

MEETING OF THE BOARD OF GOVERNORS OF THE NATIONAL PRESS CLUB

Nov. 27, 2006

Sylvia Smith, Secretary

Chairman Mark Hamrick called the meeting to order at 6:40 pm. Present were President Jonathan Salant, Vice president Jerry Zremski, Secretary Sylvia Smith, Membership secretary John Donnelly and Governors Joe Anselmo, Alison Bethel, John Gallagher, Maureen Groppe, Keith Hill and Lou Priebe. Also, General manager John Bloom, Membership director Julie Schoo. Treasurer Donna Leinwand, Governors Alan Bjerga and Gayela Bynum and former President Rick Dunham were absent.

Smith moved and the board approved the minutes of the Oct. 23 meeting.

MEMBERSHIP

Donnelly moved and the board approved the membership applications of the following 45 people:

ACTIVE: Alex Daniels, reporter, Arkansas Democrat Gazette; Dorothy B. Gilliam, director of the School of Media & Public Affairs, George Washington University; Daniel W. Guido, reporter, McGraw-Hill Platts; Kathy Gurchiek, associate editor, Society for Human Resource Management; Alan Habbick, senior producer, Canadian Broadcasting Corp.; Tadayoshi Li, Washington bureau chief, TV Asahi America; Kenneth Mellgren, manager of affiliate relations, Associated Press Broadcast; Dean J. Patteron, reporter, Reuters; Kelly Wright, reporter, Fox News Channel; Don Yacoe, managing editor, U.S. News Ventures; Hideya Yamamoto, bureau chief, The Sankei Shimbun.

ACTIVE UNDER 35: Darren Samuelsohn, senior reporter, Environment & Energy Publishing; Kenneth P. Vogel, investigative reporter, Capitol Leader; L. Dana Wells, assistant editor, Capitol Leader.

ACTIVE UNDER 30: Helena D. Andrews, reporter, Capitol Leader; Gihane Askar, content producer, Washington Times; Laura Blinkhorn, reporter, Congressional Quarterly; Victoria McGrane, reporter, Congressional Quarterly; Karen Moody, production assistant, Washington Media Associates/PBS; Jeffrey Patch, staff writer, Capitol Leader; Patrick Yoest, reporter, Congressional Quarterly.

ACTIVE REINSTATEMENT: Adrienne Flynn, bureau director, Capital News Service; James L. Wells, photography professor, University of the District of Columbia.

ACTIVE UNDER 35 REINSTATEMENT: Eli Lake, reporter, New York Sun.

REQUEST FOR ACTIVES STATUS: Audrey Hoffer, editorial assistant, Milwaukee Journal Sentinel.

PROVISIONAL: Ellie Wegener, reporter, The Lutheran.

PROVISIONAL UNDER 30: Christine Dell'Amore, correspondent, United Press International.

AFFILIATE: John L. Boland, chief content officer, Public Broadcasting Service; Nicole Currier, media relations officer, Embassy of Canada; Robert N. Mirelson, news chief, National Aeronautics and Space Administration; Anne Montgomery, health policy analyst, Alliance for Health Reform; John Rosenberg, editor, EEI Communications; Gwendolyn C. Wood, vice president, Public Broadcasting Service.

AFFILIATE UNDER 35: Chelsey Martin, first secretary, public affairs, Embassy of Australia; Wolfgang Renezeder, director, press counselor, Embassy of Austria.

AFFILIATE REINSTATEMENT: Sallie Rush, editor, Rush Communications International.

ASSOCIATE: Rebecca Batts, deputy assistant inspector general, U.S. Department of Transportation; Margaret Heldring, president, America's Health Together; Michael D. McCurry, partner, Public Strategies Washington Inc.; Nikolaos A. Stavrou, editor, Mediterranean Quarterly; Barbara Ware, director of media relations, AdvaMed; Ryota Yoshimura, general manager, Sumitomo Corp. of America.

ASSOCIATE UNDER 35: Jason Cuevas, manager of media relations, Southern Co.; Calnen I. Earley, director of communications, American Foreign Policy Council; Danielle Potuto, communications administrator, American Society of Clinical Oncology; Ben Wyche V, development researcher, Cato Institute.

