

Clean Air Initiative for Asian Cities Center, Inc.
Board of Trustees' Meeting Minutes
24 July 2007, 1.30 pm – 5.30 pm
Asian Development Bank (ADB), Manila, Philippines

Attendees:

- Board of Trustees: Elisea (Bebet) Gozun, Daniel Greenbaum, Shreekant Gupta, Jiming Hao (*Chair*), Cornie Huizenga, Charles Melhuish
- CAI-Asia Center: May Ajero, Glynda Bathan, Herbert Fabian, Cornie Huizenga, Sophie Punte
- ADB: Masami Tsuji

Absent:

- Board of Trustees: Francis Estrada (with notification)

1. Call to Order

Jiming Hao, Acting Chairperson, called the meeting to order at 1:30 p.m.

2. Certification of Quorum

The quorum was certified by Glynda Bathan, the Acting Corporate Secretary.

3. Review of the Minutes of the Board of Trustees (BoT) meeting on 4 July 2007

Glynda Bathan referred the Trustees to the draft minutes of the 4 July 2007 meeting and mentioned two proposed revisions received from the Trustees as follows: (a) revise the statement "MOTION to approve ADB's secondment of Cornie as Interim Executive Director of the Center; seconded and passed" to "MOTION to approve ADB's secondment of Cornie as Interim Executive Director, holding the full powers of the position of Executive Director of the CAI-Asia Center, seconded and passed" and (b) add a statement that the Board of Trustees agreed to the selection of Sophie Punte as Deputy Executive Director of the CAI-Asia Center

Decision 1: The minutes of the 4 July 2007 BoT meeting were approved with two modifications mentioned above.

4. Election of Officers

Cornie Huizenga proposed that Jiming Hao be appointed as Chairman, Charles Melhuish as Treasurer, and Glynda Bathan as Corporate Secretary. It was clarified that while Glynda Bathan is not a Trustee, she may be appointed as Corporate Secretary because under Philippine law, such position may be held by a non-Trustee.

Decision 2: The BoT approved the appointment of Jiming Hao as Chairman, Charles Melhuish as Treasurer, and Glynda Bathan as Corporate Secretary.

5. Confirmation of Executive Director's Appointment

Glynda Bathan started the discussion by mentioning that in the last Board meeting, the BoT agreed to accept ADB's secondment of Cornie Huizenga as Interim Executive Director of CAI-Asia. Cornie Huizenga's contract with ADB will be ending on 31 July 2007 after which it is proposed that he serves as Executive Director of the Center.

Decision 3: The Board approved the proposal to confirm Cornie Huizenga's appointment as Executive Director and requests the Deputy Executive Director to draft Cornie Huizenga's contract, in consultation with the Remuneration Committee, and submit the same for approval to the Chairman of the BoT.

Cornie Huizenga proposed an intermittent contract with the Center for two months over four months in 2007 and four months over one year in 2008 and that possibly another four months of his time be paid for by other organizations such as UNEP to undertake specific air quality assignments. Sophie Punte requested the Remuneration Committee to look at the draft contract she prepares critically in order to ensure that the process is as thorough and objective as possible. Sophie Punte was requested to look into these matters in relation to Cornie Huizenga's contract: (a) instituting a time recording system to keep track of which hours are to be charged to which project, (b) implications on the insurance liability coverage of the Executive Director if hired as a consultant.

6. Admission of Sida as New Member of Center

Sara Stenhammar of the Swedish International Development Cooperation Agency (Sida) conveyed Sida's interest by email to sit as a voting member of the BoT by virtue of its contribution to the Sustainable Urban Mobility in Asia (SUMA) program of the Center. M. Tsuji also mentioned that ADB is still considering whether or not to become a voting member of the Center.

Decision 4: The BoT approved Sida as a new voting member of the Center.

