

MINUTES
MEETING OF THE BOARD OF DIRECTORS
SIGMA DELTA CHI FOUNDATION
APRIL 17, 2016
SHERATON, NEW ORLEANS

With President Robert Leger presiding, the meeting was called to order at 8:07 a.m. CT on Sunday, April 17, 2016 at the Sheraton New Orleans.

In addition to Leger, the following were present: Vice president Irwin Gratz; Treasurer Howard Dubin; Secretary Hagit Limor; Directors Sonny Albarado, Rebecca Baker, Fred Brown, Jay Evensen, Paul Fletcher, Patti Gallagher Newberry, Todd Gillman, Kelly Hawes, Bill Ketter, Sue Kopen Katcef, Al Leeds, Bill McCloskey, Mac McKerral, Kevin Smith, Lynn Walsh.

Staff members present for the meeting were Executive Director Joe Skeel, Associate Executive Director Chris Vachon and Membership Strategist Tara Puckey.

Guests included SPJ board members Michael Koretzky, Andy Schotz and Alex Tarquinio.

MINUTES

Upon proper motion by Fletcher and second by Hawes, the board approved the meeting minutes from the Sept. 19, 2015 and executive committee meeting minutes from Jan. 6, 2016.

SDX FOUNDATION PRESIDENT'S REPORT

Leger provided an update on the "Spotlight" movie screening program, Vachon said there were 27 chapters that requested licenses to show the movie. Limor asked if chapters are close together that we might combine programs to save money. McKerral asked about a public element being embedded in the program. He said he thinks that there should be public dialogue and discussion, not just watching the movie for free.

SPJ PRESIDENT'S REPORT

Fletcher discussed some upcoming events, including the FOIA bill to fix FOIA by 50, their trip to the White House and Walsh's trip to SXSW to spread the word. He also shared that the SPJ board passed a new member category for non-journalists who support SPJ's mission. He briefly talked about the Society's strategic planning session in Scottsdale. He updated the Foundation on SPJ's board meeting, which took place the day before. Lastly, he shared that the board approved a \$10,000 LDF request to the Lens in New Orleans.

McKerral asked Fletcher what's the difference between Associate Memberships (which already exist) and Supporters. McKerral also asked for clarification about the regional delegates, which were approved by the SPJ board.

PUBLICATIONS COMMITTEE REPORT

Chairman Brown shared that he and Evensen had a meeting with Skeel and Quill editor Scott Leadingham. The committee felt that at this time it was a good idea to continue to have a print publication, but recommend that the news related to operations of the Society (such as chapter news) be online only.

Brown also shared that he talked with Marion Street Press regarding the history book. A list was sent to Brown of some things that still need to be completed.

Brown talked about wanting to update the ethics book because SPJ adopted a new code in 2015 and the market for ethics books is changing. Limor weighed in that she would like to help and there is a need; Smith asked about making an e-book vs. print product. McKerral said a company he knows of in Indiana might be helpful to get an e-book in the works.

Ketter asked why we are still printing Quill if there are some negative economic situation from this. Evensen said he worries that if you don't have it, it gets lost online.

PROGRAMMING COMMITTEE REPORT

Limor shared that the board charged the committee with developing the Dr. J idea. She said they worked to try and answer some of the questions that they thought would come up. Limor explained that the Foundation has been doing things the same way for decades. The goal was to work on something that is different, unique.

Vachon explored funding and shared some of the possibilities: being absorbed into the foundation's budget or outside funding. She has looked at foundations and is working with SPJ member Sam Stewart, who has experience with foundation funding. Leger said he spoke to a member of the SDX Foundation board who might be interested in funding it. But that member declined.

Limor said the committee wasn't asking for official action today, but wanted to know if the board supported the concept as it stood today.

Gallagher Newberry asked for a brief history about how the group arrived at this position. Limor explained that this would be cohesive vs. the way current resources/help is spread out among volunteers. This position would be able to help connect people and resources and figure out how to best help journalists.

