

April 2004 Board Meeting Minutes

NATIONAL PRESS CLUB BOARD OF GOVERNORS MEETING

APRIL 19, 2004 By Sylvia Smith, Secretary

Chairman John Donnelly called the meeting to order at 6:30 pm. Present were President Sheila Cherry, Vice President Rick Dunham, Secretary Sylvia Smith, Membership secretary Jerry Zremski, Treasurer Jonathan Salant, Vice chairwoman Donna Leinwand and Governors Jerry Bastarache, Gayela Bynum, John Gallagher and Mark Hamrick and General manager John Bloom, Comptroller Georgetta George, Membership director Julie Schoo, Scholarship Committee Chairwoman Kathy Kiely, Publication Committee members John Metelsky and Steve O'Hearn, Record task force chairman Richard Sammon, and accountant David Jones. Absent were Governors Jack Cushman, Larry Bivins and Alison Bethel.

SCHOLARSHIP COMMITTEE

Kiely briefed the Board on the proposed recipient of the 2004 Persina scholarship, Nicholas Garcia, 18, of Pueblo, Colo. Nicholas plans to attend University of Missouri or Metro State College (Denver). Dunham moved and the Board unanimously approved acceptance of the committee's recommendation. Salant moved and the Board unanimously approved a thank you to the committee for its hard work.

TREASURER'S REPORT

Salant reported that catering income is better than anticipated and that membership is greater than last year at this time. He said the Club's auditors have concerns about the way the National Press Foundation is handling the Friedheim bequest to the Library by paying itself a handling fee. Salant introduced Jones, of Ribis, Jones and Maresca. J

Jones briefed the Board on his firm's audit of the Club and noted that CPA audit standards have been heightened in the past 18 months, including three new ones that were applied in this year's audit. Jones said the highlights of the audit include that member equity has been substantially increased and the Club has enough cash to meet all obligations. Jones said the biggest issue noted in the management letter is the matter of the Eric Friedheim bequest. He said the bequest says that all the money (\$1 million) has to be used for the Library and that the National Press Foundation is just an intermediary. The Foundation was chosen because, at the time, the Library was not a tax-exempt entity, and for tax purposes, Friedheim could not leave the money to a for-profit organization. Jones said there is nothing in the bequest that would allow the Foundation to take a management fee (of \$17,000) or to retain the money. He said his firm's concern is that the Library could be a party to this non-compliance of the bequest and that the Eric Friedheim Foundation could look at the situation and say that that is not what was intended. He recommended the Club seek a legal opinion.

Board members closely questioned Jones about this. Cherry said she has worked hard to get the situation resolved without involving lawyers because of the expense. She said she hopes to have the Friedheim family to the Club to demonstrate the Club's commitment to keeping the Friedheim name on the Library. Jones reiterated that the thing the Board must be concerned about is whether the Library is being a party to non-compliance with the bequest.

But Cherry said that even raising the issue of consulting a lawyer could cause the Foundation to dig in its heels. She asked how much time the Club has before the non-compliance concern would be real. Jones said that that was a legal question and not one that an accountant could answer. He added that the question is what would happen if the investments chosen by the Foundation lose money over the next several years: Would the Foundation still owe the Library the full \$1 million? He said the answer is not clear because nothing in the bequest anticipates that the Foundation would be in control of the bequest. Dunham said he is concerned that, by not acting, the Club is setting a precedent for accepting the Foundation's interpretation of the bequest. He said he agrees with Cherry's approach to deal with the Friedheim family but thinks it would be prudent to consult with a lawyer to protect the Library's interests.

After further discussion, Leinwand moved that the Club continue its outreach to the Friedheim family and that the Board instruct Bloom to consult with Club attorneys about the club's fiduciary responsibility in regard to this matter and whether the Library board is breaching its responsibility by not acting. Salant moved to table the first part, and Leinwand withdrew it. Bloom noted that last year the Club and Library made efforts to establish that each is a separate entity, and he recommended that the second part of Leinwand's motion should be a recommendation. Leinwand withdrew it.

