2.

Reference: Policies and Procedures VI D 2

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Toastmasters International
POLICIES AND PROCEDURES

Originated: August 16, 2009

Updated: ~~October 13, 2010~~ **November 9, 2010**

INTERNATIONAL LEADERSHIP COMMITTEE

I. PURPOSE

The purpose of the International Leadership Committee is to:

- A. Identify, evaluate and nominate qualified members to serve on the Board of Directors. Nominees must reflect the best interests of the membership and must be able to support and foster Toastmasters' strategic goals and objectives.
- B. Identify characteristics of effective Toastmasters leaders, which will result in identifying potential future leaders.
- C. Evaluate the organization's internal leadership development program and provide recommendations for improvement to the Executive Committee.

II. COMMITTEE APPOINTMENT AND COMPOSITION

- A. The committee will be appointed by the International President-Elect in February, for terms of service to begin on the following September 1. International officers and directors then in office may recommend appointees. The then-current International President-Elect will fill any vacancies as they occur and have removal authority. Appointments and filling vacancies are subject to ratification by the Executive Committee. Vacancies will be filled only for the unexpired portion of the member's term. The International President-Elect has authority to declare a vacancy or to grant a committee member a temporary leave of absence in appropriate circumstances. The Executive Committee may also remove a committee member if the International President-Elect does not.
- B. The committee will be composed of three past international presidents and, from each region, for a two year term, one past international director or, if a

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past international director who is willing and able to serve cannot reasonably be found, a past district governor, not an immediate past district governor.

- C. Each year,
 - 1. The past international president whose term as international president was completed 18 months prior to the February appointment will serve as chair for one year.
 - 2. The past international president whose term as international president was completed six months prior to the February appointment will serve a two-year term as a member and will serve as vice-chair for the first year, ascending to chair the following year.
 - 3. One additional past international president will be appointed by the International President-Elect to serve as a member for one year.
- D. Region advisors, district officers (including the immediate past district governor) and members on an international campaign team (i.e., campaign managers for an international officer or director candidate or other lead member on a campaign team) may not serve on the committee.
- E. No committee member may run for international office for one year after leaving the ILC.
- F. Committee members may not serve two consecutive terms but may be reappointed after a two-year absence from the committee, except that a one-year or less vacancy may be filled by a committee member whose full term expired within the prior two years.
- G. Vacancies in offices held by past international presidents may be filled by any past international president, except the Immediate Past International President.
- H. The committee chair has overall responsibility for developing meeting agendas, scheduling meetings and functioning of the ILC. Guidelines will be provided to the chair to assist in this effort. Working within the guidelines will help with continuity of the committee year after year.

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III. NOMINATIONS

- A. Each year, the committee will nominate at least one candidate and not more than two candidates for the International President-Elect and First Vice President (and International President if there is no one to succeed to that position) and at least two and not more than three candidates for the Second Vice President position.
- B. The goal of the committee is to nominate at least two, but no more than three candidates for the international director positions which are expiring in that year. The intent is to have all elections contested, but this is not a legal requirement. One candidate can be nominated only if another willing and able candidate cannot reasonably be found.
- C. Votes of the committee members must be confirmed in writing. Each member of the committee must vote for one candidate each for the offices of President-Elect and First Vice President (and International President as the case may be), and vote for two different candidates for the office of Second Vice President. If at least one-third of the members of the committee desires that a second or third candidate be nominated for a position, then each committee member will have the opportunity to vote for as many candidates as will be nominated.
- D. The chair of the committee will cast his/her vote along with the other members of the committee for each nomination and as a member may attempt to influence other members, but shall not use his/her position as chair to tilt the selection process for or against any candidate.
- E. All candidates must have submitted a Letter of Intent, data sheet, photograph and references to World Headquarters in order to be nominated.
- F. There is no restriction on candidates from the same district or same club for international officer or international director within the same nomination cycle.

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- G. A call for nominations will be made on or about September 1 each year. Candidates can self-declare, any member can submit the name of a qualified candidate to the committee for consideration, or the committee can seek out nominees; however, the specific manner in which the name was submitted will remain confidential. Qualifications for international officer and director are set forth in the Bylaws of Toastmasters International.
- H. In order to be nominated, a candidate must receive votes from at least a majority of the members of the committee.
- I. The chair will contact each candidate selected by the committee to confirm that the candidate will accept the nomination. The candidate must verify his/her acceptance in writing to the chair. A nominated candidate reserves the right to withdraw his/her name from such nomination at any time, including at the Annual Business Meeting, and to be nominated from the floor as a candidate for any other office for which he/she may be qualified. The chair will contact unsuccessful candidates and advise them of their status.
- J. Committee members must exercise their independent judgments with respect to all prospective candidates, having in mind the best interests of Toastmasters International, as well as the experience, abilities and qualifications of the prospective candidates. Committee members may consider information received from surveys, results from profile tools, and input from current and past leaders and other Toastmasters members.
- K. Nothing in this policy is intended to prevent the committee from selecting the best available candidates in its judgment. Accordingly, the committee may recruit candidates at any time up until its nominations are announced (no later than February 15 for international officer candidates and no later than April 15 for international director candidates.) However, in the event of an unexpected circumstance, such as withdrawal, illness or disciplinary removal, the committee may nominate a replacement candidate at any time up to the Annual Business Meeting. (Note: Late nominations should be made with full awareness of the impact, if any, on the form of legal notice given to members

