



**Minutes of the 2011-2012 Executive Committee Meeting
Anaheim, California
November 14-15, 2011**

The 2011-2012 Toastmasters International Executive Committee met on November 14-15, 2011, with International President Michael Notaro, DTM, presiding. The other officers present were: International President-Elect John Lau, DTM; First Vice President George Yen, DTM; Second Vice President Mohammed Murad, DTM; and Immediate Past International President Pat Johnson, DTM. Executive Director Daniel Rex and Secretary/Treasurer Sally Newell Cohen were also present.

1. The meeting convened as the Strategic Planning Committee. The Committee conducted an environmental scan exercise and identified the internal and external forces, as well as the global trends, that affect the organization. The Committee was satisfied that the objectives and strategies in the 2010 Strategic Plan accurately address today's environment.

The meeting adjourned at 10 a.m. and reconvened as the Executive Committee.

2. The Executive Committee reviewed a request from District 59 to establish a Reformation Committee and recommends approval for the district to proceed with a proposal for the Executive Committee to review in February 2012. It also reviewed and recommends approval of the district's request to amend its boundaries to include Finland, effective July 1, 2012.
3. The Committee reviewed the current status of pending reformations in districts 47, 85, 14 and 21.
4. The U.S. Internal Revenue Service recommends that U.S.-based organizations have a written whistle-blower policy. Toastmasters International employees are afforded whistle-blower protection by California law; however, there is no policy in place to protect potential whistle-blowers among the membership. The Committee reviewed and discussed a draft Whistle-Blower Protection policy to be added to the Toastmasters governing documents, and directed staff to incorporate its recommended additions and clarifications for review in February.
5. The Committee reviewed Policy and Protocol 11.3: Board of Directors Confidentiality (attached) because it acknowledges the need to provide more in-depth information about board processes and decision-making to the membership. The Committee recommended clarifying updates to protocol and directed staff to provide more context and details to the membership throughout Toastmasters' communications vehicles.
6. In 2010, a Committee of the 2009-2010 Board of Directors developed a draft set of guidelines for social media use. Since that time, the Toastmasters presence on social media sites has expanded, with followers and fans numbering in the tens of thousands. The Committee discussed the need to identify the appropriate level of organizational participation, along with the need to create rules of engagement for members who abuse the forum. The committee



directed staff to modify and update the original draft guidelines for social media use document and provide a plan for levels of organizational interaction to be discussed by the Board in February.

7. In the 2010 Strategic Plan, Improving Club Quality and Consistency is a specific strategy in support of Objective 1: Growth and Retention. The Committee received an update on the status of the initiative, including the high-level plan of execution.
8. The Committee received presentations from investment managers Capital Group and MorganStanley SmithBarney. 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.
9. The Committee reviewed Policy 8.6: Reserve Funds (attached), and discussed the fund balances in each account to determine if the amounts are sufficient to meet the anticipated needs of the organization. No changes were recommended.
10. The Committee approved certain district officers as signers on district accounts as submitted by each district on the District Signature Form for Withdrawal of District Funds form. The district leaders are authorized to spend district funds through June 30, 2012.
11. The Committee reviewed the annual conflict of interest disclosure forms submitted by international officers, directors and key employees as required by Policy 11.11: Board of Directors Conflict of Interest (attached). No issues requiring Committee deliberation were found.
12. In August 2011, the Committee discussed possible changes to Policy 9.1: International Campaigns and Elections, and directed staff to develop a competency-based framework for assessing international officer and director candidates as well as a self-assessment tool based on the same criteria. The Committee reviewed the draft assessment tools, discussed the need to further define and communicate the process the ILC uses to nominate candidates, and recommended changes that staff will incorporate for discussion at the February Executive Committee meeting.
13. In the 2010 Strategic Plan, Renew Focus on Leadership is a specific strategy that supports Objective 2: Education Programs. The Committee reviewed a high-level plan of research, analysis, testing and development. Staff will present a more detailed plan, based on the Committee's feedback, at the February Board meeting.
14. The Committee received an update on the status of the new recognition program rollout and communications plan. The program will go into effect on July 1, 2012.



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".

International President Notaro adjourned the meeting at 3 p.m. on November 15, 2011.