Salant moved acceptance of the 2003 audit. Cherry said in previous years, the Board was given a month to review it before acting. Salant withdrew his motion. Dunham moved acceptance of the audit, which was approved unanimously except for Cherry's abstention.

MEMBERSHIP REPORT

Zremski said letters have gone out to bureau chiefs asking them and their staffs to join the Club; letters have been sent to all journalism school deans who are not members, asking them and their faculties to join; letters have been drafted to ASNE and the NNA in time for their conventions; a membership recruitment reception co-sponsored with Media Bistro is April 22; the new member reception is May 17. He moved and the Board approved 29 new members: -- Active: Chris Aguila, Washington Post sports reporter; Theodore Bridges, Hazardous Cargo Bulletin writer; Frances Fiorino, Aviation Week transport editor; Tetsuya Jitsu, Nikkei, Newspaper bureau chief; Carole Sargent, A Word In Time, Inc., publisher; Sarah Scott, KGO Radio White House correspondent. -- Active under 34: John M. (Matt) Comer, E & E Publishing copy editor; Kenneth Gary, Tax Analysts legal correspondent; Kristen McCaughan, CNN producer; Theresa Werner, NBC-WRC, associate producer. -- Active under 30: Allison Anne Freeman, E & E Publishing, reporter; Courtney Radsch, New York Times news clerk; Rachel Sheedy, Kiplinger Personal Finance copy editor; Dustin Stamper, Tax Analysts reporter. -- Provisional: Joseph Di Sciullo, Tax Analysts, federal news editor. -- Active non-resident: Michelle Gallegos, El Correro correspondent; Shirley Hines, Citizens Press America News publisher. -- Graduate student: Henry Brier, George Washington University. -- Affiliate under 34: Iryna Bezverkha, Embassy of the Ukraine press attaché. -- Associate: Joseph E. Davis, Veterans of Foreign Wars, director of public affairs; Frank Maisano, Bracewell & Patterson, director of strategic communications; Rebecca Noah Poynter, AT&T Wireless, senior regional PR manager; Belinda Sciandra, Nacon Consulting, PR director. -- Active non-resident: Andrew Stuart Boyd, American Honda Motor Company, PR manager; Art Brothers, Beehive Communications owner; Larry Wojno, Larry Wojno Consulting, owner. -- Active re-instatement: Cathryn Donohue, Washington Times deputy editor. -- Active non-resident reinstatement: Amanda Coyne, Anchorage Press features editor. -- Associate reinstatement: Eleanor Dougherty, The Education Trust senior associate. As of April 2004, there are 3,758 members compared to 3,779 in April

2003. Zremski moved and the Board approved retired dues status for two members and non-dues status for one.

Schoo reported on the status of selling ads for the Membership Directory and, in response to a question, said galleries would be available for Board members to proof in June.

PRESIDENT'S REPORT

Cherry briefed the Board on various events she has been asked to attend.

CHAIRMAN'S REPORT

Donnelly said a memorial service for the late Dick Schalk would be May 15.

GENERAL MANAGER'S REPORT

Bloom said the first quarter ended strong, with income above 2003 first quarter and above budget. Expenses are under budget. He said March was a record month in catering business -- \$1 million in income. Bookings are strong for April and May. Smith asked whether, as is typical, the Fourth Estate will be closed the last two weeks of August. Bloom said he will ask the Board to approve that plan because of the amount of maintenance that needs to be done and the staff vacations that must be taken.

Bloom said the audio-visual income continues to grow; for example, first quarter income was more than double the first quarter AV income of 2001. Smith asked whether the department is adequately staffed; Bloom said the three full-time and five part-time staff seems to be working.

Bloom said he met with the Library board and completed the new lease and administrative fee schedule; is working on a plaque commemorating C-SPAN's 25th anniversary; negotiated with the union to switch New Year's Eve holiday observance with Jan. 3, 2005, so the Club can be open on Dec. 31; installed a plaque in the lobby noting the Club's formation at the Willard Hotel.

Bloom said the Club has done everything it needed to do with regard to the building sale.

