

SDX Board of Directors Meeting Minutes

April 28, 2001 - San Diego, Calif.

Meeting Date: April 28, 2001

Meeting Place: The Radisson Hotel, San Diego, Calif.

Roll Call:

Board Members Present: 13

Paul McMasters
Sue Porter
Steve Geimann
Howard Dubin
Betsy Ashton
Fred Brown
David Carlson
Paul Davis
G. Kelly Hawes
Ray Marcano
Dori Maynard
Kyle Niederpruem
Georgiana Vines

Board Members Absent: 8

David Boardman
Lou Dobbs
Frank Gibson
Jane Kirtley
Hoag Levins
Tony Mauro
Russell Pulliam
Paul Steinle

SPJ Staff Members Present: 4

Jim Gray, SPJ Executive Director
Julie Grimes, SPJ Deputy Director
Catherine Davis, SPJ Director of Finance
Stephanie Berry, Development Director

Others Present:

Numerous guests were present during portions of the meeting.

Call to Order

Sigma Delta Chi Foundation President Paul McMasters called the meeting to order. Secretary Steve Geimann called the roll.

Approval of Minutes from October 2000 Meeting

Motion by Betsy Ashton to approve the minutes of the October 2000 board meeting as submitted. Second by Howard Dubin. Motion carried.

Executive Director's Report

Executive Director Jim Gray's written report was available in the board packets. Gray acknowledged the promotion of Julie Grimes to deputy director and expressed his concern about declining membership and

increased competition. He said SPJ will be focusing its efforts and board discussion on membership retention.

The group discussed SPJ marketing efforts and asked about membership retention rates and those of other organizations. The nationwide trend is that many people aren't participating in group organizations, and the time factor is a large issue, too, said board members. SPJ must make itself essential through things such as career resources. SPJ members also need to hear from local chapters.

Foundation board members should share any membership recruitment or retention ideas with Gray or SPJ President Ray Marcano.

Gray acknowledged SPJ member Ed Avis who works for Marion Street Press. Avis recently assembled a book of Quill contributor Paula LaRocque's columns. Avis offered to help SPJ and the Foundation. He established a program to donate a percentage of the proceeds of books sold by SPJ to the Foundation's Quill Endowment Fund.

SPJ President's Report

SPJ President Ray Marcano filed a written report available in the board packet. He said most of his time had been filled with interviews surrounding the Dale Earnhardt autopsy photos. SPJ argued that the photographs should be available to the public under Florida law, which has now been changed to close access to such photos. Marcano has appeared on 14 television programs to discuss the issue. He said he received an average of eight calls per week for comment on the case.

Marcano said the final half of his term as president will focus on membership issues. Nationally, he'll be working on recruitment and retention and addressing local chapter issues.

The group talked briefly about payment of dues: local and national. It's been a long-time struggle to ensure that all local chapter members are also members of the national organization. Georgiana Vines suggested that comparing national and local rosters would be a good project for a volunteer. There was some discussion about the quality of computer materials and membership lists received from national headquarters; national material must be accurate.

SDX Foundation President's report

Foundation President Paul McMasters distributed a written report at the meeting. He explained his organization of a board committee structure that should expedite the work of the board. The committees should work throughout the year, and all board members will be able to contribute to the work of the board. McMasters distributed the following committee assignments:

- Executive Committee: Paul McMasters, chair
- Members: Sue Porter, Steve Geimann, Howard Dubin, Paul Steinle and Ray Marcano, ex officio
- Governance Committee: Steve Geimann, chair
- Members: David Carlson, Kelly Hawes, Jane Kirtley and Kyle Niederpruem
- Finance Committee: Howard Dubin, chair
- Members: David Boardman, Lou Dobbs, Betsy Ashton and Paul Steinle
- Mission Committee: Sue Porter, chair
- Members: Fred Brown, Paul Davis, Frank Gibson and Tony Mauro
- Grants and Awards Committee: Georgiana Vines, chair
- Members: Hoag Levins, Ray Marcano, Dori Maynard and Russ Pulliam

McMasters discussed the success of the recent Pulliam Editorial Banquet at the National Press Club in Washington, D.C., and acknowledged the work of Development Director Stephanie Berry on the project.

McMasters said the purpose of the banquet is to honor the recipient, raise the profile of SPJ and raise the profile of the editorial fellowship. He mentioned that they had been unable to hire a consultant to work on the project because of a lack of applicants, but a detailed time line and operations plan had been developed by Stephanie Berry so the program should run smoothly in the future.