Donnelly moved and the board approved retired dues status for 4 members.

Donnelly said the McClatchey bureau will no longer pay dues of all its reporters. The company will cover the dues of its staff who are active in the Club as committee chairs or vice chairs.

He said the Union League of Philadelphia has been added as a reciprocal club.

After a brief executive session, the board resumed open session and received Bloom's resignation, effective June 29, 2007. Board members said they appreciate Bloom's service and regret his departure.

BOARD AND COMMITTEE LIAISON REPORTS

Future Task Force – There will be 8 focus groups in 2 ½ weeks. Zremski asked board members to try to attend as many as possible.

Affiliates/associates – will do a seminar on using the broadcast center.

Newsmakers – up-coming programs include the future landscape of AIDS, adoption, research on rice, the mayor of New Orleans and the Red Cross and Red Crescent.

Photos – up-coming program is on business practices for photographers.

Press Freedom – Salant wrote a letter of protest to a judge who had denied reporters access to proceedings. Ultimately, the judge agreed to changes.

Mentoring – wrapped up for the year. The test case of a non-resident participant worked out well, and non-residents will be included next year.

House – strongly objects to closing the Club on Saturdays.

International Correspondents Committee -- has concluded events for the year except for a social gathering of its members Dec. 5.

Broadcast task force – XM team did its first radio roundtable.

Hamrick said he wants to re-active the board membership committee to focus on retention.

TREASURER'S REPORT

Leinwand submitted a written report, including these highlights: As of Oct. 31, income is slightly under budget and expenses are slightly over budget, but the end of the year looks very good. October was an excellent month

for catering and the Broadcast Operations Center. The BOC has made up some ground that was lost due to a delay in its opening date.

Contributing factors to the current financial situation include: Decreasing membership, an increase in energy, payroll, insurance, Interest and legal costs.

Dues income year-to-date is \$1.38 million. Despite regular dues increases, this is down from the same time five years ago in 2001, when dues income was \$1.51 million. At the same time, expenses have increased, leading to the gap between the cost of membership services and membership income.

She reported several committees have exceeded their budgets: Membership, New Media and Silver Owls.

She reported that after the Club goes non-smoking in January, the carpeting and fabric wall coverings will be replaced. The smoke fans will be removed.

Bloom has concluded negotiations with ConnectLive to buy out the contract. The buyout will be financed with a loan from BB&T at .75 basis points below prime.

At the next meeting, the budget will be presented for a vote for final approval. Among the notable budget additions: A new employee at the BOC to handle web casts and other technical items; a line item for operating the archives (\$160,000). This has been in the budget before, however it is now broken out so that we can demonstrate to grantors that the Club underwrites the operation of the archive.

Here are the financial facts with regard to closing the Reliable Source on Saturdays: The average income for a Saturday is \$288, amounting to about \$8,000 year-to-date and including such special events as the Kentucky Derby party and the chili cook-off. Expenses run about \$1,421 every Saturday, with labor accounting for the bulk of the costs. The net loss per Saturday is about \$1,100 for a yearly total of nearly \$50,000.

The treasurer recommends the board evaluate the cost and benefit of keeping the Club open on Saturdays. This is money that the board may wish to use to expand or develop other services that bring benefits to more members of the Club. Some suggestions to the treasurer have included spending that money to improve and market the Fourth Estate, ramping up sales, so that the Club is not placed in the position once again of contemplating closure of that restaurant; developing professional development classes at the BOC so that members can learn to "multi-platform".

The treasurer has suggested an alternative to flat-out closing: The Reliable Source would open on Saturdays for special events or memorial services as well as opening the restaurant once or twice a quarter for a members' brunch. These would be highly promoted events -- perhaps with some special activity attached -- to maximize usage of the Club on those days and save us at least some money. The hope would be that by drawing people downtown for special occasions, such as the Kentucky Derby, chili cook-off, or a holiday brunch, we could establish a critical mass of users to would reacquaint themselves with the Saturday services, become regular users and justify reopening every Saturday.

Bloom said business was strong in October, especially in the broadcast center. He said the Club will come close to making budget for the year. He said membership numbers are below optimum, but Club usage by members is strong. He said the Open Table reservation system for the 4th Estate is paying off.

