

MEETING OF THE BOARD OF GOVERNORS OF THE NATIONAL PRESS CLUB

July 23, 2007

Sylvia Smith, Secretary

Chairwoman Maureen Groppe called the meeting to order at 6:36 pm. Present were President Jerry Zremski, Vice president John Donnelly, Secretary Sylvia Smith, Treasurer Donna Leinwand, Membership secretary Mark Hamrick and Governors Joe Anselmo, Alan Bjerga, Keith Hill, Gayela Bynum, Lou Priebe, Theresa Werner and Dipka Bhambhani. Also, General Manager Bill McCarren, Membership director Julie Schoo, Centennial Committee chairman Larry Lipman and member Jerry Bastarache, chairman of the Saturday Task Force. Governor John Gallagher and former President Jonathan Salant were absent, although Gallagher attended part of the meeting via conference call.

Groppe welcomed McCarren to his first board meeting as general manager.

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

MEMBERSHIP

Hamrick moved and the board approved the membership applications of the following 36 people:

Active: David Bohrman, CNN Washington bureau chief; Dave Gwizdowski, Associated Press, director of television sales the Americas; Selvin Kumar, The Maryland Reporter, editor-in-chief; Shoko Kuno, Jiji Press, economics reporter; Wayne Ludkey, Associated Press, director of television networks; Tibor Purger, Magyar Szo Daily Newspaper Washington bureau chief; Todd Spangler, Detroit Free Press Washington correspondent.

Active Under 35: Constance Ikokwu, Thisday Newspaper Washington bureau chief.

Active Under 30: Theodora Blanchfield, Campaigns & Elections Magazine associate editor; Ari Natter, Traffic World associate editor; Elizabeth Ody, Kiplinger's Personal Finance reporter; Christopher Quay, Tax Analysts editor, reporter and photographer.

Active Non-Resident: Carolyn Barry, Science News staff writer, Coogee, NSW, Australia; G. Wayne Miller, Providence Journal staff writer, Providence, RI.

Active Reinstatement: Steve Holland, Reuters special correspondent.

Provisional Under 30: Andrew Siddons, The Yomiuri Shimbun Washington correspondent.

Affiliate: David Appia, Embassy of France minister counselor; Zoltan Feher, Embassy of Hungary press attaché; Pam Lambo, Canadian Embassy public affairs officer; Leslie Miller, International Brotherhood of Teamsters communications coordinator; Clay C. Perry, Electric Power Research Institute executive director; Carolee Walker, U.S. Department of State writer/editor.

Affiliate Under 35: Anthony James Cerise, Washington Center for Internships and Academic Seminars program manager; Jonathan Sauvé, Canadian Embassy deputy spokesman; Kristina Stefanova, World Bank communications specialist.

Affiliate Non-Resident: Peter Shelby, Novartis Pharma AG public relations manager, Basel, Switzerland.

Affiliate Reinstatement: Marisbel Sanchez, Links Media president.

Student Non-Resident: Adrian Florido, University of Chicago, Anaheim, CA; Audra L. Kincaid, Hofstra University Hempstead, N.

Associate: Chris Battle, Adfero Group vice president of public affairs; Sheila C. Johnson, Salamander Hospitality CEO; Janis Smith, Fannie Mae managing director of communications.

Associate Under 35: Allison Soule, AAA Foundation for Traffic Safety coordinator for education & outreach.

Associate Non-Resident: Gloria Chamberlin, Chamberlin & Chamberlin principal and researcher, Chestertown, MD; Heather McElrath, Rabobank, vice president, senior communications manager, New York City.

Associate Reinstatement: Mimi Ricketts, National Corn Growers Association director of communications.

Hamrick moved and the board approved six-months dues waiver for 1 member.

Hamrick distributed to each board member a list of Club members who are in danger of being suspended for nonpayment of dues. He asked that each person be contacted personally so the list of 233 people could be reduced.