In relation to private sector membership, the Center staff was requested to determine the reasons why some private sector members have dropped out, whether it is possible that competition might have been created between BAQ sponsorship and Center sponsorship, to develop a clear strategy for private sector involvement by looking at the model of Resources for the Future and its business council. Cornie Huizenga requested the Trustees to help the Center get possible sponsors from private sector and from foundations.

7. Approval of Changes to CAI-Asia Center Operations Manual (OM)

Cornie Huizenga informed the BoT that changes have been made to the OM since the July 4 meeting. The changes were summarized in a comments matrix distributed to the BoT. Since the original version of the OM was attached to ADB's Letter of Agreement with the CAI-Asia Center on the Sustainable Urban Mobility in Asia (SUMA) program, Cornie Huizenga proposes that the CAI-Asia Center informs ADB of any changes to the OM and that should ADB have any difficulties with any of the changes, these should be communicated to the Executive Director who will then inform the BoT of ADB's concerns if so required.

Decision 5: The BoT approved the changes to the OM and that the Center can improve the OM on condition that (a) the Center should inform the ADB of any revisions and (b) should ADB have any difficulties with any of the changes to the OM, the Executive Director will inform the BoT of this so that appropriate decisions can be taken by the BoT on ADB's comments.

8. Approval of Business Plan and Budget

The Trustees had these comments on the Business Plan: (a) it was very well-written, (b) on the matter of filing of documents, electronic filing should be prioritized over filing of physical copies which should only be done for especially important documents such as on procurement of goods and services in order to have an audit trail for these transactions, (c) the Business Plan, as written, meets internal purposes, however, the Center must find ways to improve the public presentation of its activities to make it more understandable and attractive to the ordinary person. At this point, Charles Melhuish was requested to help the Center contact David Guerrero of BBDO in Manila for assistance.

Decision 6: In relation to frequency of reporting to the BoT on progress in the implementation of the Business Plan, it was agreed that after the close of each year a draft annual report be submitted to the BoT in advance of the "glossy" report that can be distributed in the first quarter of the next year.

The Trustees comments on the Budget were: (a) D. Greenbaum advised the Center to also consider presenting a programmatic budget by showing budget allocations for programs and not only showing overhead expenses, (b) an explanatory footnote be added stating what each budget item includes such as trainings, meetings, etc.

Mention was made of the Better Air Quality bank account with the EquitablePCIBank. The Center staff was requested to close this account after winding up all BAQ 2006 financial matters as soon as possible.

Decision 7: The BoT approved the Business Plan subject to the above-mentioned comments.

Decision 8: The BoT approved the Budget subject to the above-mentioned comments with the understanding that the Budget for 2008 will also be presented showing expenses by program category.

9. Approval of Delegation of Powers to the Deputy Executive Director and Approval of Selection of HSBC as CAI-Asia Center bank

Cornie Huizenga presented an information note informing the Board that he has delegated the following powers and parts of his functional responsibilities to the Deputy Executive Director on 20 July 2007:

a. The Deputy Executive Director shall represent the Corporation in and execute all contracts and agreements entered into for and in behalf of the Corporation with a value not exceeding \$ 50,000 per contract. The Deputy Executive Director shall, with the counter-signature of the Chairman, issue a Certificate of Donation in such form as the

Bureau of Internal Revenue may prescribe on every donation received by, for and in behalf of the Corporation;

b. Jointly with the Treasurer, the Deputy Executive Director shall be responsible for the handling of the bank accounts of the Corporation, but not the opening of new accounts;

c. The Deputy Executive Director shall, while subject to the provisions of the Operations Manual, sign all checks, drafts, notes and orders for the payment of money against the funds of the Corporation in amounts up to US\$50,000.00, co-sign with the Treasurer all checks, drafts, notes and orders for the payment of money against the funds of the Corporation in amounts exceeding US\$50,000 but not exceeding US\$150,000;

d. The Deputy Executive Director shall supervise the activities of any employee and agent of the Corporation, but will not determine, fix and change their compensations, subject to the salary bands and benefits determined by the Remuneration Committee.

