

**MINUTES
MEETING OF THE BOARD OF DIRECTORS
SIGMA DELTA CHI FOUNDATION
OCTOBER 4, 2007
WASHINGTON, DC**

MEETING CALLED TO ORDER

With President Steve Geimann presiding, the meeting of the board of directors of the Sigma Delta Chi Foundation was called to order at 8:15 a.m. on Thursday, Oct. 4, 2007, at the Hyatt Regency Capitol Hill in Washington, DC.

ROLL CALL

In addition to President Geimann, the following board members were present: Vice President Robert Leger; Secretary Irwin Gratz; Treasurer Howard Dubin; Directors Dave Aeikens, Clint Brewer, Fred Brown, David Carlson, Al Cross, Todd Gillman, Bill Ketter, Jane Kirtley, Al Leeds, Mead Loop, Dori Maynard, and Mac McKerral. Staff members present included Executive Director Terrence G. Harper and Associate Executive Director Julie Grimes.

APPROVAL OF MINUTES

Upon a proper motion and second by Brown and Leeds, respectively, the board approved the minutes of the April 11, 2007, executive committee meeting.

Upon a proper motion and second by Leger and Aeikens, respectively, the board approved the minutes of the May 20, 2007, board of directors meeting.

CONSIDERATION OF SPECIFIED GIFTS

Upon a proper motion and second by Ketter and Carlson, respectively, the board approved the following specified gifts:

- 1. A grant of \$15,000 to SPJ (specified gift from the Harnisch Family Foundation) to support The Reporters Institute training program.**
- 2. A grant of \$500 to Mid-Michigan SPJ Pro Chapter — Region (specified matching gift from Joe Grimm) to support the SPJ 2007 Region 4 Spring Conference.**
- 3. A grant of \$15,000 to SPJ (specified gift from the Howard and Ursula Dubin Foundation) to support the general educational programs of the Society of Professional Journalists.**
- 4. A grant of \$10,000 to SPJ (specified grant from the Gannett Foundation) to support the diversity programs at SPJ's 2007 convention in D.C.**

PRESIDENT'S REPORT

Geimann presented an oral report about his recent trip to present the Eugene C. Pulliam Fellowship for Editorial Writers during the National Conference of Editorial Writers convention in Kansas City. The fellowship was awarded to Jeff Gerritt of the Detroit Free Press.

SPJ PRESIDENT'S REPORT

SPJ President-elect Brewer shared a brief update with the board about the SPJ board meeting the previous day.

STAFF REPORTS

Harper referred to the staff report, which was available in the board packet. Harper touched on plans for SPJ's membership department as well as Grimes upcoming leave of absence.

Grimes reviewed the annual fund update, Challenge Grant III results and recent personal outreach and donor development efforts.

STRATEGIC PLANNING UPDATE

Grimes shared background on the strategic plan, endorsed in the previous day's meeting by the SPJ board of directors. She encouraged board members to use the plan for budgeting, grant making and long-term planning in the coming years.

Upon a proper motion and second by Gillman and Kirtley, respectively, the board instructed staff to include a copy of the strategic plan in each board packet throughout the life of the plan.

CONFLICT OF INTEREST POLICY

Harper noted the conflict of interest policy proposal that was included in the board packets. The Foundation's auditors recommend that the board adopt a conflict of interest policy, and Harper presented his proposed policy, noting that it had been approved by legal counsel, Baker & Hostetler. Board members reviewed the written policy proposal and made language changes to the document.

Upon a proper motion and second by Carlson and Aeikens, respectively, the board adopted a conflict of interest policy which included the addition of language regarding grants, which was previously approved by the board. The new policy, with this language, is included at the end of this document.

CAMPAIGN FOR ETHICAL JOURNALISM

Brown offered an update on the Campaign for Ethical Journalism, noting that SPJ's Public Outreach Committee is currently reviewing plan activities and documentation and expects to make recommendations and provide a timeline for plan implementation within the next two weeks. Committee members have met with AN ASNE group headed by Ken Paulson that also plans to launch a national campaign about the First Amendment. Our organization is looking for opportunities to work together on these efforts.