OLD BUSINESS

Donnelly invited members of the Publications Committee and Record task force to address the Board. He said after the discussion, he would entertain a motion - if there is one - to change the policy with regard to requiring members to take action if they want to keep receiving the Record by mail rather than email.

Sammon noted that the Record is already emailed to about 400 members. He said the important thing is to have an accurate list of members' email addresses. He said Cushman suggested dividing up the membership list among 20 people and calling each member. Sammon said he does not think that needs Board action.

He said the Record task force is experimenting with Netpost, a delivery system Leinwand said a previous

experiment showed that the Record computer software is not compatible with Netpost, but that could be fixed.

Sammon said the third issue is the production of the Record, which is a cobbled process. It costs the Club about \$85,000 a year to have AAA Graphics assemble it. He said the process could be cheaper and easier. O'Hearn said some changes are being considered and that the cycle of the Record will be able to be cut by at least a day.

Board members asked various questions about the technicalities before turning to the opt in/opt out issue. Sammon said he is seriously opposed to the Board's adopted policy (of making the emailed Record the default) and urged reconsideration. He said it is better not to force change. Metelsky said he agrees and that the Board policy was an unnecessary burden that was not fair, not honest and not decent. O'Hearn said he also thinks the policy should be reversed.

Smith said a great deal of misinformation had been spread about the changes and that the Board had failed to properly communicate with the membership. She said if there is a vote, she would change her previous support for the email default.

Dunham said that his regret was the misinformation, some of which was not in good faith. But in the end, he said he believes the Board should encourage people to switch to email but not force them. He noted that his original motion was to offer people a financial incentive to switch. He said he would not bring that up again unless the amount of money the Club saves when people choose the emailed version is not sufficient.

Salant said he supported the policy and noted that only 20 people showed up at the general membership meeting to complain, which does not signify a huge outcry.

Bastarache re-read a message from Schalk noting the benefit of the printed Record.

Zremski said he was strongly in favor of the original motion but that his opinion has shifted over time.

Hamrick said every time the printed Record arrives at his home, he is reminded of one of the benefits of membership and that the special demographics of the Club should be kept in mind.

Gallagher said he supported the electronic-by-default policy because of all the services that could be cut to achieve the necessary budget, this seemed to be the least disruptive. He asked what would happen with respect to the budget if the policy is changed.

Leinwand said the Club should gather members' email addresses, send them a message asking them to take the electronic version and then run coupons every week in the Record to recruit electronic subscribers.

Cherry said she agrees with Leinwand. She said she had a problem with forcing people who pay to be members to accept something they adamantly oppose. She said the Record is one member benefit that affects all members and that if an electronic Record is a good idea, members will see that.

Donnelly said his sense is that the opposition to the electronic default is deeper than the 20 who attended the general membership meeting but that a large percentage of the membership doesn't care. He said he does not see

as a significant burden, especially if the financial benefit to the Club is so large. He asked if there was a motion to reconsider the policy.

Zeremski moved to reverse the previous vote and to pursue a policy that encourages members to take the Record by email and polls member preferences but does not force them to take action to receive the Record in print. Salant proposed an amendment that noted the 2004 budget included \$50,000 in savings because of the email default policy and instructs the treasurer to report at the next Board meeting what the additional budget reduction would be to make up that difference and instructs the Record task force to inform the treasurer how much saving it anticipates for the remainder of the year.

On Salant's amendment, the vote was 5-4 with support from Gallagher, Hamrick, Salant, Zremski and Donnelly; opposition from Cherry, Leinwand, Dunham and Smith. Bastarache said if he had a vote, he would have voted no.

Salant proposed an amendment to contact all members of the Club and ask them if they want to receive the Record electronically or by mail and to tell them the advantages of the electronic Record; if the member can not be reached, he or she will receive the Record in print. During discussion, Smith asked who would do that, and Cherry said it would be a major project if the staff is required to do it. Leinwand said there are 2,200 emails already on file. O'Hearn said Potomac Digitek could do both the collection of emails and the survey. Zremski accepted the amendment, and his motion was approved unanimously. Bastarache said if he had a vote, he would vote yes.

