

Minutes of the ASNE Foundation Board of Directors Meeting

April 3, 2001 – JW Marriott Hotel, Washington

The ASNE Foundation Board of Directors met April 3 on the call of President Edward L. Seaton.

Directors Present:

Leonard Downie Jr., executive editor, The Washington Post
Robert H. Giles, curator, The Nieman Foundation, Cambridge, Mass.
Deborah Howell, editor, Newhouse News Service, Washington, treasurer
Clark Hoyt, Washington Editor, Knight Ridder
Tim J. McGuire, editor, Star Tribune, Minneapolis
Richard A. Oppel, editor, Austin (Texas) American-Statesman, vice president
Edward L. Seaton, editor-in-chief, The Manhattan (Kan.) Mercury, president
Howard A. Tyner, vice president/editorial, Tribune Co.

ASNE Staff Attending:

Scott Bosley, executive director, ASNEF secretary and assistant treasurer
Bobbi Bowman, diversity director
Diana Mitsu Klos, senior project director
Cristal Williams, project director

Legal Counsel Attending:

Richard M. Schmidt Jr., Cohn and Marks

Not Attending

N. Christian Anderson III, publisher and CEO, The Orange County Register, Santa Ana, Calif.
Kevin M. Goldberg, Cohn and Marks
Michael Parks, Pasadena, Calif.

The minutes of the fall meeting were approved.

Mr. Seaton and Mr. McGuire reported for the nominating committee. The following were elected:

For three-year terms:

Deborah Howell
Diane H. McFarlin
Robert W. Mong

For officers:

Edward L. Seaton, president
Tim J. McGuire, vice president
Deborah Howell, treasurer
Scott Bosley, secretary and assistant treasurer

Ms. Howell, reporting as treasurer, noted that the Foundation's unrestricted funds have grown to more than \$1.6 million.

Our investment in Merrill Lynch's S&P 500 Index fund as of Feb. 28 was \$259,622 with a market value on that date of \$235,882. On April 6, the market value was \$232,651. Although our plan, agreed to at the fall meeting, is to move toward investing 50 percent of our funds in equities as CDs mature, Ms. Howell and Mr. Seaton recommended that further equity investments be put on hold temporarily. In the interim, 50 percent of maturing equities will be held in a money market account and the remaining 50 percent reinvested in CDs. At an appropriate time, after consulting with financial advisors, Ms. Howell and Mr. Hoyt will confer with Mr. Seaton about resuming equity investments and a proposed mix of such investment.

Unrestricted contributions. The \$85,300 included \$61,150 from corporations/foundations, most in response to our November solicitation. The other \$24,150 in unrestricted contributions came from individuals and matching gifts. Through March 29, contributions from 123 individuals totaled \$30,550. This compares to \$25,500 for the entire 99-00 fiscal year. All ASNE and ASNE Foundation directors have contributed. Mr. Seaton noted that in response to Deborah Howell's "pay up letter" sent to 110 members, 43 gave \$12,850. Of those, 18 did not give at all last year; 14 increased their contribution; seven gave the same; and only four decreased the amounts.

Mr. Seaton asked that board members review the solicitation lists in their board material and follow-up where they could be helpful with corporations or foundations that had not yet responded to the November request.

Anticipated unrestricted expenditures for 2001-2002 were approved as follows:

Contributions to AEJMC, LDRC	\$ 7,000
Admin. reimbursement	10,000
Office expenses, audit	10,000
ASNE Awards	17,500
Project costs (as required)	<u>55,500</u>
TOTAL	\$100,000

The board then discussed a recommendation from a sub-committee of Len Downie, Deborah Howell, Clark Hoyt and President Seaton that the board approve pursuit of a \$10 million endowment campaign.

The first steps in such a campaign would be an exploratory, or "quiet" phase in which \$5 million would be sought. A public phase of 12 months to 18 months would follow, presuming success in the private phase. Money would be raised in a three-year to five-year period.

The first task in the effort will be to agree upon a written rationale, a first draft of which was discussed. It was agreed that a second draft, to be circulated and agreed upon, would stress the importance of ASNE as a strong, independent voice for journalism and that new initiatives should be spelled out rather than continuation of existing ASNE programs. Mr. Bosley, working with the sub-committee, was charged with developing the final draft.

Calls on potential large donors would follow after completion of the rationale.

Tim McGuire moved and Mr. Downie seconded the motion that the foundation proceed with the endowment campaign as recommended. The vote to proceed was unanimous.

In an ensuing discussion, the group agreed that a resolution should be drafted for a vote by the ASNE Board to signify its support of the endowment campaign. (Subsequently, this was done and unanimously approved by the ASNE Board at its April 6 meeting.)

The board then moved to hearing reports on programs.

Diana Mitsu Klos, senior project director, announced that the Knight Foundation had approved our proposal for full funding of the High School Journalism Initiative for three years (2001-2003) and granted \$4.83 million to the foundation. She reported that six host schools for our summer teacher education program had been chosen and, soon, a class of 200-plus teachers (from 350 applicants) would be selected. Also, 31 newspaper-school partnerships had been launched and our www.highschooljournalism.org Web site is up and drawing heavy traffic from students, teachers and guidance counselors.

Mr. Bosley noted that there were technical issues to be resolved on transferring the grant money to ASNE Foundation because of federal tax regulations that stipulate a foundation, Knight in this case, cannot provide more than a third of the operating funds for another foundation. Mr. Bosley said he had been assured by Knight representatives that this hurdle would be overcome by processing the funds through another, larger entity and that several were under consideration.

Project Director Cristal Williams reported that this year's Knight Foundation-funded Institute for Journalism Excellence program is in place with 20 educators chosen as participants. She also noted that applications are coming in healthily and participants would be chosen soon for this fall's Freedom Forum/ASNE International Journalism Exchange. Funding this year will allow 10 participants, one more than last year.

Diversity Director Bobbi Bowman reported on diversity initiatives and on initial stages of our partnership with the Freedom Forum and APME on placing journalists in newsrooms with less than 75,000 circulation. She reported the first several are in place, or soon would be, and that in all, 50 would be placed in phases with each to receive a \$20,000 stipend for a two-year experience.

Ms. Williams and Ms. Klos also reported that our fourth year of the credibility project was winding to a close with successful publication of "The Newspaper Credibility Handbook" that would help editors drive the conversations about ethics and credibility deeper into the newsroom. The book was based on learnings from the research and experimentation of the first three years of the project. The fourth year, as other years, was principally funded by the Robert R. McCormick Tribune Foundation.

The board then approved the following banking resolution:

RESOLVED that Dreyfus, Merrill Lynch, Vanguard and United Bank are hereby designated as depositories for the funds of this Foundation and that said banks are hereby authorized and directed to pay checks and other orders for the payment of money drawn in the name of this Foundation when signed by either Edward Seaton, president; Deborah Howell, treasurer; or J. Scott Bosley, secretary/assistant treasurer. And that said banks shall not be required to make inquiry respecting the application of any instrument executed in virtue of this resolution or of the proceeds therefrom, nor be under any obligation to see to the application of such instrument or proceeds.

The meeting was adjourned.

J. Scott Bosley
Secretary and assistant treasurer