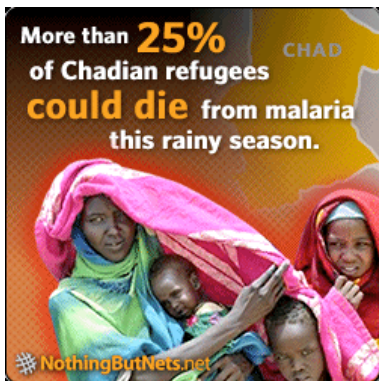


Potomac-Bethesda Rotary Club News

Rotary Club Calendar

August 9 - 6:30pm Meeting at Hunters Inn
Adrianna Logalbo, United Nations Foundation
"Nothing But Nets" Campaign

Malaria infects more than 500 million people a year and kills more than a million— one person dies about every 30 seconds. The disease is particularly devastating in Africa, where it is a leading killer of children. In addition to being home to the deadliest strain of malaria and the mosquito best equipped to transmit the disease, many areas in Africa lack the proper infrastructure and resources to fight back.



In the poorest parts of the world, where effective window screens are lacking, insecticide-treated bed nets are arguably the most cost-effective way to prevent malaria transmission.

August 14 - 7pm Manna Center

August 16 - 6:30pm Meeting at Hunters Inn
Wine and cheese, etc.

Spouses invited (no charge)

August 23 - 6:30pm Meeting at Hunters Inn
Ed Underriner - Rotary Update

Vote on By-laws revision

August 30 - 6:30pm Picnic at Great Falls Park
Families welcome! (no charge)

September 6 - 6:30pm Normandie Farms
Jan Potker, Author

September 20 - 6:30pm

Rotary District Governor Rich Carson

Potomac-Bethesda International Rotary Club

Inside This Issue:

Real Estate Slowdown from a Financial View by Art Blitz (page 2)

Rotarians Active In Fight Against Malaria (page 2)

New Evening Rotary Club Forming In Annapolis (page 2)

Federal Budget from A Middle of the Road Perspective (page 5)

August 2 Meeting Report

President Don conducted a poll of ideas for club activities in the next month and received great support from among



the twenty people at the last club meeting. Don is planning a hors d'oeuvres night with wine and cheese, a picnic at Great Falls Park and a meeting at Normandie Farms Restaurant as listed on the adjoining Rotary Club calendar. Thanks, Don, for winding up the summer with some really nice events!



Desmond McElroy Bruce Anderson Don Hiruo

We welcomed three guests, Desmond McElroy, Bruce Anderson (brother of the speaker) and Don Hiruo on his second visit.



Speaker Barry Anderson gave an excellent presentation on the federal budget process using a quiz format. Some of his questions and answers appear on pages 5-6 and the full presentation is available from Bob Nelson.

Potomac-Bethesda Rotary Club News

Finance-Related Firms Keep Close Eye on Real Estate Slowdown, Legislative Initiatives, Competitive Market

By **Art Blitz** from the July 13 Gazette

Twenty-some years ago, there was a paucity of banks in the area. People soon discovered that there was a need to serve businesses and individuals that had been passed over by the banks that were here," said Arthur Blitz, principal of the Paley Rothman law firm and founding director of Eagle Bank, headquartered in Bethesda. "Greater disposable incomes have also helped make this area a banking magnet." The result, Blitz said, "is a current market where deposits are hard to come by. Banks are furiously competing for deposits and investors are furiously looking for properties to buy. Each is having difficulties." Blitz noted that a slowing real estate market, particularly in the condo and apartment sector, has affected financial institutions. "There are fewer and fewer properties available," said Blitz, "and, as a result, fewer people are looking to community banks for loans." While a change in the market may be in the offing, Blitz said it's difficult to predict how soon it will be before there's some sort of shakeout. "Overgrowth or overbuilding creates major change. As soon as we get too many banks in the Washington, D.C. area and some begin to experience growing pains - catch a cold and can't recover - they're going to die," he said. "Then we'll see a change in the way banks are positioned and marketed and how they serve the population."

Rotarians Active in Providing Bed Nets

In April 2007 the Rotary Foundation made a US\$315,323 3-H Grant to the Rotary Club of Arusha (District 9200, Tanzania) and the Rotary Club of The Island & Royal Manor of Portland (District 1200, England) to reduce the malaria-related deaths, illnesses, mental retardation, school and work absenteeism by providing treated bed-nets, spraying mosquito breeding areas, training medical personnel, and educating mothers in malaria-endemic areas of Tanzania. In October 2006 the Rotary Foundation made a US\$48,980 Matching Grant to the Rotary Club of Dili, Timor Lorosa'e (District 9550, East Timor) and to the Rotary Club of Warringham (District 9680, Australia) to help provide 24,000 anti-malarial treated bed nets throughout East Timor.