A handwritten signature in black ink, reading 'Sally Newell Cohen', is centered on the page. The signature is written in a cursive style with a prominent underline for the first letter 'S'.

Sally Newell Cohen
Secretary/Treasurer

Distribution: Board of Directors
Nonprofit General Counsel
Executive Director

Board of Directors Confidentiality

1. The Board assigns varying degrees of confidentiality to information based on whether it is confidential attorney-client communications; personnel and disciplinary matters; protection of the organization's proprietary trade secrets, business opportunities, and negotiations; and internal Board deliberations.
2. The following legal principles guide Toastmasters International's approach to confidentiality:
 - A. Directors, officers, employees and other agents (including consultants) of the organization have fiduciary duties of care and loyalty to protect the best interests of the organization. These duties take effect when they enter a fiduciary relationship with the organization and may even continue after the relationship has ended.
 - B. Part of the fiduciary duty of care is the duty to protect the confidences of the organization. After a person ceases to be a director, officer, or other agent of the organization, that person may possess information received while in the capacity of a fiduciary. If the person uses or reveals such information in a manner damaging to the organization, the organization may take legal action.
 - C. The decision to disclose confidential information received in a fiduciary relationship with an organization belongs exclusively to the organization. Only those officers authorized by the organization to disclose confidential information may do so.
 - D. The law does not require that Board meetings of a nonprofit public benefit corporation be open to the public or even to voting members of the corporation. Board materials properly classified as confidential may be withheld from the public and from members.
3. A confidentiality violation by a director, officer, employee, agent or member subjects the violator to removal, termination, expulsion, suspension, or other disciplinary action as may be appropriate under the Toastmasters International governing documents, the club constitution of the club to which the violator belongs, the personnel policies of World Headquarters, or the terms of any contract with the violator.

Board of Directors Confidentiality

1. Each document provided to directors in connection with Board business (“item”) shall be appropriately classified Highly Confidential, Restricted, or Unrestricted:
 - A. Items classified as Highly Confidential may not be copied, shown to, or discussed with anyone except members of the Board and those employees, agents or members of the corporation authorized by the Executive Director to receive the information.
 - B. Examples of Highly Confidential items include materials containing attorney-client communications, personnel and disciplinary matters, background documents, draft agendas, draft policies, and other reports, budgets and information prepared for the Board.
 - C. Items classified as Restricted may not be copied, shown to or discussed with anyone except members of the Board, those employees, agents or members of the corporation authorized by the Executive Director to receive the information, and those past members of the Board who have agreed to receive such information in confidence.
 - D. Examples of Restricted items include final committee and Board agendas, Executive Committee minutes, portions of Board minutes, and matters submitted to the Advisory Committee of Past Presidents.
 - E. Items classified as Unrestricted have no limitation on distribution or discussion. Directors, officers, employees, and agents of the organization are to use good judgment and discretion when handling such information.
 - F. Examples of Unrestricted items include Board-approved policies (though they may have been classified Highly Confidential or Restricted at an earlier stage), minutes of the Annual Business Meeting, and most items in Board meeting minutes. Some matters contained in Board meeting minutes may remain Highly Confidential or Restricted.
2. Each item the Executive Director prepares is tentatively classified. In some instances, a page or attachment may be classified differently from the rest of the item.
3. An item may be classified Highly Confidential or Restricted until a specific time, after which the item becomes Unrestricted. All those receiving such an item in confidence are to observe the restriction until the agreed time.
4. If someone receiving Highly Confidential or Restricted information believes it would serve the best interests of the organization to disclose the matter to, or discuss it with someone outside of the restricted group, that person may request approval from the Executive Director to do so.
5. After consultation with the Executive Director, the International President may change the tentative classification of an item.

