

SDX Foundation Meeting Minutes

September 12, 2002 – Fort Worth, Texas

MEETING CALLED TO ORDER

With President Paul McMasters presiding, the meeting of the board of directors of the Sigma Delta Chi Foundation was called to order at 8:03 a.m. on Thursday, September 12, 2002, at the Renaissance Worthington Hotel in Fort Worth, Texas.

ROLL CALL

In addition to President McMasters, the following were in attendance for all or a portion of the meeting: Vice President Sue Porter; Secretary Steve Geimann; Treasurer Howard Dubin; SDX Directors Betsy Ashton, David Boardman, Fred Brown, David Carlson, Al Cross, Frank Gibson, Todd Gillman, Irwin Gratz, Kelly Hawes, Jim Highland, Jane Kirtley, Robert Leger, Mac McKerral, Dori Maynard and Georgiana Vines; SDX Executive Director Terrence G. Harper; and Bruce Sanford, Baker & Hostetler.

MINUTES APPROVED

No changes were made to the minutes of the April 26, 2002, meeting of the joint boards of directors of the Society of Professional Journalists and the Sigma Delta Chi Foundation.

Upon proper motion and second by Geimann and Dubin, respectively, the minutes of the April 26, 2002, meeting of the joint boards of directors of the Society of Professional Journalists and the Sigma Delta Chi Foundation were approved unanimously.

One minor change was noted in the minutes from the April 27, 2002, meeting of the board of directors of the SDX Foundation. The change occurred on page three under the heading of "Project Sunshine/National FOI Coalition Conferences." The words "in 2003" were added to indicate when the conference in Nashville would take place.

Upon proper motion and second by Ashton and Gibson, respectively, the minutes of the October 4, 2001, meeting of the board of directors of the Sigma Delta Chi Foundation, Inc. were approved as amended.

REPORT OF THE SPJ PRESIDENT

Cross referenced his written report which is attached to these minutes as Exhibit A.

REPORT OF THE EXECUTIVE DIRECTOR

Harper updated the board on the status of the finance department at Headquarters and announced the hiring of Micca Leppert as foundation coordinator. Leppert will begin her duties on September 30, 2002.

REPORT OF THE SDX PRESIDENT

President McMasters referenced his written report which is attached to these minutes as Exhibit B.

FINANCE COMMITTEE REPORT

Dubin reviewed the current state of the Foundation's finances with the board, reporting that the Foundation's investments are following the general downward trend of the market. He raised the issue of whether SDX should consider professional money managers, but added that there would be a substantial cost involved, approximately \$80,000 per year on a \$10 million portfolio. He stated that SDX needs to regularly review its asset allocation model, create an investment policy statement and improve reporting to the members of the board.

Sanford suggested the creation of an investment subcommittee of the finance committee and that some outside members with investment management expertise be recruited to sit on it.

INVESTMENT SUBCOMMITTEE CREATED

Upon proper motion and second by Dubin and Ashton, respectively, the board voted unanimously to

create an investment subcommittee of the finance committee to include among its members non-board members with investment management expertise.

FUNDRAISING

Harper was asked to develop ideas, or proposals, for SDX fundraising activities once Leppert is on board and up to speed on Foundation activities.

TAISHOFF LECTURER APPROVED

It was the sense of the board that the amount of money in the Taishoff Fund was not enough to generate sufficient funds to hold a workshop on broadcast journalism each year as originally intended. It was suggested that the total return from the Taishoff Fund be used to fund a special speaker at each SPJ National Convention.

Upon proper motion and second by Steinle and Geimann, respectively, the board unanimously agreed to use the total return from the Taishoff Fund to fund a Taishoff Lecture on broadcast journalism at each SPJ National Convention, subject to the approval of the Taishoff family.

Harper is to ask Past President Paul Davis to be in touch with the family to seek their approval.

SDX ASSETS

Discussion returned to corpus of the Foundation and how market action has taken it below the \$10 million floor set by board at a previous meeting. The directors discussed how their top priority is their fiduciary responsibility to the Foundation and to its donors. The board was in general agreement that although the markets had pulled the value of the investments below the \$10 million level, that it should continue to make grants to fund worthy projects, however, the amount available such grants would be greatly reduced.

AMOUNT AVAILABLE FOR GRANTS

The board reviewed the amount that had been awarded in grants to date to determine the amount available for the remainder of the fiscal year. Given the incompleteness of some of the investment reports, the board wanted to proceed conservatively.

Upon proper motion and second by Gratz and Highland, respectively, the board determined that up to \$180,000 could be made available to award grants during this meeting thereby temporarily suspending the \$10 million minimum asset base previously established by the board. The motion passed on a majority vote.

GRANTS AND AWARDS COMMITTEE

Upon proper motion and second by Vines and Porter, the board unanimously adopted the Grant Proposal Guidelines and Procedures as revised.

The guidelines are attached to these minutes as Exhibit C.

MISSION COMMITTEE REPORT

Porter discussed her committee's written report. Where grants are concerned, she suggested the creation of a joint committee from the SPJ and SDX boards that would consider not only funding issues but other issues relative to the two organizations. She reported that in her new role as president of the Foundation, she would be appointing Betsy Aston chair of the development subcommittee of the finance committee. The development committee will regularly review the Foundation's fundraising efforts and makes recommendations thereon.

ANNUAL REPORT APPROVED

Porter also discussed SDX and SPJ's need for a professional-looking annual report that will highlight the activities of both and serve as both a marketing and development resource. It was suggested that the organizations might be better off getting their houses in order prior to undertaking an annual report. It was also suggested that Quill might be used to publish an annual report. Generally, the board was supportive of a separate publication for an annual report.