OLD BUSINESS

Lipman briefed the board on actions and decisions that have been made for the Club's 2008 centennial. Among them are choosing the design of a medallion and jewelry, selecting the bands for the April 5, 2008, party (Doc Scantlin and his Orchestra for \$7,500 and Trio Caliente for \$2,500). He said the Affiliates/Associates are working on a sponsor to underwrite a third band. He said the 2008 calendar will be finished at the end of August, and the book in time for the Book Fair. He said the documentary is in its final cutting stages and will be ready for a board review in early August. He said the Photo Committee is working on an exhibit of 100 photos from the Archives. He said a time line of Club history will be put on hold unless money is raised for it. He said he will ask other Club committees how else they could be involved in the party and other events.

Zremski said the film screening will be Aug. 9. He said fund-raising for the documentary and accompanying material is going slow and that it will have to be assessed. He said \$6,000 has been raised so far. He said a big event is planned with the University of Missouri, whose centennial is also next year.

There was some discussion about an idea of doing a CD featuring Louis Armstrong's last performance, done at the Club. But McCarren noted that it is not a business the Club has any experience with and there are rights to be explored.

Zremski thanked Lipman and co-chairwoman Lori Russo for their hard work.

BOARD COMMITTEE AND LIAISON REPORTS

Awards and Scholarships – have completed their work.

International Correspondents – is co-sponsoring a panel with the International Center for Journalists on July 31 on press freedom threats in Latin America; and a forum with the Alfred Friendly Fellows on Aug. 30.

Book and Author – Lee Iacocca is probably not going to attend the Book Fair, so the committee is looking for another big-name author.

Professional Development – is working on a program on the role political bloggers are playing in the presidential campaign and a series on presidential campaign coverage.

Broadcast – Is trying to raise items for the 5K auction.

Membership – Is planning an event with PRSA in September for recruitment targets and something with the Online News Association in November.

Travel – India is in danger of being canceled for lack of registrations. Japan is sold out. The travel award luncheon will feature Paula Frommer, daughter of the famous Frommer.

Young Members – Speed networking did not go so well. Mentors are needed for a class starting in the fall.

Events -- Has scheduled a pizza night and ballroom dancing; an event at the Indian ambassador's house in October; and is trying to organize something for the non-resident weekend.

Oral History – Has taped Bill Vose and David Hess. The committee needs members.

Speakers – Laura Bush is coming.

Strategic Planning – Reviewed the focus group reports and is developing questions for the survey.

Saturday Task Force – Groppe noted that last year the board set a goal of reducing the loss on being opened on Saturdays by 50 percent and that the board said it would review the matter in midyear for preparation of the 2008 budget assumptions. She said a task force was appointed at the time to develop ideas for meeting the board's goal, and Bastarache was appointed chairman. She asked Bastarache for a report.

Bastarache said the task force has conducted meetings, put articles in the Record and asked committee chairs to have at least one meeting on a Saturday. He said attendance has almost doubled. He said a survey showed that the biggest attraction would be discount theater or movie tickets for Saturday preceded by brunch at the Club, but no arrangements with the Warner, National or E Street theaters have been able to be arranged. He said a survey of 99 people found that 23 have used the Club on Saturdays, 30 have never used it, and 5 use it every Saturday. He said he has not been able to persuade state societies to cooperate on having regional foods on Saturdays.

Leinwand said that although the number of meals purchased has doubled, losses have risen: 543 covers YTD in 2006 vs 1,118 during the same period this year; a \$16,139 loss YTD in 2006 and a \$21,655 loss in the same period this year). She noted that a lot of services operate at a loss, such as the gym and restaurants. She said the main point for her is whether members use the service. She said on the Saturdays that 40 or 50 people use the Reliable Source, it is often because of a special event, or the book club she created or Zremski's monthly Saturday lunches. She said when committees hold meetings on Saturdays, it merely moves an event that would have taken place on a weekday and does not represent additional business for the Club. She said the board must give some budget assumption direction to McCarren on this issue.