McMasters mentioned that the committee appointed by the board to review a play seeking Foundation sponsorship had met and voted to fund the play in the amount of \$5,000.

Other issues addressed by McMasters:

— There will be a full report on Foundation staffing issues during the board's annual meeting in October.

— McMasters had plaques produced for Phil Record and Jean Otto, the only two people to serve as honorary chairs of the board. They were very honored to be recognized. He also had a plaque created honoring past president Paul Steinle.

— Several board members have been recognized in the profession. Hoag Levins has taken a job at Advertising Age. Tony Mauro was noted as one of the top 50 journalists in D.C. Steve Geimann was promoted to deputy team leader at Bloomberg. Lou Dobbs will be moving back to CNN. Kelly Hawes was named managing editor of The Facts in Brazoria County, Texas. And Dori Maynard is now president of the Maynard Institute.

Foundation Mission and Procedures

McMasters explained the purpose of the Foundation board, writing in his report, "The foundation serves the Society of Professional Journalists as an adjunct to the SPJ board. The SDX board exists to support the goals and priorities of the SPJ board and serves at the pleasure of the governing board. The SPJ board must approve all new members and changes in the board's bylaws."

He said that in recent months, the composition of the Foundation board and the procedures under which they were approved have become issues of concern. A Foundation bylaws committee concluded that, "while everyone thought the number of SPJ board members on the Foundation board should be increased, the bylaws did not require the number of SPJ members to be precisely one less than a majority, simply that it could not be more than that number. SPJ's legal counsel at Baker & Hostetler agreed with the interpretation.

McMasters suggested the following actions:

— The SPJ board should elect additional SPJ board members to serve on the Foundation board.

— The SDX board should keep new appointments to a minimum and allow attrition to help bring about eventual equilibrium in the board's makeup.

— The SDX board should develop and recommend for the SPJ board's approval revisions of the bylaws that clarify the board composition and the procedures for appointment and election.

— The SPJ board should ratify the SDX board as it is currently constituted to remove any doubts about previous actions.

— The board meeting schedule should be revised so that there is some method for the SPJ board to approve new elections after the SDX board has acted .

— Both boards should appoint parliamentarians or designate the executive director to monitor all official actions at each meeting to make sure they are in compliance with the bylaws.

A lengthy discussion followed as McMasters pointed out that, with the Foundation's increased funds, it was necessary to pay more attention to detail and organization structure. He explained that the SPJ board of directors must ratify Foundation votes on the selection of board members. When the SPJ votes on these appointments, it is meeting as the membership of the Foundation. The SPJ board also may add its own

members to the Foundation board.

Paul Davis asked that the Bylaws Committee, when reviewing any possible bylaws changes, make sure any final language indicate that the Foundation board must be composed of “a minimum of one more” rather than just one more.

There was a brief discussion about whether the board was currently in compliance with its bylaws in regard to its makeup. Kelly Hawes, chair of the Bylaws Committee, said it was the opinion of his committee that the board is absolutely in compliance with its rules. SPJ board representation on the Foundation board is lower now than in the past, but the board is definitely in compliance with its current bylaws.

The group discussed the size and makeup of the board and the board’s mission. Jim Gray discussed whether it was the board’s mission to raise funds, conserve funds or give away funds. McMasters reminded the board that a Mission Committee had been appointed and would have information for discussion at the annual meeting in Seattle. The Finance Committee also will look at how much money the Foundation should be spending each year, and in the absence of strong fund raising, how the Foundation can continue to grow.

Development Director’s Report

Development Director Stephanie Berry distributed a written report during the meeting. Paul McMasters acknowledged her hard work on a great variety of tasks for the Foundation. Berry thanked the board members for their efforts and distributed personalized coffee mugs in recognition of Volunteer Appreciation Week.

Berry noted that Capital Campaign pledges have gone from \$180,000 this time last year to a current figure of \$650,000. Seventy people have responded to the Brick appeal as part of the campaign. Berry mentioned her own Capital Campaign pledge and challenged all board members to also make a pledge. The Capital Campaign deadline is July 31, 2002. To reach the campaign goal, the Foundation will need to raise \$25,000 a month for the next 14 months.

Berry provided board members with a questionnaire about the Foundation and each board member’s ability to contribute in different areas. She asked that it be completed and returned before the end of the meeting.

