

Minutes
WRI Board of Directors Meeting
March 11, 2008
Washington, D.C.

Attendees: Jim Harmon—Chair, Tish Emerson—Vice Chair, Roberto Artavia, Harriet Babbitt, Gay Barclay, Frances Beinecke, Afsaneh Beschloss, Antony Burgmans, Jonathan Lash, Gretchen Long, Jeff Miller, Michael Polsky, C.K. Prahalad, Ted Roosevelt IV, Steve Ross, Alison Sander, José Sarukhan, Scott Spangler, Gus Speth, Ralph Taylor, Lee Thomas, Todd Thomson, Diana Wall

Staff: Andrew Aulisi, Manish Bapna, Steve Barker, Debbie Boger, Liz Cook, Meg Cregger, Christina Deconcini, Arthur Droe, Vivian Fong, Al Hammond, John Larsen, Jennifer Layke, Robin Murphy, Janet Ranganathan, Allison Sobel, Oretta Tarkhani, Dan Tunstall, Lydia Weiss, and Jake Werksman

Guest: John Disharoon, Caterpillar

The meeting was called to order at 8:30 a.m. by the Chair, on Tuesday, March 11, 2008.

Chairman's Overview

Mr. Harmon called the meeting to order at 8:30 a.m. He welcomed Roberto Artavia, who was attending his first in person Board Meeting, and introduced John Disharoon, who was attending at the behest of Jim Owens. Mr. Harmon thanked WRI staff for their work to prepare the Board events. Mr. Harmon said he would be restructuring committees and would communicate the changes at a later date. He then reviewed the Board meeting agenda and the schedule of future meetings.

The minutes from the March 13, 2007 Annual Meeting of the Corporation, the December 11, 2007 Board of Directors Meeting, and the March 13, 2007 WRIF Board of Directors meeting were approved as drafted.

Strategic Plan Update

Mr. Lash spoke about the planning and background work that went into creating the Strategic Plan, including the sessions at the Board Retreat in September 2007. He said that Mr. Bapna had taken the lead on this project and periodically consulted with Board members throughout the process. He said that WRI had started to implement the Strategic Intent Statement. Mr. Lash proposed that the Board tell WRI staff if there were large enough issues with the Strategic Plan to require a revision. Otherwise he asked for Board approval of the Plan, at least in concept. He said that unless there were significant changes, he would not bring it to the Board again.

The Directors discussed the Strategic Plan, praised it overall, and agreed that they did not need to see it again. Mr. Roosevelt IV stated that he believes the U.S. is headed into a severe recession and he is not optimistic about WRI's ability to secure the necessary funding to implement the Plan with the dire economic outlook. Mr. Burgmans suggested that WRI develop a different communications strategy and possibly a different SIS for China and India as they operate very differently than the U.S. He also thought the Strategic Plan could be improved if it were half as long. Mr. Speth suggested that some of the problems that WRI grapples with may require impractical solutions and that WRI should not stop thinking about all possible options to solve problems. Mr. Artavia suggested that WRI might want to outsource some of the research, development, and communications in order to grow internally at the level needed to support the external growth described in the Plan. Mr. Lash stated that WRI intended to produce an external version of the Strategic Plan to explain what WRI intends to do and why.

Ms. Long said that WRI should include a description of why China, India, and Brazil were the priority countries in the Strategic Plan and thought that 100% of WRI's work should be in the priority countries. She also thought that the People and Ecosystems section of the Plan sounded like the work that was currently being done as opposed to a plan for the future. Dr. Sarukhan seconded Gretchen's opinion on the People and Ecosystems section. Ms. Sander asked about the time-frame of the Plan and wondered how often it would be updated. Mr. Bapna said that it was a five-year plan and that he would include that on the cover. Mr. Polsky asked how the Plan would be implemented into action at WRI. Mr. Roosevelt IV wondered whether there should be an ad hoc Board Committee to implement the Plan. Mr. Harmon said that he thought WRI was on the right track to address the Communications and Development issues and praised the discussion of the Plan.

Mr. Lash said WRI staff will take the comments into account and also include internal expected Outcomes as benchmarks. Mr. Harmon said the biggest challenge will be to fundraise for the new expansion without impacting the current work we are doing.

WRI in China

Mr. Bapna, Mr. Werksman, and Mr. Murphy spoke about their recent trip to China. Mr. Bapna discussed their meetings and relationships with Chinese government agencies, in particular with SIPA, the Chinese Environmental Protection Agency. Mr. Werksman spoke about their meetings with other American NGO's who are working in China and the lessons they learned about how to operate in China. Mr. Murphy spoke about their meeting with several Multi-national corporations who are operating in China. They advised WRI about how to work with the Chinese government and one corporation is helping to develop WRI's Communications plan for China. Mr. Bapna also reported that WRI has leased an office space in Beijing and that it was being built out with green elements in keeping with WRI's "Walk the Talk" policy. Mr. Lash asked for the Board's help and expert advice as WRI moves forward with this project.

Ms. Beinecke spoke about NRDC's experience opening an office in China. Mr. Burgmans and Mr. Artavia thought that gaining influence in China would increase our influence with the U.S. government. Mr. Speth said that it was necessary to work with the Chinese government, but also to maintain a distance to be able to critique their actions. Ms. Beschloss warned that working in China can be a financial drain as changes happen very quickly. Mr. Miller suggested that WRI develop a strategy that focused on the provinces. Mr. Ross has recently met with Chinese real estate developers and believes they would be allies and supporters of WRI. Mr. Thomas said that he was impressed with WRI's planning and execution of the China trip and stressed the importance of this international collaboration. Mr. Lash said he intends to take the comments that everyone has made to heart and asked the Board not to expect that the office will be fully operational in one year as support costs are initially very high. He said that staff is taking this expansion very seriously and is working to implement our projects strategically, in particular with regards to staffing that office.