e. The Deputy Executive Director shall solicit grants for the projects of the Corporation and manage, conserve and invest the funds of the Corporation in line with the instructions and guidance provided by the Board and the Executive Director and in compliance with the Operations Manual procedures;

f. The Deputy Executive Director shall have the power to engage technical consultants and advisors as needed to perform the functions of the Corporation, provided that this concerns the engagement of consultants and advisors agreed upon in the Business Plan and budget of the CAI-Asia Center, and/or the position is identified and funding is available under an approved funded project.;

g. The Deputy Executive Director shall implement and ensure that the policies and decisions of the Board and those adopted in the meetings of the members of the Corporation, are properly executed and complied with;

h. The Deputy Executive Director shall be responsible for the procurement and disbursement of funds for all projects and activities funded by the Corporation with a limit of \$ 50,000 for procurement of goods and services;

i. The Deputy Executive Director shall be responsible for the performance and financial monitoring of all projects and activities funded by the Corporation and oversee the preparation of quarterly financial reports within fifteen (15) days from the close of each quarter, six-monthly operational reports within thirty (30) days of the close of each six month-period, and, within sixty (60) days from the close of each fiscal year a complete report of the operations of the Corporation for the preceding year.

The delegation of powers and responsibilities is effective immediately unless otherwise revoked in writing and notified to the Deputy Executive Director, and is valid for 12 months after which it can be renewed as and when required. The Executive Director will review the arrangement at the end of the year and inform the Board of his findings in the quarterly report for October-December 2007.

Cornie Huizenga also requested the Board to confirm the choice of HSBC as the depository bank of the Center.

Decision 9: The BoT approved the the selection of HSBC as the CAI-Asia Center bank and authorized the Deputy Executive Director, Sophie Punte, to exercise the signing powers equivalent to those of the Executive Director except for amounts above US\$150,000, for all the bank accounts of the Center with respect to the signing of checks, drafts, notes and orders for the payment of money against the funds of the Corporation. These signing powers are provided for the period of one year, starting 1 August 2007. The Board will decide on an extension of the powers following the receipt of a report from the Executive Director on the implementation of the delegation of powers and functional responsibilities as specified in the Board Information Note “Delegation of Certain Powers to the Deputy Executive Director” dated 20 July 2007.

10. Status of CAI-Asia Center’s Short-Term Investment.

Following the receipt of the first installment under the Letter of Agreement with the ADB on the SUMA program, US\$500,000 has been placed in three time deposits.

Decision 10: The BoT approved CAI-Asia Center’s placement of US\$500,000 in three time deposits and the Center’s plans to roll-over these time deposits until alternatives have been identified that provide a higher yield and which are in line with the risk provisions of the By-Laws.

11. Establishment of Remuneration and Audit Committees

The By-Laws in Article VIII, Section 2 and 3 call for the establishment of a Remuneration Committee and an Audit Committee.

The Remuneration Committee will: (a) determine the salary bands and benefits of Officers and employees of the Corporation and review these from time to time; (b) review the Executive Director’s proposals for modifying the salary bands and benefits and make recommendations to the Board; and (c) Review the performance of the Executive Director and make recommendations to the Board.

The Audit Committee will: (a) Review the quarterly and the annual financial reports; (b) Review the results of the Annual external audit of the Corporation; and (c) Report and Propose any recommendations to the Board regarding the financial arrangements and activities of the Corporation.

Decision 11: The BoT agreed that the following would compose the committees: (a) remuneration committee (Charles Melhuish, Jiming Hao, Francis Estrada); and (b) audit committee (Francis Estrada, Bebet Gozun, Dan Greenbaum).

Decision 12: It was also agreed that in the event that Francis Estrada was a member of the Board of any of the shortlisted auditing firms, that he may be excused from the selection of the auditing firm in case he has direct or indirect links with any of the shortlisted firms, but after the selection he can review the audit reports of the selected auditing firm as a member of the Audit Committee provided he has no direct or indirect links with the firm selected.