Board members questioned several aspects of the Capital Campaign, including requesting information on how to sponsor a particular physical feature of the building. They suggested that the bricks campaign be promoted to chapters. Regarding the Brick appeal, Berry indicated that SPJ would notify individuals that bricks are being purchased in their honor if that request is noted.

Regarding other fund-raising appeals, Berry noted that 12 of 21 Foundation board members have selected members for solicitations. Only two board members have begun making calls. She encouraged all board members to get involved with this project.

Berry said voluntary contributions to the SDX Foundation and the SPJ President’s Club are down considerably from last year. She will be more aggressive about marketing these funds.

The group discussed the need for fund-raising priorities. Board members are being asked to raise money for a Capital Campaign, general Foundation Funds, local chapters and specific national projects such as conventions. There are a limited number of donors, and the board members need to know the priority order for asking for funds.

There was some question about why the Foundation needed funds since its assets were valued at \$11 million. Paul McMasters said the Mission and Finance committees, along with the Development Director,

should look into the establishment of fund-raising priorities by the annual meeting in the fall. Board member Kelly Hawes reminded the others that it was important to simply stay in contact with potential donors. Say hello, and let them know what's going on with SPJ. Cultivate the relationship. Don't ask for money every time a call is made.

Bylaws Revision Committee Report

The Bylaws Committee included a written report in the group's board packets. Paul McMasters said the committee was charged with developing language that makes sense. An indemnification clause is also an important addition.

To make a bylaws change, the board must receive 30 days notice, and a two-thirds quorum must be present to take a vote. McMasters suggested that Hawes' committee revise its report to include the indemnification language (rewritten for simplicity) and other changes suggested by David Marshall of Baker & Hostetler, then redistribute to the members of the board. To change the bylaws, the SDX board must take an action on a proposal. The SPJ board can take action to ratify the Foundation board's decision. If the SPJ board takes no action, approval is implicitly implied.

Motion by David Carlson to table the discussion until the annual meeting in Seattle in October. Second Kyle Niederpruem. The motion was withdrawn.

McMasters reminded board members that when it came to bylaws changes, it was important to take one action rather than a series of actions. Action on the bylaws changes must be delayed until two-third of the membership of the board is present.

Foundation Giving Discussion

Foundation Treasurer Howard Dubin said that foundations like the SDX Foundation traditionally spend 5 percent of their assets on grant giving. He said it was important that this Foundation establish a policy about how much of the Foundation assets would be given away, especially considering that in the current economic climate, the Foundation's assets have already experienced a 9 percent decrease.

Vice President Sue Porter suggested that the Foundation establish a certain financial level at which the Foundation assets should remain. That would be a corpus that would be set for each of the Foundation's funds. Keeping that in mind, its yearly earnings would be used for operating expenses and then grant giving. The Foundation should also consider recommending a level of internal (SPJ-related) and external giving.

The group discussed whether a written policy should be established. Dubin felt strongly that a written policy was needed, although it could be reviewed and modified, if necessary, from year to year.

Motion by David Carlson that the Foundation adopt a guideline stating the board intends to disburse at least 5 percent of its investment assets -- including operations expenses-- annually. Second by Georgiana Vines. The motion carried.

Holding that calculation, the board would have \$550,000 available for distribution this year.

Kelly Hawes made a motion that the Foundation's investment corpus be set at \$10 million (not including the building assets). Second by Fred Brown. Discussion followed.

The Foundation would work to see that its assets did not drop below the corpus amount. The group debated the dollar amount at which to set the corpus. They also discussed that the Foundation was established in perpetuity, not to spend a certain amount of money and go out of business.

There were questions about whether an amount should be officially set rather than simply making decisions based on the current economic outlook and current requests. Treasurer Howard Dubin explained that in the last few years, the Foundation's assets had grown considerably, from \$2 million to \$11 million. With a Foundation of this size, it is important to have written guidelines and reference points.

McMasters explained that the Grants and Awards Committee has been drawing up guidelines for cover sheets that will be distributed to board members with all grant requests. The cover sheets will provide relevant information to help with the decision-making process. Grants will be reviewed by the screening committee for a recommendation before the full SDX board of directors.

Motion carried.

The group discussed setting grant-giving guidelines that indicated what percent of the Foundation's available grant-giving funds would go to SPJ and to outside organizations. Sue Porter suggested this discussion go to the Grants and Awards Committee for review and recommendations to the Finance Committee and the SDX board.