6. The Executive Committee may change a classification made by the Executive Director or by the International President.
7. The Board may change a classification made by the Executive Director, the International President, or the Executive Committee.
8. In all cases, the Board has the ultimate responsibility for establishing the level of confidentiality to be maintained, observing the requirements of applicable law.
9. Once a year, the Executive Director sends a notice to all former Board members currently receiving Board materials giving them the option to continue receiving Board materials, including Restricted items which they must agree to keep confidential. Only those past Board members responding in writing that they wish to receive such materials subject to the confidentiality restriction, by signing the Confidentiality Statement, are sent such materials, until the following annual notice is sent to them.
10. Board materials may be deemed Unrestricted, except for those items classified as Highly Confidential or Restricted.
11. If a document distributed to past international presidents, past international directors, or district governors contains Highly Confidential material, such items are redacted or deleted in order to preserve confidentiality.
12. At Board briefings, which are open to members of the organization, the Board briefs the audience on such items as the Board selects, and any mention of Highly Confidential or Restricted items is made in a manner which does not compromise the confidentiality of those items.
13. In addition to a Highly Confidential or Restricted classification, an item or a portion of an item may be marked “confidential attorney-client privilege” when the material contains or reflects a matter communicated between the organization and legal counsel in confidence. Disclosing such matters to others may result in a waiver of privilege, causing the organization to lose the protection of the privilege in the event of litigation.
14. Specifics of Board deliberations, including how individual directors voted, are Highly Confidential. If a director votes on an Unrestricted item and wishes that vote be disclosed, that vote may be made Unrestricted.
15. A breach of confidentiality must be immediately reported to the Executive Director.
16. The Board minutes and other corporate records of Toastmasters International open to inspection by voting members of Toastmasters International (delegates at large and authorized representatives of member clubs), under [California Corporations Code Section 6333](#), are limited to Unrestricted materials and only those Highly Confidential and Restricted materials that the Executive Director determines may be inspected for a purpose reasonably related to such person’s interests as a member.

Reserve Funds

1. 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.
2. The unrestricted reserves in the following designated funds are reviewed every year and may be adjusted by the Board of Directors upon the recommendation of the Executive Committee:
 - A. The Disaster Recovery fund is designated \$6.5 million to enable the organization to reestablish operations following a disaster.
 - B. The Sustaining fund is designated \$9 million to enable Toastmasters International to withstand the impact of economic downturns.
 - C. The Operating Reserve fund is designated \$1 million for operations if needed.
 - D. The Infrastructure fund is designated \$3 million for major technology and facility needs.

Board of Directors Conflict of Interest

1. Purpose

- A. The purpose of this policy is to protect Toastmasters International's interests when it is contemplating entering a transaction that might benefit the private interests of a director, a corporate officer, the top management or top financial official, a key employee (defined in the Acknowledgment and Financial Interest Disclosure Statement), a person with substantial influence over Toastmasters International, or another interested person.
- B. The Board oversees an annual review of the administration of this conflict of interest policy.
 - I. The review may be written or verbal.
 - II. The reviewers consider the level of compliance with the policy, the continuing suitability, and whether the policy should be modified, improved and updated.

2. Definitions

- A. "Insider" refers to a person with substantial influence over Toastmasters International.
 - I. Each member of the Board or other governing body is an insider.
 - II. The president, chief executive officer, chief operating officer, treasurer and chief financial officer, executive director, or any person with the responsibilities of any of these positions (whether or not the person is an officer of Toastmasters International under the [Bylaws](#) and the [California Corporations Code](#)) are insiders.
 - III. Any other person whom the Board, based on the facts and circumstances, determines to have substantial influence over Toastmasters International is an insider. Such persons include the founder, a substantial contributor, a person with managerial authority, or a person with control over a significant portion of Toastmasters International's budget (such as a key employee).
 - IV. Any person who met any of the above definitions at any time during the five years before the proposed transaction is an insider.
- B. "Interested person" refers to insiders and the following:
 - I. Spouses, ancestors, children, grandchildren, great-grandchildren, brothers, sisters, and the spouses of their children, grandchildren, great-grandchildren, brothers, and sisters of any insider.

- II. Any entity in which any combination of insiders owns more than 35 percent of the combined voting power, if the entity is a corporation; profits interest, if a partnership; or beneficial interest, if a trust or estate.
- C. “Interest” refers only to those financial commitments, investments, obligations, economic benefits, or other relationships between an interested person and Toastmasters International that are subject to [Internal Revenue Code Section 4958](#), [California Corporations Code Sections 5233 through 5236](#), or any other applicable federal, state, or local law or regulation governing conflicts of interest or fiduciary duties that require any action by Toastmasters International.
- D. “Person” refers to any individual or entity, including a trust, estate, partnership, association, company, or corporation.