12. Approval in principle for opening of credit line

The By-Laws in Article VI, Section 6.h authorize the BoT to open a credit line with a commercial bank to meet projected shortfalls in cash provided that the maximum amount of the credit line is adequately covered at all times by future income under approved and signed funding arrangements. The BoT was requested to give the Executive Director authority to open a credit line with a maximum value of US\$50,000 or its Peso equivalent.

Decision 13: The BoT authorized the Executive Director to open a credit line with a maximum value of US\$50,000 or its Peso equivalent conditional on the following: (a) at least one advance or final payment will be outstanding under the Letter of Agreement (LoA) with the ADB on the implementation of the SUMA program; (b) regular rates applicable to credits of this size in the Philippines will apply, and (c) the Executive Director will do all in his powers to limit the duration of time during which such a credit line would be operated, seconded and approved with the modification that the BoT to be informed in the financial report of any loan secured.

13. Update on Trustees and Officers Liability Insurance

The insurance broker, Jardine Lloyd Thompson Insurance Brokers, Inc., is assisting the Center in securing liability insurance for trustees, officers, and employees of the Center. The aim is to get the largest possible insurance coverage for an annual premium of US\$10,000.00 which meets these criteria: (a) Minimal retention for Corporate Liability, (b) Limit of Liability of US\$2.5 to 3 million, (c) Employment Practices Liability (EPL) Entity Cover, and (iv) Hammer clause deletion. Among the items that the BoT wanted clarified with the insurance company are: (i) whether cost of legal counsel is already covered by the liability insurance, and (ii) whether the US\$10,000 annual premium is inclusive of all taxes and charges.

Decision 14: The BoT agreed that the decision on liability insurance does not need BoT approval but the Center will request feedback from some members of the Board. It was noted that the LoA with ADB required the Center to procure insurance within 30 days from the CAI-Asia Center's establishment.

14. Criteria for Selection of External Auditor

It was agreed that the external auditors should be on board as soon as possible and that Center should ensure that the partner of the auditing firm who will oversee the audit should have had experience in auditing non-profit corporations.

Decision 15: The BoT approved the criteria and steps proposed in engaging the external auditor.

The approved selection criteria is: (a) Experience in the auditing of not for profit organizations, (b) Be of international repute, and (c) Located in the Philippines.

The approved steps to engage the external auditor are: (a) A request will be issued for Expressions of Interest to serve as the External Auditor to suitable firms located in the Philippines (September 2007). (b) The Executive Director will draw up a shortlist (making use of price-quality criteria) and forward his recommendation, through the Audit

Committee, to the Board of Trustees. (c) The Board of Trustees will, upon recommendation of the Audit Committee, appoint the External Auditor for the CAI-Asia Center (October 2007).

15. Schedule of the next BoT meeting

Decision 16: The third BoT meeting by teleconference will be on 17 October 2007. By this time, the first quarterly report of three to five pages, with progress updates in bullet form, should have been circulated to the BoT.

Decision 17: The fourth BoT meeting, possibly also by telecon, will be on 12 December 2007. In preparation for this meeting, the Center will submit to the Treasurer and then to the Chairman, the proposed budget for 2008, on or before the end of November 2007. The By-Laws state that the BoT needs to approve the 2008 budget by end of December 2007.

16. Adjournment

Jiming Hao thanked ADB for hosting the meeting and requested ADB to extend the same hospitality for future meetings. M. Tsuji replied that it might be difficult for ADB to host all of the BoT meetings because it would like to keep the Center independent of ADB, however, if it is a SUMA-related activity, then ADB is willing to be the venue. Cornie Huizenga offered thanks to Masami Tsuji for being instrumental in the incorporation of the CAI-Asia Center. Jiming Hao adjourned the meeting at 5:30 pm.