New Chesapeake Bay Club Puts Young Spin On Rotary: Parent Organization Encourages Clubs To Shift Meeting Times

Published July 24, 2007, The Capital, Annapolis, MD. by Katie Arcieri, Staff Writer

Lately, Laurie Sears Deppa and her husband, Brian, have struggled to fit Rotary Club meetings into their busy schedules. She had been a member of the 12:15 p.m. Annapolis group, but as a business owner and mother of 10-year-old Katie she was often pressed for time in the afternoon. Mr. Deppa, a business strategy consultant in Washington, found it hard to make morning meetings at the Parole club before work. So Ms. Sears Deppa took action.

Potomac-Bethesda Rotary Club News

To accommodate other civic-minded professionals in their 30s and 40s who could only meet in the evening, Ms. Deppa has built the foundation of the Rotary Club of Chesapeake Bay. Set to become official with a charter in September, it will be the third Annapolis-area Rotary.

In contrast to previous generations of Rotarians who convened at the traditional noon meeting time, Rotary International is now encouraging new clubs to meet after work and accommodate the schedules of a younger generation.

"You have many more families that have two working parents, you have a lot more involvement in terms of youth programs ... People are much more stressed for time," said Donna McDonald, division manager of membership development for the Evanston, Ill.-based civic organization with more than 32,000 clubs worldwide.

Attracting younger members has taken on extra importance as Rotarians grow older. According to Rotary International figures for clubs in North America, 30 percent of Rotarians are in their 50s and 21 percent are in their 60s. Another 21 percent are 40-somethings. Meanwhile, only 10 percent are in their 30s, and those younger than 30 account for only 2 percent. The rest are in their 70s.

To bring in young blood, clubs are keeping an eye out for younger members already involved in the organization's "Rotaract clubs" for young adults, along with Rotary study exchange and scholarship programs, Ms. McDonald said.

She said Rotary International is supportive of the new Chesapeake Bay club as the ninth group in the county.

"I always think it's great when a Rotary club forms to meet another sector," she said.

Rotary is also looking to attract more women, who were allowed to join clubs in the late 1980s. Most of the Chesapeake Bay Rotary members are professional women.

Roxie Marx and her husband, Doug Kawakami, run Jordan Publishing, which creates *Exclusively*, a publication of local business profiles. The couple just moved from Arnold to Kent Island, but wanted to stay involved in the local community.

"This is an opportunity for us and I'm just so excited to watch it grow," Ms. Marx said.

Jaye Ross, owner of the Pink Patio MedSpa in Annapolis, said she decided to join not only for the business contacts, but also "to give back to the community."

The Chesapeake Bay club is certainly a lively bunch. At the group's third informal meeting, new members introduced themselves and jokingly shared Zodiac signs - Aquarius seemed to be a common theme.

Members include a Census Bureau employee, a marketing expert and a background investigator. Each member pays dues of \$200 per quarter.

Rob Levit, a musician and inspirational speaker, discussed tapping into creativity at the recent meeting.

Other featured speakers include Clark Rachfal, a legally blind Annapolis resident

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who won a silver medal at the 2007 U.S. Paralympics Track Cycling National Championships.

While many regard evening as the best time to meet, the number of lunch and breakfast clubs has remained steady here.

District 7620, a grouping of Rotary clubs encompassing Washington, Anne Arundel and most of Maryland, added nine new breakfast clubs and three noon groups over the past decade, according to Rotary International figures.

Observers said the demographics of Annapolis allow the city to handle one more evening club. The only other county clubs meeting after regular work hours are in Glen Burnie and Pasadena.

"There were a number of people who said 'I work in Baltimore' or 'I work in Washington' and said 'I can't do a lunch club or a breakfast club,'" said Henry Riser, past president of the Rotary Club of Parole, a 96-member breakfast club sponsoring the new group.

But there is still the concern about competition. Mr. Riser said clubs usually lose 10 percent of their membership annually due to people switching jobs and other factors.

He also said the demands of Rotary preclude many from joining.

"When you're doing things like taking kids to soccer ... you just don't have time to devote to Rotary, or the discretionary income," he said.

Ray Streib, a member of the Rotary Club of Glen Burnie, which is raising \$100,000 for a

water system in El Salvador, said he's helping to make the new group official.

"In my opinion any new Rotary club is a good thing," said Mr. Streib, the membership and extension chairman for District 7620.

Bill Davis, president of the Rotary Club of Annapolis, declined to comment for this story in an e-mail, saying "it would not be appropriate nor in accordance with the spirit of Rotary International to express (any concerns) in a public forum."

Rich Carson, the area's district governor, said each generation contributes tremendously to the district, whose programs include supplying prosthetic limbs for children in Iraq and dictionaries for 70,000 third-graders in the region.

The area is also home to several clubs with younger members.

"I would say they've attracted the young business professional," he said.

