



**Minutes of the 2013-2014 Board of Directors Meeting
Irvine, California
February 18-20, 2014**

The 2013-2014 Toastmasters International Board of Directors met on February 18, 2014, at 8 a.m. PST, with International President George Yen DTM, presiding. The other officers and directors present were: Mohammed Murad, DTM; Jim Kokocki, DTM; Mike Storkey, DTM; John Lau, IPIP, DTM; Chief Executive Officer, Daniel Rex; Mike Barsul, DTM; Karen Blake, DTM; Joseph Gomez, DTM; Don Griffith, DTM; Patricia Hannan, DTM; Mike Helm, DTM; Sharon Anita Hill, DTM; Tom Jones, DTM; Kristina Kihlberg, DTM; Lori Lococo, DTM; Khaled Matlagaitu, DTM; Deepak Menon, DTM; Richard Peck, DTM; Alan Shaner, DTM. Secretary/Treasurer Sally Newell Cohen was also present.

BOARD OF DIRECTORS

The meeting began with reports from International President Yen and Chief Executive Officer Rex on the status of the organization.

EXECUTIVE COMMITTEE

The report of the Executive Committee was presented by International President-Elect Mohammed Murad, DTM, and covered the following items considered at its February 16-17, 2014, meeting:

The 2013-2014 Executive Committee met on February 16-17, 2014, with International President George Yen, DTM, presiding. The other officers present were: International President-Elect Mohammed Murad, DTM; First Vice President Jim Kokocki, DTM; Second Vice President Mike Storkey, DTM; Immediate Past International President John Lau, DTM; and Chief Executive Officer Daniel Rex. Secretary/Treasurer Sally Newell Cohen was also present.

1. The Committee reviewed the organization's performance for the first six months of the 2013-2014 program year. The Committee recognizes and appreciates the achievements of the clubs and districts around the world in growing membership and clubs at a higher rate than during the previous four years.
2. Creating and sustaining an effective, healthy culture is a top priority for the World Headquarters leadership. Culture drives performance, satisfaction and productivity. World Headquarters' culture has been rapidly evolving in recent years as staffing levels have increased and new team members have moved into existing roles. The Committee reviewed culture statements developed in 2013 by a committee of World Headquarters staff. Additionally, a primary indicator of the effectiveness of culture, training and leadership is the level of satisfaction members experience during their interactions with World Headquarters. A customer satisfaction survey is sent to members after they have had an interaction with Member Services and Finance via phone or email. The Committee reviewed the most recent survey results and is pleased with the level of satisfaction members are experiencing in their interactions with World Headquarters.



3. The Committee received presentations from investment managers Capital Group and MorganStanley. The Committee reviewed the investment portfolio. In addition, the Committee reviewed the asset allocations and rate of return as is required in Policy 8.7: Investments and updated Policy 8.6: Use of Reserve Funds (attached).
4. The Board of Directors set the current dues level in 2011. Policy 8.0: Dues and Fees requires that dues and fees be reviewed at least every three years by the Board of Directors and altered as necessary. The Committee reviewed the income and expense projections and determined that there is no need for a dues increase at this time.
5. In 2013, 24 members petitioned Toastmasters International to review the dual-membership dues structure. The petitioners would like the organization to provide a discount or reduced fee for dual membership. The Committee reviewed the dual-membership dues structure and the potential impact of providing a dual-member discount and made no change. It then directed World Headquarters to conduct further research into district and club impact of a change to the dual-member dues structure.
6. The Committee reviewed the progress of newly established reformation committees, status of reformations in progress, and reformation-related requests:
 - The Committee reviewed the status of reformation committees established in Founders District in Southern California and Districts 60 and 86 in Ontario, Canada.
 - The Committee approved the request to amend the boundaries of Districts 69 and 70, Australia, and transfer 14 clubs from District 69 to 70 effective July 1, 2014. District 70 has also received the Committee's approval to reform on July 1, 2015.
 - The Committee approved a request to reform from District 41, India.
 - The Committee reviewed the status of reformations that will take effect on July 1, 2014 in District 21, British Columbia, Canada; District 59, Continental Europe; District 71, United Kingdom and Ireland; and District 82, Southern India and Sri Lanka.
 - The Committee approved a request from District 59 to amend its boundaries to include Italy and Romania.
 - The Committee considered and voted to approve a request from Provisional District 94, West Africa to amend its boundaries to include Congo, Guinea and Liberia.
 - In August, the Executive Committee reviewed the status of the reformation of District 51, peninsular Malaysia, and recommended that District 80, Singapore and Thailand, which are separated by peninsular Malaysia, be included in the reformation process. In November, the Committee reaffirmed its request to receive input from a joint District 51 and 80 reformation committee and directed Chief Executive Officer Daniel Rex to communicate this message to the district leaders and provide direction and support as needed. As a developing market, Southeast Asia represents a significant opportunity for the organization due to its economic performance, growing middle class and culture of learning. Therefore, the Committee voted to create, effective July 1, 2014, Provisional District 97, which will include clubs in Thailand, Cambodia, Laos, Myanmar and Vietnam.