Leinwand moved that the board accept the Budget Committee's recommendation that the Reliable Source be closed on Saturdays in August. Bynum noted that the art show already announced that the entries will be accepted Aug. 4. **Leinwand withdrew her motion. Leinwand moved and the board approved a motion that the Reliable Source close on Saturdays in August, beginning Aug. 11.** Bastarache noted that the American Legion was scheduled to meet Aug. 11; Leinwand said there was enough advance notice for it to reschedule.

Leinwand moved that the board instruct McCarren to include in the 2008 budget assumptions that the Reliable Source will be closed on Saturdays except for 3 Saturdays each quarter. An extensive discussion followed, including comments from Bastarache and Bynum that it would be seen as a cut in service. Donnelly noted that a goal was set last year, but we headed in the opposite direction. Werner said perhaps there are ways to cut expenses, such as charging for parking stamps rather than giving them for free. She said she would find the Reliable Source more useful if it were open in the evenings. Hamrick said marketing of the Reliable Source hasn't been sufficient. He said he didn't understand why the board was spending so much time on an item that loses \$50,000 when the budget is \$12 million. McCarren said there are very few losses as specific as this one. He said the restaurants are not designed to be profitable, but the question is how much of that benefit the Club can provide. Hamrick said maybe the prices are too low. Leinwand said it's appropriate for the board to focus on whether Club money is being spent for the best return for the most members and that a \$50,000 loss that benefits only a handful of people is not good use of money. Bjerga said the original goal could not be met because if each meal is subsidized, the more meals are sold, the bigger the loss will be. He said success on Saturdays should be measured differently, perhaps by comparing the per-meal loss on Saturdays to the per-meal loss on weekdays and trying to achieve parity. He said perhaps another benchmark should be set and then evaluated at the end of the year when the budget is set. Zremski said Leinwand's argument is compelling, but the operation is a club not a business. He said clubs do things for their members, and it should not take away a service after six months of trying to make it cost less. He said after six months of doubling business, it's not fair to close Saturday service. Groppe said she supports Leinwand. She said the one-Saturday-a-month approach will give an opportunity for people to have events while still cutting Club losses. Anselmo said each Saturday patron is subsidized \$19.37. But last year it was \$29.72. The

board moved into the Committee of the Whole to vote. **The motion failed, 5-9, with Groppe, Hill, Leinwand, Anselmo and Smith voting yes, and Zremski, Bhambhani, Bjerga, Gallagher, Hamrick, Werner, Donnelly, Bynum and Priebe voting no.** Groppe said the issue will be revisited when the budget is voted on in December. The board moved out of the Committee of the Whole.

TREASURER'S REPORT

Leinwand said the Club posted a loss last year, but this year is looking better because the Connective arrangement has ended and the Club was overbilled for pass throughs last year. She asked committee liaisons to ask committees to revise their budgets as needed and submit bills promptly. She said she is concerned that the money will not be raised to pay for the centennial, including the documentary. Zremski said packets have recently gone out to potential donors, so judgment on the fund-raising success should be withheld.

GENERAL MANAGER'S REPORT

McCarren said he plans to change how the monthly financials are reported to the board. He said he will make a recommendation in September on space that is coming available on the fourth floor.

PRESIDENT'S REPORT

Zremski said after a month of negotiations, he believes the events of China Week should be directed at catering and have one luncheon. No disagreement was expressed among the board. He reported that Austin Kiplinger's wife died and that he made a donation in her honor from the president's fund. Leinwand noted that many members' spouses die, and she would recommend a lovely letter in lieu of a donation.

OLD BUSINESS

The board received a memo from Salant and Steve O'Hearn in response to a request that they examine ways in which Club photos could be sold online:

We will not be at Monday's Board meeting, but we wanted to share with you our thoughts and ask for the Board for a consensus on which way we should proceed.