“Transaction” refers to any transaction, agreement, or arrangement between an interested person and Toastmasters International, or between Toastmasters International and any third party where an interested person has an interest in the transaction or any party to it.

Transactions specifically identified as presenting no conflict of interest by applicable law, or by a Toastmasters International policy or protocol, to govern certain similar transactions and impartially administered, are excluded from the term transaction for purposes of this policy.

Toastmasters International does not engage in any transaction prohibited by law.

3. Process

- A. Each interested person discloses to the Board or Executive Committee or other Board committee empowered to approve a specific transaction or type of transaction, in either case, (“Committee”), all material facts regarding his, her, or its interest (including relevant affiliations) in the transaction.
 - I. The interested person makes that disclosure promptly upon learning of the proposed transaction.
 - II. Insiders make disclosures on behalf of interested persons related to them unless the related interested person does so.
 - III. Committee powers and procedures depend on state corporate law and the authority properly delegated to the Committee by the Board.
- B. With regard to an interested person, the Board or Committee determines if a conflict of interest exists. The insider and any other interested person involved with the transaction is not present during the Board or Committee’s discussion or determination of whether a conflict of interest exists, except as provided below.

- C. The Board or Committee follows the process below to decide what measures are needed to protect Toastmasters International's interests in light of the nature and seriousness of the conflict, to decide whether to enter the transaction and, if so, to ensure that the terms of the transaction are appropriate.
- D. An insider who is a voting member of the Board does not vote on any transaction in which that insider has an interest, and the remaining Board or Committee members decide the matter.
- E. The Board or Committee asks questions of and receives presentations from the insiders and any other interested person but deliberates and votes on the transaction in their absence.
- F. The Board or Committee ascertains that all material facts regarding the transaction and the interested person's conflict of interest have been disclosed to the Board or Committee and compiles appropriate data to ascertain whether the proposed transaction is fair and reasonable to Toastmasters International.
- G. After exercising due diligence, which may include investigating alternatives that present no conflict, the Board or Committee determines whether the transaction is in Toastmasters International's best interest, for its own benefit, and whether it is fair and reasonable; a majority of disinterested members of the Board or Committee may approve the transaction.
- H. Decisions regarding a voting member of the Board with a material financial interest in a transaction may be made initially by a Committee in which case it is not reasonably practicable to obtain advance Board approval, but must be ratified by the Board at the following meeting.
- I. If the transaction does not involve a voting member with a material financial interest, the transaction may be approved by the Board or Committee by majority vote of those present at a meeting for which quorum requirements have been met.
- J. The minutes of any meeting of the Board and any Committee contain the name of each interested person who disclosed or was otherwise determined to have an interest in a transaction; the nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered; the members of the Board or Committee who were present during the debate on the transaction, those who voted on it, and to what extent interested persons were excluded from the deliberations; any comparability data or other information obtained and relied upon by the Board or Committee and how the information was obtained; and the result of the vote, including, if applicable, the terms of the transaction that were approved and the date they were approved.

- K. Each director, corporate officer, top management official, top financial official, and key employee and others that Toastmasters International identifies annually signs a statement that affirms that the person has received, read, understands, and agrees to comply with this conflict of interest policy and that discloses the person's financial interests and family relationships that could give rise to a conflict of interest.
- L. All such statements by directors and officers are filed with the minutes of the meetings of the Board or Committee; statements by others are retained in their personnel files.
- M. If the Board has reasonable cause to believe that an insider has failed to disclose actual or possible conflicts of interest, including those arising from a transaction with a related interested person, it shall inform such insider of the basis for this belief and afford the insider an opportunity to explain the alleged failure to disclose. If, after hearing the insider's response and making further investigation as warranted by the circumstances, the Board or Committee determines that the insider has failed to disclose an actual or possible conflict of interest, the Board or Committee takes appropriate disciplinary and corrective action.
- N. In situations in which a transaction involving a conflict of interest is discovered after it has already occurred or begun, the Board or Committee conducts a review as described above and determines whether disciplinary or corrective action is possible or warranted. In appropriate cases, the Board or Committee may determine that ratification of the transaction is in Toastmasters International's best interest, for its own benefit, and is fair and reasonable.