OFFICER AND DIRECTOR ELECTIONS

McKerral, chair of the Governance Committee, presented the nominations report.

Upon a proper motion and second by Gratz and Loop, respectively, the following directors were elected by the Foundation board:

David Carlson, elected to a three-year term on the board

Al Cross, re-elected to a three-year term on the board

Howard Dubin, re-elected to a three-year term on the board

Hoag Levins, re-elected to a three-year term on the board

Russell Pulliam, re-elected to a three year term on the board

Directors completing terms of service and leaving the board as of this meeting include: Ken Bunting, Ruth Ann Leach Harnisch and Tony Mauro. The board commends them for their service.

Upon a proper motion and second by Carlson and Brown, respectively, the following officers were elected to one-year terms:

Vice President: Robert Leger

Secretary: Irwin Gratz

Treasurer: Howard Dubin

President Geimann is beginning the second year of a two-year term as president of the Foundation.

The elections will be presented to the SPJ board of directors for ratification during the Oct. 7 board meeting. At that time, additional SPJ representatives will be added to the board for one-year terms.

FOUNDATION FINANCES

Dubin distributed a memo outlining the Foundation's financial structure, history and general management practices.

EUGENE C. PULLIAM FELLOWSHIP FOR EDITORIAL WRITERS

Awards and Honors Committee Chair Leger reviewed his committee's work to date on examining the structure of the Pulliam editorial fellowship. Committee members have interviewed past fellows and their employers as well as a member of the Pulliam family. The committee may be prepared to make a proposal at the spring meeting.

GRANT UPDATES

Board members had an opportunity to review current grant updates, which were included in the board packet.

Upon a proper motion and second from Gratz and Cross, respectively, the board instructed the executive director to contact Western Kentucky University regarding a Foundation grant to prepare a text book of collegiate press case studies. The university should update and seek wider distribution of the materials prepared under the Foundation grant. If no update and distribution is accomplished by August 30, 2008, the grant funds should be returned to the Foundation. (McKerral abstained from this vote.)

NEW BUSINESS: CHAUNCEY BAILEY REPORTING PROJECT

Geimann brought to the board's attention a case in Northern California where a group of journalists and journalism organizations are seeking to complete a journalistic investigative piece that was underway by Chauncey Bailey, a journalist who was killed recently. The Northern California SPJ chapter is seeking financial support to complete the work and expects to solicit \$100,000 to \$150,000 from several journalism organizations. Foundation board member Dori Maynard and SPJ board member Sally Lehrman, both from Northern California, spoke in support of this project, which would include educational components and serve as an example of exceptional public service journalism.

Gillman and Brewer made a motion that the Foundation commit financial support to this investigative reporting project in an amount between \$10,000 and \$20,000, with the Foundation's Executive Committee to make a decision within one month as to the total amount of the grant.

Upon a proper motion and second by Ketter and Gratz, respectively, the motion was amended as follows: The Foundation commits up to \$20,000 in financial support to this investigative reporting project and instructs the Foundation's executive committee to determine that amount within the next month. The motion carried without dissent.

NEW BUSINESS: EUGENE S. PULLIAM FIRST AMENDMENT AWARD

Kirtley, who served on the Eugene S. Pulliam First Amendment Award selection committee, noted that she was troubled by the "uneven" nature of the nominees for this award. The award depends on self-nominations, which can be problematic. She encouraged the board to consider a process where a selection committee seeks out possible nominees for the award. This committee would make recommendations and consider opportunities for honoring individuals with this noted award.

This was referred to the Awards and Honors Committee for a recommendation.

ADJOURNMENT

A motion was made by Isaacs and Carlson to adjourn the meeting at 4:45 p.m.