Gillman shared that he's not sure if a person with the necessary skills and experience exists. Leger asked Skeel to speak about his hiring philosophy. Skeel explained that SPJ's business model is to hire ambition, leverage that for the betterment of SPJ and train up along the way.

Baker said the SPJ board asked about what this position does over one year. Also, could this be done as a one year fellowship? Limor said she was against doing it for one year. She said it was not enough time to get up to speed.

Gratz said it might make sense to hire someone for a relatively good salary and then have him/her develop the position over a year, communicate with us about what's possible and what's not possible. He agreed that it might be hard to find someone who would apply for a job that ends in one year.

Walsh said that there might be people interested in the position as a one year, but might not be best solution as they are building a reputation (if that is what this group wants). McKerral wants to know who will pay for it, compared it to an endowed chair at a university. Ketter suggested a three-year endowment or investment because Knight and other journalism funders are seeding organizations. They want groups to eventually fund programs on their own.

Gallagher Newberry asked if we are talking about foundation money or is this something crossing over to SPJ. She asked if there someone on staff already who could handle this.

Gillman discussed the position in terms of strategic value: when other organizations coming to SPJ as the umbrella organization. Walsh pointed out that maybe a focus should be on branding.

TREASURER'S REPORT/BUDGET

Dubin shared that the Foundation will be spending more than they are taking in. This is a result of the market downturn over the prior four quarters.

The Foundation spending policy says it will liquidate up to 4.5% of its assets to fulfill budget obligations. However, Dubin and the Finance Committee recommends that the Foundation scale that back to 4.25% for this year.

Skeel, who prepared the budget, said that it was constructed with 4.25% in mind.

Gillman asked if the percentage was supposed to fluctuate each year. He said it seems the point of the spending policy was that in lower years, the Foundation would liquidate less. In good years, it would liquidate more – because the dollar amount tied to 4.5% changes every year as the value goes up or down.

Hawes credited Dubin for his work as treasurer over the years, making sure the Foundation's assets stay safe and grow. Gratz supports the 4.25% because he doesn't believe that funds will be growing as much within the next couple years.

Leger shared that he wasn't sure the Foundation should be changing the percentage every year. Gratz said asking staff to prepare budgets with different sets of numbers wasn't ideal.

Hawes then shared how the finance committee came to its recommendation.

Skeel then walked the board through the budget, and answered the few questions that were asked.

Upon proper motion by McCloskey and second by Brown, the board approved the Fiscal Year 2017 budget at the 4.25% level.

GRANTS COMMITTEE REPORT

McKerral explained that the committee's recommendation is outlined in the memo. Because of uncertainty with the budget, the committee made recommendations at a 4.5% and 4.25% level.

Smith asked about what people submit in the grant request. And he wondered if we do follow-up throughout the year. Vachon explained the process.

Upon proper motion by McCloskey and second by Brown, the board approved the following grants:

- **SPJ Region 3 Michael Koretzky-Drone program: \$1,500**
- **SPJ EIJ: \$28,000**
- **NPPA: \$7,000**
- **SPLC: \$3,000**

PASS THROUGH CONTRIBUTIONS

Three pass-through contributions were brought to the board's attention.

As explained in Vachon's memo to the board, a pass-through contribution occurs when a person or organization writes a check to the Foundation with the specific intent that it be used by SPJ national or an SPJ chapter. People and organizations do this in situations where they can only contribute to a 501(c)(3) or they are looking for a tax deduction.

These pass-through contributions are allowed under IRS rules because they fall in line with the Foundation's charitable purpose: Education and recognizing journalism excellence.

Upon proper motion by Leeds and second by Evensen, the board approved the following pass-through contributions:

- **\$500: Vinson & Elkins (law firm) to the Houston chapter for a program called Right to Photograph and Record in Public.**
- **\$500: Austin Kiplinger for the Reggie Stuart Fellowship.**
- **\$1,000 Scripps Howard Foundation in honor of Sue Porter's service.**

STAFF REPORT

Vachon directed the board to her memo, and offered to answer any questions.