Investment Moves

The group discussed the Pulliam Editorial Fund and whether it should remain restricted to the donor's original request that it fund the editorial fellowship. Paul McMasters felt strongly that this Fund needed to be protected and should remain intact to promote and fund the editorial fellowship. It represents \$1.2 to \$1.8 million of the Foundation's assets. Treasurer Howard Dubin said it was important for the board to officially set some policy on this matter in writing for future boards.

Motion by Betsy Ashton to keep the Pulliam Editorial Fellowship fund for its original intended purpose – to fund and promote the Pulliam Editorial Fellowship. Second by Steve Geimann. The motion carried.

The group briefly discussed the history and purpose of the Pulliam Editorial Fellowship Banquet and the arrangements for it. McMasters also clarified a question regarding the Pulliam Editorial Fellowship Banquet reminding board members that any funds raised from the banquet are to be directed to SPJ.

Additional Financial Issues

Treasurer Howard Dubin explained that he was dealing with some difficult financial issues after the Foundation funded some projects without stipulating the funding source for those projects. He said that there currently wasn't money in the General Fund to cover the costs of the SPJ Web site grant and the Foundation's portion of the purchase of the new headquarters building. Dubin suggested moving money from the Pulliam General Fund to the General Fund to cover these costs. A successful conclusion to the Capital Campaign will be needed to repay the General Fund.

Executive Director Jim Gray said that originally the budget estimates for occupancy expense in the new building had been simply a guess. After the first year, he will be better prepared to offer sound projections. Board members asked how Foundation costs related to administrative expenses were derived. Gray said the second floor of the building (originally planned as a training center), the Development Director's office and a portion of the basement used for storage had been allocated to the Foundation. Paul McMasters pointed out that the law suggests (not requires) that a contributing Foundation have its own phone line, equipment and space allocated.

Motion by Kelly Hawes that \$85,000 be moved from the Pulliam General Fund to the General Fund to cover expenses related to the Web site project and the Foundation's occupancy expenses. Second by Carlson. Motion carried.

Motion by David Carlson to move \$10,000 from regional/chapter programs budget allocation in the current budget to the board expense supplies and printing budget allocation. Second by Brown. Motion carried.

Budget Discussion

Paul McMasters said the presentation of the current budget is difficult to assess. He asked the Finance Committee to work with Jim Gray and Catherine Davis to develop a new presentation.

Motion by Paul Davis that the existing budget for the Foundation for general expenses and income be extended until such time as a new budget is approved. Second by Georgiana Vines. The motion carried.

Committee Reports

The following reports were distributed with the SDX board packets: ACEJMC Committee Report (submitted by Steve Geimann), and the SDX Online Standards Committee Report (submitted by Hoag Levins). McMasters reminded the board that the committee reports are for informational purposes, and receiving the reports does not constitute approval.

Old Business

Pulliam First Amendment Award

McMasters reminded the board and staff that the Eugene S. Pulliam First Amendment Award had been established in 1999. It is a very special and significant award. Implementing the marketing of the award must become a priority.

Robert Lewis Award

McMasters explained that this was another award that had been “lost in the shuffle.” The award was established in 1997, and honors SPJ Past President Robert Lewis. A contribution of \$2,5000 was made to provide five \$500 scholarships to students to attend the National Convention. Only two of the five awards have been presented, leaving \$1,500 remaining in the account. McMasters said he had talked with Lewis and explained the situation. SPJ staff member Stephanie Berry will follow up with this program. Board member David Carlson indicated that he would like to be involved in this process.

Diversity Sourcebook Update

Board members received an e-mail update on the Society’s Diversity Sourcebook, and copies of the report were available at the board meeting. SPJ Diversity Committee Chair Sally Lehrman acknowledged the work of Web Fellow Ben Everson and Randy Reddick at FACSNET in getting the sourcebook online so that updates could be made and testing could take place. Lehrman and McMasters will work on a letter to Reddick thanking him for his assistance with the project.

Lehrman explained that the project continued to experience delays because of problems with getting student interns to work on the project. The consensus among board members was that Lehrman could seek recent graduates in addition to students to complete the project.

She hopes to launch the project at the National Association of Black Journalists (NABJ) Conference in August. Board member Betsy Ashton reminded Lehrman that the New York Pro Chapter received a grant to help launch the project, and Lehrman should be in touch with JoAnn Murphy in the New York Chapter.