Introduction to Conflict of Interest Policy

At some point, most boards confront tension or conflict between the interests of the organization and the interests of an individual board member. For example, if your organization is hiring a new bookkeeper and the board president recommends his sister, other board members may (and should) question whether this is appropriate. On one hand, the board president's sister is an experienced bookkeeper who, because of her personal connection to the organization, will be particularly committed to the work. On the other hand, the executive director may be reluctant to supervise the board president's sister.

Conflicts of interest are difficult to weigh and balance because the relationships between board members and the community also are a part of the contribution that board members make to the agency. If the organization is buying a new computer, for example, and a board member owns a computer store, the organization may well benefit from discounts and extra service by buying the computer at her store. It would be a mistake to prohibit working with board members as vendors. Similarly, members who are also clients of the organization can be tremendously helpful in ensuring that a client perspective is brought into decision-making, but a client board member may find himself in a difficult position if the agency is considering eliminating a service that is used by very few clients other than him. In many cases, the perceived conflict of interest may simply "feel wrong" to some board members, although it might be within legal boundaries.

Three simple safeguards can go a long way towards preventing and avoiding conflicts of interest. First, establish a policy related to conflict of interest, which is signed by all board members when they join the board. The statement can be a simple declaration or require detailed information about the board members' financial interests. Second, establish disclosure as a normal practice. Board members should find it customary for someone to announce, for example, "I have started to date the Clinic Director and, as a result, feel that I must resign from the board. I would like to continue as a member of the Fundraising Committee, but not as a board member." In another situation a board president might say, "This next agenda item relates to joining a collaboration with other children's agencies. I'm going to ask board members who are also on one of these other boards to identify themselves and participate in the discussion, but I will excuse them from the room for part of the discussion and for the vote." Such disclosures should be recorded in the meeting's minutes.

Perhaps even more than written policies, board and staff leadership must establish by example and attitude an atmosphere of personal integrity. Some situations may need only a brief, informal comment to maintain that climate (example: "I know it's only \$24 but it's important to keep our finances straight"). In others, a decision may be delayed because of the need to ensure that it has been made in the organization's best interests.

Each of us, by our daily words and actions, contributes to a culture of integrity and responsibility.

Sigma Delta Chi Foundation Conflict of Interest Policy

The standard of behavior at the Sigma Delta Chi Foundation is that all staff, volunteers, and board members scrupulously avoid conflicts of interest between the interests of the Sigma Delta Chi Foundation on one hand, and personal, professional, and business interests on the other. This includes avoiding potential and actual conflicts of interest, as well as perceptions of conflicts of interest.

The purposes of this policy are to protect the integrity of the Sigma Delta Chi Foundation's decision-making process, to enable our constituencies to have confidence in our integrity, and to protect the integrity and reputations of volunteers, staff and board members.

In the course of meetings or activities, an individual shall disclose any interests in a transaction or decision where such individual (including any business or other nonprofit affiliations), his or her family and/or significant other, employer, close associates will receive a benefit or gain. After disclosure, an individual may participate in discussion to respond to questions, but then shall leave the meeting before the final discussion and vote and shall not vote on the question.

The Sigma Delta Chi Foundation shall not accept grant proposals that will directly benefit any director or anyone who is to become a director by virtue of office. This policy shall also apply to any former director for a year after leaving the board. Board members shall not vote on or advocate a grant application that would benefit an organization with which they are affiliated, other than answering questions during a board meeting.

Sigma Delta Chi Foundation Conflict of Interest Policy Statement

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I understand that the purposes of this policy are to protect the integrity of the Sigma Delta Chi Foundation's decision-making process, to enable our constituencies to have confidence in our integrity, and to protect the integrity and reputations of volunteers, staff and board members.

In the course of meetings or activities, I will disclose any interests in a transaction or decision where I (including my business or other nonprofit affiliations), my family and/or my significant other, employer, close associates will receive a benefit or gain. After disclosure, I understand that I may participate in discussion to respond to questions, but then shall leave the meeting before the final discussion and vote and shall not vote on the question.

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I understand that this policy is meant to supplement good judgment, and I will respect its spirit as well as its wording.

Signed: _____ Date: _____

Printed Name: _____