She highlighted that Google is very happy with the current training partnership and wishes to expand it in the future.

Evensen asked if SPJ still hoped to partner with the Association of Opinion Journalists. Skeel spoke briefly about how the partnership would work. Gillman asked how AOJ would maintain its identity. Leeds asked Skeel how he calculates the costs for outside groups. McKerral talked about SPJ's membership and how we can find very specific proposals about how they can merge in with us. Ketter said we should be more aggressive in trying to find new partners.

DIVERSITY SOURCEBOOK

Upon proper motion by Hawes and second by McCloskey, the board voted to table the agenda item.

Leger said he would appoint a committee to work on the future of the sourcebook.

ELDRIDGE AND EMILY LOWE SCHOLARSHIP FUND

Kopen Katcef explained that the Foundation received \$23,950 from an estate gift left 30 years ago. The Foundation received the money in 2015, as a provision in the gift said the funds could not be released until 30 years following Eldridge Lowe's death. The gift is restricted to use for scholarships.

Leger appointed an ad hoc committee to determine how the money should be spent.

Kopen Katcef shared the task force's recommendation:

- Apply the spending policy, meaning up to 4.5% of the value may be used each year.
- Half of that amount will be given to SPJ's Julie Galvan winner to use for travel to the annual conference.
- The other half will be given to the outstanding student chapter so that they may send a person to the annual conference.

McCloskey asked about pooling the money with the Terry Harper Memorial Scholarship Fund. Sue explained that it is own scholarship fund it needs to stand on its own.

Under proper motion by Kopen Katcef and second by Evensen, the board voted to accept the task force's recommendation and provide annual scholarships to the Galvin winner and scholarships to EIJ for the Outstanding Student Chapter.

STEPHEN GLASS DONATION

Smith moved to accept the \$26,000 donation from Stephen Glass. McCloskey seconded.

Discussion ensued.

Baker asked what choice allows the Foundation to do the most good. She said this donation allows us to do a lot.

McKerral said he boiled his decision down to three factors: Glass's intentions, ethical issues and reputation.

McKerral said he talked with fellow board member Russ Pulliam to get his opinion. Pulliam shared that it is so hard to assess motives in these matters. Therefore, Glass's intentions can't be taken into consideration.

McKerral shared the advice of SPJ's Ethics Committee chairman Andrew Seaman. Seaman said that if the Foundation accepted the donation, it should take a few steps to ensure it is used for something specific and communicated properly.

McKerral said this sounds like a "hefty dose of ethics Febreze" would be needed to "to take the stink off this."

He added that there is no way to know what would happen if they accepted the money. But, to him, it's not worth the risk.

Ketter also opposed to the motion. He feared the backlash that would come with accepting a donation from a known journalism fabricator.

He said the fundamental purpose of the board is to protect the SDX Foundation and SPJ. He also questioned Glass's motives. He doesn't believe Glass truly cares about making amends. Rather, he feels Glass is using the donation as a way to appease the California Bar Association (which turned him down for a license, stating he had made no attempt to repay the money he cost past employers).

Ketter also shared that Glass never directly harmed the SDX Foundation. Therefore, his donation should be made to whoever currently owns the rights to the publications.

Smith spoke about William Randolph Hearst and Joseph Pulitzer. Those men, he said, ushered in an era of Yellow Journalism. They spent a lot of money to have award given in their names. Today, those transgressions have long been forgotten. Now, they stand for journalism excellence. It's not hard, he said, to draw a parallel to what Glass did. He argues for using the money for ethical training.

Albarado said the board should forget about the money and what good you might do with it. He said forgiveness through accepting the donation shouldn't matter. The only thing that matters, he said, is what will happen to our reputation if we take that money.

Gillman said he could argue both ways, but his opinion has been evolving. Gillman said he became very uncomfortable when he found out that Glass had already been telling people that he gave us the money. Gillman was concerned that the check had been deposited into the Foundation's accounts (in accordance with Foundation bookkeeping policy).