**August is Rotary Membership Month!
Bring a Guest to Each of the Five
Meetings This Month!**

**We are looking for men/women in a variety
of professions – just a few vocations are
listed below:**

Small Business Owners

Physicians

Insurance brokers/agents

Pharmacists

Banking and Wealth Management

Journalist/writers

Rotary Shares by

Growing Rotary Membership

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**Please Pay Your Invoice
For The Third Quarter
To Treasurer Alan Cookson**



Cool Rotarians: *Bill Johncox and Phil Meade beat the sizzling summer temperatures by wearing shorts to the Rotary Club meeting.*

[Some excerpts from the August 2 presentation by Barry Anderson are included on the next two pages.]

Q. What % of households pay more in payroll taxes (including employer's share) than income taxes?

Percentage of Households Whose Payroll Taxes Exceed Income Taxes

Income Quintile	2004
Lowest	100
2 nd	98
Middle	95
4 th	87
Highest	49
All Quintiles	84

Q. What is the marginal federal income tax rate?

Marginal Federal Income Tax Rates

	Next Highest	Highest
2000	36.0	39.6
2001	35.5	39.1
2002	35.0	38.6
2003-10	33.0	35.0
2011	36.0	39.6

Q. What is the effective federal income tax rate?

Effective Tax Rates & Shares By Quintiles, 2004

Income Quintile	Rates Total	Rates Income	Shares Total	Shares Income
Lowest	4.5	-6.2	1.0	-3.0
2 nd	10.0	-0.8	4.5	-1.1
Middle	13.9	2.9	10.0	4.7
4 th	17.2	5.9	18.4	14.6
Highest	25.1	13.9	65.8	84.8
Top 1%	31.1	19.6	22.9	34.6
All	20.0	8.7	100.0	100.0

Q. What was the primary reason for the decline in deficits in the mid 1990's?

Changes From CBO's 1993 Baseline Projection (\$ in billions)

	1998	1994-8
Projected Deficits	-357	-1,539
Spending Policy Changes	81	197
Tax Policy Changes	48	230
Economic/Technical Changes	297	683
Actual Deficits/Surpluses	69	-429

Q. What was the primary reason for the decline in surpluses in the early 2000's?

Changes From CBO's 2001 Baseline Projection, 2002-11

	\$ in T	%
Projected Surpluses	5.6	---
Tax Cuts	-1.9	24
Spending Increases	-2.6	34
Interest	-1.3	16
Economic/Technical Changes	-2.0	26
Total Changes	-7.7	100
Actual(2006)/Projected Deficits	-2.1	---

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Here is more interesting information from Barry Anderson's talk. You may request the full 50-page presentation from Bob Nelson via email attachment.



Government Assets & Liabilities, 2006 (\$ in billions)

Assets		Liabilities	
Financial	602	Debt	4,829
Fixed Reproducible Capital	1,166	Insurance & guarantees	143
Inventories	281	Pensions & Health: Vets, Military & Fed Retirees	4,497
Land	833	Other	656
Mineral Rights	1,062		
Total	3,944	Total	10,125

CURRENT STATUS (Impact on deficit; \$ in Billions)

	2008	2008-11	2007-16
CBO Baseline	-113	-283	586
Tax Cuts	-41	-479	-1,583
Soc Sec	0	-2	-270
Mandatory	9	36	106
Defense	-77	-132	44
Non-Defense	0	131	380
Debt service	-5	-61	-323
Proposed Deficit	-226	-790	-1,060
Debt(%/GDP,yr)	37.0	34.3	29.2

DISCRETIONARY SPENDING (in billions of nominal outlays)

OMB Figures	Defense	Non-defense
2000	\$295	\$320
2001	306	343
2002	349	385
2003	405	421
2004	454	441
2005	494	475
2006	520	497
2007 (est.)	569	511
2008 (est.)	603	511

LONG-RANGE PROJECTIONS (As a % of GDP)

OMB Projections	2000	2020	2040	2080
Receipts	21	18	18	18
Discretionary Spending	6	5	5	5
Soc Sec + M&M	7	10	14	16
Other Entitlements	3	2	1	1
Interest	2	1	2	8
Total Spending	18	18	21	30
Surplus/Deficit	3	0	-3	-12
Debt	35	19	32	160

Labor Productivity Growth

Country	87-95	95-05	00-05
China	4.7	5.6	8.7
India	4.3	3.9	4.1
US	1.1	2.4	2.6
Japan	2.8	2.0	1.9
France	2.1	2.0	1.9
UK	2.1	1.9	1.8
Germany	3.2	1.9	1.2
EU25	N/A	1.7	1.4
EU15	2.3	1.4	1.0

Shares of Top 7 in Oil, Gas, & Coal

Oil	Gas	Coal
Saudi Arabia: 22	Russia: 27	USA: 27
Iran: 11	Iran: 15	Russia: 17
Iraq: 10	Qatar: 14	China: 13
Kuwait: 8	Saudi Arabia: 4	India: 10
UAE: 8	UAE: 3	Australia: 9
Venezuela: 7	USA: 3	South Africa: 5
Russia: 6	Nigeria: 3	Ukraine: 4