7. The Committee confirmed the Chief Executive Officer's selection of Washington, D.C., as the location of the 2016 International Convention.
8. The standard dissolution clause in the Club Constitution permits any club in any country to convey, on dissolution, its remaining assets to another Toastmasters club or the Ralph C. Smedley Memorial Fund. The constitution does not require that the club limit its choice of recipient to one based in the same country. However, to be tax-exempt, nonprofit entities in Australia are required to have governing documents limiting disposition of that entity's assets to another Australian nonprofit. Toastmasters International's Club Constitution does not contain that limitation.

When the Club Constitution was revised in August 2013, new language was incorporated in Article XII, Section 3, authorizing Toastmasters International, through Policy or Protocol, to accommodate unavoidable local legal requirements. The Committee created Protocol 2.1: Club Constitution: Modifications to Comply with Local Laws (attached).

9. The Committee conducted a review of the Chief Executive Officer's performance and commended Chief Executive Officer Rex for his efforts and exceptional contributions. The Committee also approved a compensation package for the Chief Executive Officer for the 2014-2015 year, relying upon written submissions, including comparative salary data, as well as the Committee members' own observations and experiences. While the Chief Executive Officer was excused from the room, the Committee reviewed confidential advice regarding compliance with excess benefit rules under Section 4958 of the United States Internal Revenue Code, made factual findings and adopted extended resolutions as appropriate. Also, in accordance with the California Nonprofit Integrity Act (NIA) of 2004, the Committee determined that the compensation of the Chief Executive Officer is just and reasonable compared to similar organizations.

The Board voted to accept and approve the recommendations and actions in the report.

STRATEGIC PLANNING

Led by Strategic Planning Committee Chair John Lau, IPIP, DTM, the Strategic Planning Committee and Board of Directors continued its discussions from August 2013 regarding the role of the Region Advisor and the progress of the program in meeting its original objectives. In August, the Board directed World Headquarters to continue to monitor the program's effectiveness and to provide additional information and recommendations at a future meeting. The Committee reviewed the results of World Headquarters' research to date, provided feedback and directed World Headquarters to develop final recommendations based on the research and feedback and present them at the August 2014 Board of Directors meeting.

The board also conducted a Strengths, Weaknesses, Opportunities and Threats analysis of the role and structure of the Board of Directors. The board directed World Headquarters to further develop the results of the analysis and discussion and bring them back to the board before the August 2014 Board of Directors meeting in order to continue the discussion.



BOARD OF DIRECTORS

1. The Board received reports from three committees:

a. Region Advisor Selection Committee

The Committee was tasked with selecting the best-qualified individuals for the role of Region Advisor for each region. It also reviewed the existing process and provided recommended improvements for the future, including the following:

- Reduce the number of board members who serve on the committee to two, serving two consecutive years and overlapping.
- Include additional Past Region Advisors and Past International Directors on the committee.
- Share the timeline and process with each applicant via initial confirmation of the application; conduct prescreen.
- Obtain feedback from the Board and World Headquarters after the prescreen and before full interviews are scheduled.
- Assign two committee members to conduct each full interview.
- Maintain a list of second and third recommendations per region for future reference if first choice is not available.
- Consider adding an interview question related to the applicant's experience with multicultural environments.

The Board voted to accept the report presented by the Region Advisor Selection Committee, including the appointment of the Region Advisors recommended by the Committee for the 16-month term beginning March 1, 2014. The Board also directed World Headquarters staff to evaluate the recommendations and draft changes to policy and protocol for presentation to the Board in August 2014.

b. Smedley Fund Reinvigoration Committee

The Committee was formed to review and discuss the Ralph C. Smedley Memorial Fund and develop possible strategies to reinvigorate the program and increase donations. The committee considered the importance of regular projects supported by the Smedley Fund and whether to expand the scope of how donations are used to include areas of focus other than educational development projects. Its recommendations focused on:

- The objective to reinvigorate the Smedley Fund as a means to enable Toastmasters and others to participate in and be recognized for their contributions. The fund will provide non-traditional sources of revenue to fund projects that support the Toastmasters International mission and Strategic Plan.
- Implementation and contingency plans.
- The potential source of funds for the reinvigorated Smedley Fund can be broadly divided into contributions from Toastmasters (including clubs) and others (including Foundations and Corporations).