Walsh was worried that the SDX Foundation would be writing a check back to him. She said the optics of that is really bad, and she worries about the fall out.

There was discussion that the money could be transferred directly into his account, eliminating the need to send a check.

Limor said that Glass has more to gain and the Foundation has more to lose. Through the discussion, she said she has been swayed to not accept the money.

Dubin said when he was on the SPJ board, they categorized things as clean money or dirty money. They simply didn't take the dirty money. This seems like dirty money.

The board voted down Smith's motion to accept the donation.

Upon proper motion by McCloskey and second by Gallagher Newberry, the board voted to reject Glass's donation.

GOVERNANCE AD HOC TASK FORCE REPORT

Gratz said that he typically handled board recruitment by himself. This year, he is creating a committee and will create an open period for nominations until May 31. The committee can then evaluate all potential candidates and present a slate in September.

Upon proper motion by Gratz and second by McKerral, the board voted to create a 3-person nominations committee.

Albarado, Hawes and Gallagher Newberry volunteered to serve. Gratz said he would also send a note to those not in attendance to see who all might be interested. The group would be chosen later.

PULLIAM EDITORIAL FELLOWSHIP UPDATE

Gillman spoke about the fellowship and updated the board on the program. He said the size of the applicant pool goes up and down. The group discussed how much harder it is to get applicants who can leave their job for a year, given the industry cuts.

PROJECT WATCHDOG REVIVAL

Hawes shared that journalism needs a good PR guy. Reviving the project watchdog program, which engaged journalist and the public was a way to help change the perception of and share the importance of journalism. A former ad campaign via Project Watchdog was "If the press didn't tell you, who would?"

Gratz shared that SPJ's board is having those very discussions, regarding engaging the public.

Fletcher spoke about SPJ's two new membership initiatives, specifically how one of them is heavily geared toward the public.

McKerral said it's imperative that we find the right messengers. They have to be non-journalists, he said.

BUDGET REALLOCATION POLICY

Leger asked the board to adopt a policy that would give the executive committee more freedom when it comes to allocating money.

The board's recent experiment with offering licenses to show the movie "Spotlight" demonstrated why we need such a policy, he said. The initial offering, supported by \$3,000 in our training budget, sold out in 90 minutes. That was tremendous affirmation of trying a different

approach, and it also spoke to the demand. It was obvious we should do more. Under current board policy, the executive committee could have approved up to \$5,000 in new funding to underwrite more showings.

In his memo to the board, Leger explained that “as Executive Director Joe Skeel noted, we are on track for a healthy surplus. If we reallocated from expense items running well under budget, there would be no need to approve additional spending. This made sense. So the executive committee, working with the understanding that it can act on the board’s behalf, approved a budget reallocation of no more than \$10,000 to underwrite additional showings of “Spotlight,” with the understanding those showings would be followed by discussions with the public about ethics and journalism.”

Leger said the executive committee would be more comfortable with a board policy allowing such action.

“In our new world, we’re not strictly a grant-making foundation,” he said. “We produce educational and training programming, and with that comes the ability to be proactive and seize opportunities when they come.

Under proper motion by Ketter and second by Brown, the board voted to allow the executive committee to reallocate up to \$10,000 during the fiscal year.

OLD/NEW BUSINESS

Walsh asked about the Foundation’s policy/procedure for cashing checks. Skeel explained that it’s sound financial practice (recommended by our auditors) to deposit checks instead of having them lay around. There is no safe at headquarters. The question is this: How much risk is the organization willing to absorb to not follow those procedures.

Walsh asked if it was possible that when a larger check comes in and we aren’t sure who they are, can we ask executive committee if we should cash the check.

Hawes said he applauds staff for having the wherewithal to alert the board that we had the check and that we had a resulting discussion.

ADJOURNMENT

Upon proper motion by McKerral and second by Baker, the meeting adjourned at 11:13 a.m. CT on Sunday, April 17, 2016.