The board turned to a discussion of the budget assumption for closing on Saturdays. Hamrick referred to a letter from the chairman of the House Committee, strongly objecting to the proposal. Salant noted that the idea has been discussed many times in the past and that a taskforce was created a few years ago to beef up Saturday attendance, but it fizzled. He suggested another one be created, drawn from the House, Events and Communication/Marketing committees. Zremski said the board should set goals for Saturday attendance, but ending weekend service in early 2007 would send a bad signal because the Club is not in financial crisis. He said he thinks some people will link the new no-smoking rules to the end of Saturday service. Hamrick said the \$50,000 cost of having the Club open on Saturdays is not a lot to pay against the potential ill will created by closing. Bethel noted that not only would access to the Reliable Source be lost, but so would access to the gym.

Salant moved (with some friendly amendments) to remove closing the Club on Saturdays from the budget assumptions and appoint a task force of representatives of the Events, House, Communications/Marketing and Fellowship committees to develop a plan to reduce the Saturday operations deficit by 50 percent by August 2007. If revenue and usage do not increase, the board would consider closing on Saturdays in the 2008 budget.

During discussion, Smith said \$50,000 is a lot of money for the Club to spend on a small number of people. She said Club members are not using the service because they don't want it. She noted that Leinwand's budget proposal was that the Club would be open on 4 Saturdays a year plus when there is a memorial service.

Groppe said benchmarks are a good idea but members of the House Committee would still be opposed to closing on Saturdays if the benchmarks are not met. She asked Bloom where the money would come from. Bloom said he is troubled because the Club does more and more things without money to pay for them. He said \$50,000 spent on Saturdays is \$50,000 less to spend on the centennial. Donnelly said the board is kicking the pan down the road. Gallagher said closing on Saturdays would be a major service reduction no matter how much it makes or doesn't make. Zremski said it's a major step even if it affects only 15 people. Anselmo said subsidizing \$78 per person (who comes to the Club on Saturdays) is absurd and that the board should put the membership on notice. Bloom said the issue isn't so much the subsidy as the few number of people who use the Club on Saturdays.

The vote as conducted in the Committee of the Whole was 10-1. Yes: Hamrick, Salant, Zremski, Donnelly, Anselmo, Bethel, Gallagher, Groppe, Hill and Priebe. No: Smith.

The vote in the board was 9-1. Yes: Hamrick, Salant, Zremski, Donnelly, Anselmo, Bethel, Gallagher, Groppe and Hill. No: Smith.

GENERAL MANAGER'S REPORT

Bloom said the board will need to vote on the budget in December. He said he would like final comments by Dec. 8. He said the board would see a working draft of the web page within 2 weeks. He said he doesn't want to launch on-line bill paying until the web page is redesigned. He said it will be tested on Budget Committee members. He said he was asked to put together a video promo for the Club, which will be ready soon. He said 130 people got the flu shot. He said he met with the Connect Live owner and negotiations continue. He said the auditors will arrive in early December for preliminary work. He said the Budget Committee needs to meet with the auditors to decide what to look at.

PRESIDENT'S REPORT

Salant asked for suggestions for Vivian Awards.

NEW BUSIESS

Smith moved that the House Committee be tasked with overseeing member monitoring of the citywide smoking ban that goes into effect Jan. 1, particularly at breakfast when there are fewer staff to remind

members of the new law. Bethel said statistics should be kept so the Club could eventually apply for a hardship exemption. Hamrick said the exemptions are granted to businesses that generate 10 percent of their total sales through tobacco. **The board unanimously approved the motion.**

Smith moved and the board approved the following appointees to the Election Committee: Peter Urban (chairman), Suzanne Struglinski, Mark Schoeff, Linda Gasparello and Tom Burr.

Smith said the Personnel Committee had done some preliminary work on setting up a search committee to find Bloom's replacement. She said the Personnel Committee recommended the creation of a 3-person committee, headed by former President Tammy Lytle and including Leinwand. She said she would present a full slate in December.

The next meeting is Dec. 18. The meeting was adjourned at 8:30 p.m.