McMasters encouraged board members to view the database on the Web site and offer any suggestions. The sourcebook will be a visible sign of SPJ’s commitment to diversity and journalism.

The group discussed publicizing the sourcebook launch. Executive Director Jim Gray said marketing

efforts would focus on SPJ's publications, its Web site and a special news release. Other efforts may include Web site endorsements by the site beta testers.

New Business

Nominating Committee

Paul McMasters said a nominating committee must be formed and should present a report at the annual meeting in October. McMasters appointed David Carlson to chair the committee. The Nominating Committee falls under the Governance Committee, chaired by Steve Geimann. Geimann will work with Carlson to appoint Nominating Committee members. The committee's first job is to find out when each board member's term expires. Board member Betsy Ashton pointed out that board member nomination should take into consideration the purpose of the board. If that purpose is fund raising, that should be a key point when selecting board members.

Thompson Proposal

Ray Marcano explained that John Thompson, deputy managing editor of the Dayton Daily News, is interested in starting a scholarship program for college students seeking journalism degrees. Thompson will start the program with his own funds and seek additional grants to fund and cover expenses for the program. He would like to affiliate his program with a journalism group and has approached SPJ and the SDX Foundation about such an affiliation. Thompson has been an SPJ member for two decades.

Logistics would involve SPJ setting up a new fund to manage these scholarships. Records need to be checked to determine the Foundation's policy about the minimum contribution level to establish a fund.

Marcano will talk further with Thompson about these and other legal issues. Thompson may choose to bring a formal proposal to the Foundation board at its annual meeting in October.

New Legal Defense Fund Proposal

Executive Director Jim Gray explained that SPJ had been approached about the possibility of an endowed Legal Defense Fund. Gray is looking for options to make this gift tax deductible for the potential donor. The group decided that the Grants and Awards Committee will first need to determine whether Foundation grants can be presented to individuals as well as organizations.

Board Meeting Scheduling

Paul McMasters acknowledged the dedication of board members willing to travel thousands of miles to do the work of the Foundation. Meeting planners will be looking at the meeting structure, dates, location and times of upcoming meetings to ensure that the board has adequate time to do its work.

Ward Neff Scholarship Proposal

David Carlson asked that the Foundation consider funding a \$1,500 scholarship for the Society's Ward Neff intern to attend SPJ's National Convention. Board members decided to discuss this request as part of the joint meeting to follow.

Adjournment

Motion by Steve Geimann to adjourn. Second by Sue Porter. The motion carried and the group adjourned.

Action List

SPJ Headquarters

- The October board meeting minutes should be posted to the Society's Web site.
- More aggressively market contributions to the SDX Foundation and the SPJ President's

Club.

— Executive Director Jim Gray and Finance Director Catherine Davis will work with the Finance Committee to develop a new budget presentation for the fall meeting.

— Follow up with the implementation of the Eugene S. Pulliam First Amendment Award and the Robert Lewis Award.

— Work with board leadership to examine the Foundation's meeting structure, dates, location and times of upcoming meetings to ensure that the board has adequate time to do its work.

— Review all funding decisions made at this meeting and make notes for future reference.

Foundation Board Members and Volunteers

— Share any SPJ membership recruitment or retention ideas with Executive Director Jim Gray or SPJ President Ray Marcano.

— There will be a full report on Foundation staffing issues during the board's annual meeting in October.

— Contact Development Director Stephanie Berry for information on the phone call solicitations currently in progress.

— The Mission and Finance committees, along with the Development Director, should look into the establishment of fund-raising priorities by the annual meeting in the fall.

— The Bylaws Committee should review all recommendations and make any suggestions for bylaws revisions during the annual meeting in October. Board members must receive information on any proposed bylaws changes 30 days in advance of a vote, and two-thirds of the board must be present to vote on a bylaws change.

— The Grants and Awards Committee should review grant guidelines and grant requests before the annual meeting.

— The group discussed setting grant-giving guidelines that indicated what percent of the Foundation's available grant-giving funds would go to SPJ and to outside organizations. The Grants and Awards Committee should review this issue and make recommendations to the Finance Committee and then SDX board in the fall.

— Steve Geimann and David Carlson will name nominating Committee members. The committee will make a report to the board at its October meeting.

— Ray Marcano seek further information about the John Thompson's scholarship proposal. Thompson may choose to bring a formal proposal to the Foundation board at its annual meeting in October.

— The Grants and Awards Committee should determine whether Foundation grants can be presented to individuals as well as organizations.