

## **Minutes of the ASNE Foundation Board of Directors Meeting**

October 1, 1999 – The Broadmoor – Colorado Springs, Colo.

The ASNE Foundation Board of Directors met October 1, 1999 on the call of President Edward L. Seaton. Directors present were:

Edward L. Seaton, The Manhattan (Kan.) Mercury, president  
N. Christian Anderson III, The Orange County Register, Santa Ana, Calif., vice president  
Robert H. Giles, Media Studies Center, New York  
Clark Hoyt, Knight Ridder, Washington, D.C.  
Richard A. Oppel, Austin (Texas) American-Statesman  
Arnold Rosenfeld, Cox Newspapers, Atlanta, treasurer

### Directors absent were:

John S. Carroll, The Sun, Baltimore  
Howard A. Tyner, Chicago Tribune

### ASNE staff and others attending:

J. Scott Bosley, ASNEF secretary and assistant treasurer  
Bobbi Bowman, diversity director  
Diana Mitsu Klos, project director  
Sharon Miller, assistant to the publisher, The Orange County Register, Santa Ana, Calif.

### Legal counsel:

Richard M. Schmidt, Jr., Cohn and Marks

A proposal to approve the minutes of the spring meeting was made by Mr. Oppel and seconded by Mr. Anderson. The vote to approve was unanimous.

Mr. Rosenfeld, reporting as treasurer, noted that income totaled \$1,340,738, with expenses of \$1,263,215. The foundation has about \$2.15 million, with unrestricted funds of \$1.33 million.

As of July 1, \$9,987,000 was invested in certificates of deposit with one- to four-year maturities earning an average of 6.1 percent, generating \$62,000 in interest income annually.

The market value of 8,495 shares in Merrill Lynch's S&P 500 Index Fund was \$139,148 as of June 25. The plan is to invest one-half of each certificate of deposit as it matures, up to \$125,000 a year and \$500,000 total. The initial investment of \$134,985 was made February 1 and the next investment will be made in February 2000.

Mr. Seaton emphasized that the stock market investment strategy is limited to a portion of unrestricted funds only. Funds that are earmarked by foundations for specific projects are considered restricted funds and are handled in the most conservative fashion (certificates of deposit and the conversion of stocks to cash) to ensure that all fiscal obligations are met.

Mr. Bosley noted that the annual audit was completed and found no problems.

Mr. Seaton reviewed a plan to simplify fund raising and accounting of contributions made to the foundation. After discussion, amendments to the Articles of Incorporation were unanimously approved as follows.

RESOLVED, that Paragraph 1 of the Foundation's Articles of Incorporation is hereby amended to read as follows:

The name of the corporation is:

AMERICAN SOCIETY OF NEWSPAPER EDITORS FOUNDATION

FURTHER RESOLVED, that Paragraph 3 of the Articles of Incorporation is amended to read as follows:

The corporation is incorporated under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania for the following purpose or purposes:

To receive and administer funds and property, and to apply the income and principal thereof, either in whole or in part, as the Board of Directors may from time to time determine, directly for charitable, educational, scientific or literary purposes or indirectly for contributions to charitable organizations. The term "charitable organization" as used in these Articles of Incorporation, shall include only a corporation, trust or community chest, fund, or foundation, organized and operated exclusively for purely public charity, educational, scientific, or literary purposes, or for the prevention of cruelty to children or animals; no part of the net earnings inures to the benefit of any private shareholder, member or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office, unless such organization has made the election contained in Section 501(h) of the Internal Revenue Code with respect to influencing legislation and, if it has so elected, does not make lobbying or grassroots expenditures that normally exceed the ceiling amounts contained in Section 501(h)(2)(B) and (D) of the Code.

In General, to have all the powers conferred upon corporations and associations not for profit, and such additional powers as may be conferred upon such organizations in the future, under the laws of the Commonwealth of Pennsylvania.

The corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

FURTHER RESOLVED, that Paragraph 9 of the Articles of Incorporation is amended to read as follows:

No part of the net earnings of the corporation shall inure to the benefit of any private shareholder, member or individual, nor shall the corporation carry on propaganda or otherwise attempt to influence legislation, nor shall it participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office, nor shall it make any distribution, engage in any activity or enter into any transaction of whatever character, the effect whereof, under applicable Federal laws then enforced, will cause the corporation to lose its status as an organization exempt from Federal income taxes or as an organization, contributions to which are deductible in computing the net income of the contributor for Federal income tax purposes. Notwithstanding the foregoing, the corporation may make the election contained in Section 501(h) of the Internal Revenue Code with respect to influencing legislation and, only if it so

elects, the corporation may make lobbying or grassroots expenditures that do not normally exceed the ceiling amounts contained in Section 501(h)(2)(B) and (D) of the Code. In the event of dissolution of the corporation, all of the assets of the corporation remaining after the discharge of its liabilities and expenses shall be distributed only to such purely charitable, educational or philanthropic organization which is an exempt organization under the provisions of Section 501 of the Internal Revenue Code, or other applicable law or regulation now or hereafter enacted as the Board of Directors of the corporation shall designate by appropriate resolution. Any such assets not so disposed of shall be disposed of by the Court of Common Pleas of the Commonwealth of Pennsylvania, exclusively for such purposes or to such organizations, as such court shall determine, which are organized and operated for such purposes. There shall be no power in the Board of Directors of the corporation to amend these Articles of Incorporation to give to any director, officer or donor any right in any way to share in such property and assets.

FURTHER RESOLVED, that the proper officers of the Foundation are hereby authorized and directed to file Articles of Amendment incorporating these Amendments with the Department of State of the Commonwealth of Pennsylvania, to sign such additional documents and to take such additional actions as may be necessary and advisable to carry out the intent of the foregoing resolutions.

The board also approved the following resolution on spending guidelines:

RESOLVED that the Foundation hereby established a policy to limit its total expenditures in any fiscal year to the sum of (1) the amount of the Foundation's investment income earned during such fiscal year less an amount equal to the percentage rate of inflation during the previous fiscal year times the balance of the Foundation's unrestricted funds on the first day of the fiscal year and (2) the amount of contributions received during such fiscal year.

There being no further business, the meeting was adjourned.

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J. Scott Bosley, Secretary and Assistant Treasurer