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regarding the Annual Business Meeting and on the form of proxies solicited prior to the Meeting.)

- L. The ILC reports of nominations for both international officers and international directors will be published in the *Toastmaster* magazine and on the Toastmasters International Web site at least 60 days prior to the Annual Business Meeting.
- M. All committee deliberations ~~and information received by the committee, including survey results,~~ will be kept confidential. All committee members must sign a confidentiality agreement. Any breach of confidentiality shall be reported immediately to the chair of the committee and to the Executive Committee through the International President. Depending on the severity, a breach of confidentiality may warrant corrective and/or disciplinary action, ranging from an oral warning from the chair of the committee, to removal from the committee, to removal from good standing with Toastmasters International under Article III, Sec. 18 of the Bylaws.

IV. CAMPAIGN TIMELINE

<i>Date</i>	<i>Action</i>
<i>September 1</i>	<i>Call for candidate declarations</i>
<i>October 1</i>	<i>Deadline to declare your intent in order to be included in the officer and director surveys</i>
<i>November 1</i>	<i>International Officer Candidate Survey (IOCS) is conducted electronically</i>
<i>December 1</i>	<i>International Director Candidate Survey (IDCS) is conducted electronically</i>
<i>No later than February 15</i>	<i>ILC announces officer candidates; floor candidates can announce after that date</i>
<i>No later than April 15</i>	<i>ILC announces director candidates, floor candidates can announce after this date</i>

V. SURVEYS/OTHER TOOLS

- A. The chair of the committee will set the schedule for committee conference calls and communications among committee members and with candidates.
- B. An International Officer Candidate Survey (IOCS) will be taken beginning November 1 of the Board of Directors, past international presidents, past

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international directors for a period of two years following their term of office, current district governors and immediate past district governors. The survey will ask for one name for each of the offices of International President-Elect and First Vice President and one or two names for Second Vice President.

- C. An International Director Candidate Survey (IDCS) will be taken beginning December 1 in each region. Recipients are the district governors, immediate past district governors, region advisors and all past international directors and past international presidents residing in that region. The survey will ask for names of candidates under consideration from that region, as well as provide opportunity for a name to be written in.
- D. Surveys will be conducted electronically by World Headquarters. Survey recipients of both the IOCS and the IDCS will be provided with a link to candidate information, qualifications, desired attributes, etc. Survey results are to be disseminated to the entire committee as soon as results are available.
- E. Other leadership profile or assessment tools identified by World Headquarters may be used at the discretion of the committee at the expense of Toastmasters International. Survey results and leadership assessments or profiles are non-binding and advisory only. ~~and will remain strictly confidential within the committee.~~ Any such leadership profile tools that are used must be applied to all candidates equally **and results may be provided to the candidates directly.** The results of any such leadership profile tools will not be shared with ~~the candidate or~~ anyone outside the committee **other than the candidate.**

VI. OTHER DUTIES OF THE INTERNATIONAL LEADERSHIP COMMITTEE

- A. When not working on nomination of candidates, committee members will be focusing on leadership development issues and improvements.
- B. Methods for gathering data could include surveys (requested by the chair and conducted by World Headquarters), interviews, phone calls and face-to-face communication.

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- C. Feedback and suggestions from the committee will be presented by the committee chair to the Executive Committee, through the International President.

VII. ILC FILES

As soon as the committee's reports have been made, the entire file of the ILC will be sent to World Headquarters and will be kept for a period of five years, unless otherwise directed by the Board. The information in the files will remain highly confidential.

VIII. COMMITTEE MEMBER EXPENSES

It is expected that most, if not all of the costs would be generated and borne at the World Headquarters level. There may be occasional circumstances where reasonable reimbursements are necessary, such as telephone calls, postage, and any other identified expenses. If so, reimbursement requests must be submitted to World Headquarters within 90 days after the expense is incurred. Reimbursement requests received after 90 days will not be honored except where special circumstances exist.