We believe it is possible to set up a system to allow photographers to sell club pictures through our Web site. Photographers covering a club event would be allowed to post pictures through our site that they can sell. As in the past, they will wind up taking pictures of club members with prominent speakers or at events, and these also will be posted online. In addition, we would invite the general public to buy pictures of our speakers taken by our photographers.

In exchange for this opportunity, we would require club photographers to provide one free picture for the Record of each event, and additional pictures for our Web site. These pictures could serve to boost business since Web visitors may want to purchase those photos. We'd also get a percentage of the income, say 10 percent of sales.

There are different ways to handle sales, from which the Board has to choose. In all cases, we would link to another Web site. We can go through Getty Images, which would take a percentage of the sales, leaving less for us and the photographers, but would print and mail the photos. They may also include our photos in their online directories and catalogues.

Lots of marketing and news agencies use Getty for stock footage, ads, etc.

If you, for example, wanted to create a brochure for your new venture capital firm investing in restaurants, you could do a search on "office" and get office-like images - stock photos of men and women in business suits with brief cases, in conference rooms, etc. Or you could search for "restaurants" and find people in chef hats, or photos of industrial kitchen scenes or plates of gourmet food, that sort of thing. Perfect for your instant brochure.

They also have stock photos of political and cultural figures. We'd obviously fall in that category. So if, say, the Chinese News Journal were just getting started, they might approach Getty and buy a

subscription or perhaps just do a search and find individual photos. There would be a potential audience far beyond the NPC event attendees and members.

We also keep everything in-house by setting up an Ebay store, linked to from the Web site. This would also enable us to sell real NPC Emporium items, fulfilling a long-standing wish of Rick Dunham's. The problem is that this alternative will require some labor. We could ask a staff member to handle the Ebay store, responsible for getting and shipping the photos (and the other NPC items such as mugs and shirts). Depending on sales, it could warrant bringing in someone new for a few hours a week to do this. Or we could limit it to photos and have the photographers themselves fulfill the orders. We'd tack on a \$5 or \$10 postage and handling charge per photo, which the photographer would keep.

Another possibility is just having the purchaser download the photo, which would eliminate shipping costs, But we'd need to add a security feature so visitors don't simply download the photos for free. There is software to protect the photos.

We need direction from the Board and comments from Bill McCarren as to which avenue to pursue. But it is definitely doable.

During discussion, McCarren said a deal with an entity like Getty or Image Bank is most attractive. He said none would make much money for the Club but might attract more hits to the website. The board discussed the background of the initiative (finding a way to allow Club photographers to make some money from the photos they take in lieu of the suggestion that they not be paid for Record work). Groppe said the consensus of the discussion was that board prefers the first option and asks the New Media Task Force to come back with a proposal looking at Getty and Image Bank.

NEW BUSINESS

Hamrick said a proposal has been made for a permanent display of artifacts from the Radio and TV Museum. He said the most likely spot is in the 13th floor lobby where the rug hangs or where the pay phones used to be. He said the museum would pick up the cost of constructing the display case.

Hamrick moved and the board approved a motion that McCarren talk further with the Radio and TV Museum to explore the construction idea and come back with a proposal. Bjerga suggested the House and Capital Projects committees be given a heads up.

Donnelly said he has decided not to run for Club president in the fall. He said he is ready and would be good and that his employer has agreed to give him the time he would need to serve. But he said Smith (who has announced she will run) has been serving the Club longer, a contested race might be divisive for the Club and that to demonstrate that he would be able to be around the Club more in 2008, he would have to spend more time at the Club over the next four months, which would be difficult for his employer and family. He said he will remain involved in the Club. Smith thanked him for his remarks and said Donnelly is valuable to the Club.

The board moved into executive session to discuss a personnel matter.

Groppe moved and the board approved a motion to not schedule an August board meeting.

The next meeting was set for Sept. 17.

The meeting adjourned at 9:25 pm