- The funds raised by the reinvigorated Smedley Fund will be utilized to support the Toastmasters International Strategic Plan, and specifically educational development, developing markets, disaster relief, youth programs, special needs, region-specific initiatives and research and development.
- A complete marketing plan must be developed to ensure that specific regional strategies and tactics are developed to optimize fund generation for the reinvigorated Smedley Fund.

The Board voted to accept the report presented by the Smedley Fund Committee and directed World Headquarters to, based on the recommendations, develop a business plan analyzing the feasibility and level of effort required.

c. Speakers Bureau Committee

The Committee was tasked with discussing the possibility of creating an extension to the Toastmasters brand through a separate business unit. The committee conducted an environmental scan focusing on two primary areas: providing professional speakers and developing professional speakers. Its recommendations were:

- Proceed with the development of a district-focused speakers bureau that will offer speakers, logistics training and best practice-based advice to district leaders who are seeking speakers. The Committee advised that there will be costs to the organization, including one dedicated World Headquarters staff member.
- Use the district-focused speakers bureau as a learning opportunity to consider phasing into a public for-fee bureau.
- Direct World Headquarters to develop a formal business plan, as a first priority, for a public for-fee bureau to ensure that the benefits and risks are thoroughly evaluated.

The Board voted to accept the report presented by the Speakers Bureau Committee and directed World Headquarters to begin development of the district-focused speakers bureau.

2. In August 2013, the Club and District Leader Competencies Committee evaluated the district governor, Lt. governor education and training and Lt. governor marketing roles to set consistent expectations, measure success and strengthen succession. The Committee developed a list of competencies and revised descriptions for each role, and concluded that many of the current leadership titles are outdated. The Committee sought to establish new titles that gave a more modern feel to the district positions, reflected a more strategic approach by district leadership, were more identifiable to potential members, reflected the status of district leadership in comparison with their counterparts in the corporate and voluntary sector, and recognized the experience of district leaders as identifiable experience for future careers or community service. The Committee developed a list of possible new titles and directed World Headquarters to conduct further research and evaluation. The Board reviewed the results of the research and the communication timeline, and finalized the new



district leader titles that will go into effect on July 1, 2015. The new titles will be announced in April 2014.

CONCLUSION

International President Yen adjourned the meeting at 4 p.m., February 20, 2014.

Pursuant to Policy 11.3, 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."

A handwritten signature in black ink that reads "Sally Newell Cohen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sally Newell Cohen
Secretary/Treasurer

Distribution: Board of Directors
Nonprofit General Counsel
Chief Executive Officer

Use of Reserve Funds

1. Toastmasters International's financial reserves are, through this policy, designated into four categories intended to protect the organization's fixed assets and plan for anticipated and unexpected needs.
2. The financial reserve balance is reviewed every year by the Executive Committee. The committee may recommend to the Board of Directors that adjustments be made to the allocations.
3. The designated categories are:
 - A. Disaster Recovery: **\$810** million to enable the organization to reestablish operations following a disaster.
 - B. Sustaining: **\$910** million to enable Toastmasters International to withstand the impact of economic downturns.
 - C. Operating Reserve: \$2 million for operations if needed.
 - D. Infrastructure: **\$45** million for major technology and facility needs.
4. The World Headquarters building and contents shall be appraised at least every 10 years to ensure that the facility is adequately insured and sufficient funds are designated appropriately.

Club Constitution: Modifications to Comply with Local law

1. Authority

The Toastmasters International Club Constitution, Article XI, Section 3, governs local jurisdictional law matters related to clubs.

2. Jurisdictional Modifications

Following are jurisdictions in which certain modifications to the Club Constitution are justified in order for clubs located within such jurisdictions to function legally. By virtue of this Protocol, the portions of the Club Constitution applicable to such clubs are hereby modified as stated below. No action by the clubs affected is necessary; the modification applies automatically and universally to all those clubs within the listed jurisdiction.

- A. Australia: Article XI, Section 2 is modified to read: “In the event of dissolution of this club, distribution of any funds, after payment of any indebtedness, shall be made **either** by contribution ~~to any educational research or memorial fund maintained by Toastmasters International, or by contribution~~ to another Toastmasters club **located in and subject to the laws of Australia or to a Toastmasters district.**”