



James L. Bomar Rotary Interact Foundation Meeting

January 9, 2016

Knoxville TN

Meeting was called to order by Bobby Davis. Present were Beth Stubbs, Bobby Davis, Karen Wentz, Jerry Wear, Ray Knowis, Debbie Davis, Greg Maciolek and Jenifer Campbell.

Bobby asked whether there were any questions with regard to the financial reports published by District Treasurer, Jenifer Campbell. Also, were there any actions needed from the committee for the investment portfolio. Jenifer had none.

The next item on the agenda was discussion of the Corpus of the organization and what the scholarships were going to be for the Interact winners this year.

Jenifer explained that she had been working from a beginning Corpus balance that could not be invaded. Whatever scholarships were given would have to be from earnings and contributions for the year. Page 2 shows the beginning balance on June 30, 2015, adds contributions, memorials, and earnings, subtracts expenses and scholarships paid out for the year, to give our ending balance available for current year awards. The December 31, 2015 balance is \$194, 025. The Corpus is \$184, 439 of that amount. That leaves us approximately \$9,500 to spend on this year's scholarships.

DG Beth Stubbs inquired as to the by-laws of the Foundation and what would be required to be included in the Corpus. It was thought that all contributions were required to be added to the Corpus, however, discussion ensued about whether that was required. Most donors do not require that their contributions must be added to the corpus, so this would mean that they would be free to be used for current year's scholarships. Corpus is a term used when the amount may not be invaded for any reason. Having our assets in an investment vehicle which would allow the fund assets to drop below the "corpus" amount would be in violation of the requirement. Jenifer said that she was not aware of any documents from donors which required the assets to be held as part of the corpus. This would mean that the assets were free to be spent.

Chairman Bobby Davis said that the by-laws do not recognize the District Rules of Procedure. Prior to 1996, a committee handled the use of the funds. Davis read from the 1996 revised by-laws, Article Four, which states, "All funds of the Board Interact Foundation shall be administered by the board of directors. The board will authorize the amount of earned income, derived from investments, to be disbursed each year. Based on the amount approved for disbursement, the board shall determine the number and dollar value of scholarship to be awarded." Discussion occurred regarding the age of the by-laws document and how its working should be changed to more clearly define what should be spent, how possible market fluctuations could affect an endowment, and how to avoid eroding the fund. Karen gave some history on the donations by the District to the James L. Bomar Fund, and those were not restricted. Jerry gave some history of another Foundation that he works with who went through a process of changing its way of thinking on what could be spent and what was restricted by donor. It was agreed that there was no proper documentation in the records of the James L. Bomar Foundation that would indicate funds were truly restricted by donor, as a permanent

endowment. Jenifer restated that none of the contributions she had received into the James L. Bomar Fund were designated specifically by the donors to be permanently endowed.

Ray Knowis asked whether the recommendation of the District Treasurer was to spend the excess of \$9,528, shown on the financial statements? Answer: yes, and will still be within our prescribed past practice. Chair Bobby Davis read from the 1996 minutes about the changes made to remove from the by-laws the “committee process” of selection of the scholarship winners to the process being handled by the Board of Directors. Jerry Wear suggested that the possible changes were as a result of possible conflict between the committee selection process and the awarding of the scholarships. Beth stated that all 501©3’s must have a Conflict of Interest Policy for the members of the Board of Directors regarding the recipients of the Scholarship awards. Bobby concluded with he is re-writing the by-laws.

Jenifer discussed the timing of the scholarship payments. Sometimes there is a delay in paying the scholarships, and so the expenditures for one year might not coincide with the actual scholarships awarded in that year.

Jerry Wear made a motion to award \$8,000 in scholarships this year at the Interact Conference. It was seconded by Karen Wentz. No discussion. The vote was unanimously in favor of \$8,000 for this year.

Jerry Wear made a motion to revise the by-laws in accordance with how the organization truly operates. Ray Knowis seconded the motion. No discussion. The vote was unanimously in favor of revising the by-laws.

Karen Wentz made a motion that the by-laws revisions consider the Rules of Procedures provisions and that they be made consistent. This was seconded by Ray Knowis. The vote was unanimously in favor.

Clarification was made regarding the scholarships being awarded as 4 @\$2,000.

Jenifer suggested that we have a fund-raising campaign, in case the value of our assets goes down with the market. She said that we have based the scholarships on “accumulated earnings of all years” over and above the Corpus amount.

Ray Knowis asked how the Fred Brown is connected with us. Bobby explained that it is written into the Rules of Procedure that the Fred Brown scholarship is paid through the annual District budget. Ray asked whether the District Governor has the authority of setting the amount when setting the District budget. The answer is yes. It has been set at various amounts, \$500, \$1,000, or \$1,500. It goes to the winning Interactor selected by the scholarship committee at the Interact Conference. The criteria are a little different for the Fred Brown scholarship – it involves leadership and participation in Interact activities.

Jerry Wear suggested that more promotion and awareness of the James L. Bomar scholarship fund was needed around the District.

Karen Wentz suggested looking at a professional managed fund at Rotary International for our investments. Greg Maciolek said that his club looked at going with a Donor Advised Fund at Rotary International, and his club ended up not using that.

Bobby adjourned the meeting.