Audit Committee Report

Mr. Spangler reported that WRI received another clean audit this year in the face of an ever increasing oversight environment and that a copy of the full audit report was included in the Board book. An executive session was held with Grant Thornton and there were no issues to report.

The Board ratified the Audit Committee's approval of the audit report.

Mr. Spangler asked the Board to complete the conflict of interest form in keeping with WRI's high standard of ethics and our Intermediate Sanctions compliance.

Finance Committee Report

Ms. Emerson reported that the Finance committee met quarterly to review the financial status of WRI and review the expense/revenue projection for the year. She said that everything was in order. Ms. Emerson said that while we are currently behind budget, this is normal for the first quarter and we will be on or ahead of budget for the year given current and past spending patterns. She said the main issue was whether fundraising will be as successful as everyone hopes due to the economic downturn. The Finance Committee has reviewed the 5 year Strategic Plan Budget. Funding for 2009-2012 has not been secured, so approval has not been given for those years. Funding is available for 2008 and the Committee has approved the 2008 Strategic Plan budget of \$1.3M

Investment Committee Report

Mr. Miller reported that the Investment Committee meets quarterly to review our manager's performance and at least annually reviews our asset allocation and total investment management fees. He said that WRI's total Investment Balance grew to \$46.4M from \$41M at 12/31/06 but the market turbulence in early 2008 caused the

investment balance to shrink by about \$3M. Mr. Miller said that the committee has authorized up to \$3.9M in withdrawals for FY 08.

Development Report

Ms. Cook thanked Steve Ross for his support of the China office and noted that WRI intends to raise \$25 million for this effort. She also thanked External Relations, Development, and Jonathan Lash for all their work to bring in the grant from MacArthur for WRI communications. Ms. Cook noted that WRI has been fundraising over \$20 million each year and has a goal of \$27 million this fiscal year. She expects this to be a challenge but thought that China will be a motivating effort for Development. Ms. Cook urged the Board to donate to WRI to help with the unrestricted funds goal. She spoke about the efforts to revamp WRI's Corporate Council and then introduced WRI's new Individual donor plan, the Global Impact Fund. The Board discussed ways to market the Fund and the Corporate Council.

Ms. Cook then reported on the upcoming California dinner scheduled for May 28 and featuring Vice President Gore. She intends to hold the event in a private home and focus efforts on individuals. The Board discussed possible hosts for the dinner and offered connections they had in California.

President's Report

Mr. Lash elaborated on the history of the partnership between WRI and the Petersen Institute that Fred Bergsten spoke about at the previous night's Board dinner. This work will produce a report: *Leveling the Carbon Playing Field: International Competition and US Climate Policy Design*. Mr. Lash will send the report to the Board. He would like to continue the collaboration, but said there is no current funding for that work.

Mr. Lash then reported on the upcoming World Resources Report (WRR) and why he believes that the new edition should be WRI's last, at least in the present form. He spoke about how the report has been an effective vehicle in the past, but is now an outdated mode of communications. He would like to use WRI's existing on-line mechanisms, such as Earthtrends, to communicate the information that would formerly have been included in the World Resources Report. The Board discussed this change and agreed with Jonathan that the WRR in its current form is outdated.

WRI's Legislative Strategy

Mr. Murphy introduced WRI's Legislative Work which is housed partly in External Relations and partly in CEP and welcomed Christina Deconcini and Lydia Weiss who lead this effort. Ms. Deconcini spoke about why WRI was getting more involved in legislative affairs and about WRI's communications and outreach strategy to the legislators. Ms. Weiss presented the outreach work she was doing to target legislators on the Hill. The Board discussed these efforts and offered advice for this effort.

Mr. Murphy spoke about other highlights from External Relations, including the revamping of the Board Communications Committee. He also reported on the communications training and monetary support that he was providing to programs.

Nominating Committee Report

Mr. Roosevelt IV began by welcoming Roberto Artavia to his first in-person Board meeting. He reported that the Nominating Committee is working to assist Development and increase then Board's fundraising capacity to support the Strategic Plan. Mr. Roosevelt IV spoke about his committee's efforts to instill WRI's culture to new Board Members. The Committee still seeks to bring on a board member from California and to bring on more people from key countries where WRI is expanding its work such as China, India, and Brazil. Mr. Roosevelt IV said that the Committee had developed a Board Expectations document and reminded each Director to contribute to WRI in accordance with their means. The Board discussed ideas for prospective Board members and the Expectations document. Mr. Roosevelt asked that Board Members send him names for the Board since the Nominating Committee is on constant alert for new members.

The Board moved to approve the resolutions electing the Class of 2011 of the Corporation and the WRI Board of Directors.

The Board moved to approve the resolutions electing the Chair and Vice Chair of the Corporation and WRI Board of Directors, WRIF's Board of Directors and Officers, and the Officers of WRI for 2008.

The Board moved to pass a resolution electing Alice Emerson Vice Chair Emeritus of the Board.

The Board went into Executive Session at 3:15 p.m.

Steve Barker
Secretary, Treasurer and
Chief Financial Officer and Vice President of Administration