Donnelly said he appointed Bethel to head a task force to explore the suggestion of running advertising in the Record.

COMMITTEE REPORTS

Smith said the House Committee toured the archives and is working on a signature drink for the Reliable Source.

Dunham said the emporium working group is working to fulfill the Board mandate to increase income from the emporium. He asked Board members to review the items that are sold and the suggestions for additional items and to indicate their top choices. The task force will then explore pricing.

He said the 5K run/walk is set for Sept. 11 and asked Board members to help recruit sponsors.

Salant said the Professional Affairs Committee wants to do a series of programs run by a Club member who makes his living as an education consultant. He said he thinks this raises questions and that a round table is a good idea, but it is a bad precedent to have someone run it who has financial dealings with the issue at hand. He said two are scheduled and asked for Board sentiment. Hamrick said a good model is the way Newsmakers are run, in which someone with a vested interest can propose an idea but can not run the event. He also said it is bizarre that the committee chose one subject to focus on for the balance of the year. Zremski agreed. Smith said it sounds as though the Board is not comfortable with the committee's plan. Salant said if there is a lot of sentiment for the education round table, a journalist could moderate it, or the consultant could book the McClendon Room and have the event as something that is not sponsored by the NPC.

Bynum said Stan Hamilton, who is spearheading the effort to get a 100th anniversary postage stamp, needs letters

from important people. Cherry said he's in charge of the campaign and should handle that.

Bynum said the holiday bazaar will be Nov. 18 and the question is whether to have a nominal charge for members and \$50 for non-member vendors.

She said the Events Committee has scheduled trash or treasure will be April 27; there will be Triple Crown parties in the bar; and Sammon's band will perform in the Reliable Source on May 13.

Bastarache said the affiliate/associate members met to begin a petition drive to get voting representation on the Board.

Zremski said Book and Authors has booked its events through July.

Leinwand said Young Members is working on a recruitment event April 22 with MediaBistro; a trip to Cuba; panels on how to get a fellowship and whether to launch a career in Washington. She said the committee wanted to get involved in a charity, perhaps the Race for a Cure on June 5, at no cost to the Club. The Board indicated by consensus that that is OK.

Cherry said Benfred Clement Smith is developing a professional development expo for the fall. The Virginia Press Association may piggyback with its jobs fair.

She said the Speakers Committee is going full bore.

Donnelly said the Freedom of the Press Committee wrote a letter protesting U.S. marshals' seizure of a reporter's tape after a Justice Scalia speech. He said the committee also prepared a letter for the prime minister of Ethiopia to protest the arrests of journalists and the disbanding of journalism associations. The committee proposes to join a friend of the court brief in a case involving a U.N. official suing the Washington Post for defamation in Canada.

NEW BUSINESS

Dunham distributed the first draft of a proposed policy regarding a price differential for members and non-members at Club-sponsored, non-news events. He said several recent events have not conformed with the spirit of having a significant differential, and he wondered whether all committee chairs are aware that there is a Club policy to have such a differential. Dunham said an example is a two-day workshop at the Library that charged members \$400, a co-sponsoring organization's members \$425 and non-members \$450. Another is that wine dinners are \$65 for members, \$75 for non-members. He said that raises the question of whether the Board should have a formal policy. He asked for Board input as he works to refine the proposed policy.

Smith proposed and the Board unanimously approved the following resolution:

WHEREAS a free press is one of the cornerstones of the American democracy, and WHEREAS the Indiana Gazette was the first newspaper established in the Indiana territory in 1804, and WHEREAS the Indiana Gazette is now the Vincennes Sun-Commercial, has published continuously since then, and WHEREAS the newspaper is celebrating its 200th anniversary in 2004, BE IT RESOLVED THAT THE NATIONAL PRESS CLUB BOARD

OF GOVERNORS:

1. Congratulates the Vincennes Sun-Commercial for 200 years of providing news to the people of Indiana.
2. Commends the paper for honoring the First Amendment.

Smith moved and the board approved the minutes of the March meeting.

The next meeting was set for May 24.

The meeting was adjourned at 9:55 p.m.