Upon proper motion and second by Hawes and Highland, respectively, the board approved an expenditure of up to \$5,000 for designing and publishing an annual report for SPJ and SDX. The motion passed on a majority vote.

IRE-SPJ BETTER WATCHDOG WORKSHOPS

Brant Houston, IRE executive director, updated the board on the planned Better Watchdog Workshops. The first workshop is taking place in Charleston, W.V. on September 14, during the SPJ National Convention. Registration numbers look very good and will result in a number of new members for both SPJ and IRE.

NEW OFFICERS ELECTED

As outlined and amended in the Governance Committee report, Geimann moved the following slate of officers for the SDX Foundation:

Sue Porter, for president.

Steve Geimann, for vice president.

Frank Gibson, for secretary

Howard Dubin, for treasurer

Terry Harper, for assistant secretary-treasurer for SDX , Inc.

With Ashton providing the second, the motion carried unanimously.

DIRECTORS REELECTED

As outlined in the Governance Committee report, Geimann moved the following slate of directors for three-year terms on the SDX Foundation board of directors: Betsy Ashton, Fred Brown, Steve Geimann, Sue Porter, Jane Kirtley and Dori Maynard.

With Carlson providing the second, the motion was carried unanimously.

BOARD VACANCY FILLED

A vacancy was created with the resignation of Paul Steinle, effective at the close of the meeting. Porter offered the name of Ken Bunting, executive editor of the Seattle Post-Intelligencer, to fill the unexpired term with two years remaining. Porter has outlined the responsibilities of the position to Bunting and he has enthusiastically indicated his willingness to serve.

Upon proper motion and second by Geimann and Gibson, respectively, Ken Bunting was unanimously elected to fill the vacancy on the board created by the resignation of Paul Steinle.

ACEJMC

The board discussed SDX's membership in the Accrediting Council on Education in Journalism and Mass Communications. The Foundation took over the membership in ACEJMC during a budget crunch for SPJ, but that the membership is of little value to SDX. Geimann has been serving as SDX's representative on the Council. McKerral stated that membership was SPJ's responsibility and that the Society should find the money to pay the dues.

McKerral then moved that SDX not renew the ACEJMC membership. Highland provided the second. The motion failed.

Upon proper motion by Cross and Dubin, the board voted to renew its membership in ACEJMC for one more year with a recommendation that SPJ renew the membership in 2003-2004. The motion passed on a majority vote.

RAINBOW SOURCEBOOK

Lehrman updated the board on the positive reactions to the recently released Rainbow Sourcebook. She discussed the grant application that would be considered during the joint board meeting later in the afternoon. It was suggested that Lehrman and SPJ seek funding from organizations other than just SDX

that might be very enthusiastic about funding such an initiative.

SUMMIT FUNDING APPROVED

Earlier in the meeting, Steinle had suggested that the SDX board hold a summit in Indianapolis to plan and prioritize for the future. It would also be used to provide some clarity of the Foundation's financial position.

Upon proper motion and second by Steinle and Vines, respectively, the board unanimously authorized an expenditure of up to \$5,000 to hold an SDX Foundation board summit.

PORTER INSTALLED AS PRESIDENT

McMasters thanked the board members for their support and hard work over the preceding two years. He then turned control of the meeting—and the Foundation—over to Porter, the newly-elected president. Porter in turn thanked McMasters for his dedicated service as president. Porter outlined some of her goals and priorities for the coming year including a renewed focus on development and fundraising. SDX needs to help educate the public on the importance of a free press and the freedom of information in our society. She hopes to develop new partnerships and use those partnerships to raise the visibility of SDX. She wants better tracking of SDX-funded programs and better financial reporting. She indicated that she would be reporting to the board on a monthly basis. She ended with a quote from Emeril Lagasse, star of "Emeril Live" on the Food Network (a Scripps Howard Network) by urging SDX and SPJ to "kick it up a notch!"

ADJOURNMENT

There being no further business to come before the board, Porter declared the meeting adjourned at noon on Thursday, September 12, 2002. And "BAM!" the meeting was over.

EXHIBIT A

SPJ PRESIDENT'S REPORT FALL 2002 SPJ & SDX BOARD MEETINGS

Welcome to Fort Worth and a convention that should enhance SPJ's reputation as the leading voice in journalism for freedom of information, ethics, diversity and professional development.

Our leadership is recognized by the ceremony marking the first day of issue of stamps honoring women journalists; by delegations of journalists from Germany and Korea; and by the fall meeting of the Council of Presidents of National Journalism Organizations. Let's make all of them welcome.

We all owe a great debt to Robert Leger, the convention committee and our staff for assembling an excellent program with timely, useful sessions and big names such as Paul Steiger of The Wall Street Journal, Bob Schieffer of CBS News and Len Downie of the Washington Post. We have worked this year to cultivate relationships with these folks and other leaders in journalism.

If the short list of big names seems a little heavy on people from New York and Washington, it's a weight properly placed. The two cities that were attacked a year ago this week are the media capitals of this country, and SPJ must do more to elevate its profile in those cities.

We have been working on both fronts. In two years, on dates that need to be set soon, we will hold our convention in New York.

Last week, George Stephanopoulos of ABC News accepted my invitation to be the roastee at what we hope will be the first annual SPJ Legal Defense Fund Roast in Washington. And the Sigma Delta Chi Awards dinner will move back to Washington next year, in the late spring or early summer, when it was held until being moved to the convention several years ago.

We may not have an office in Washington, but with the help of our chapter there, we are about to have a greater presence, a goal that I adopted from my predecessor, Ray Marcano, who cannot be with us this week because of some important personal commitments.

As I told you in April, I didn't seek this job to be a caretaker. While being aggressive with our external agenda we have tried to move forward on internal issues such as membership and headquarters management. After just over 11 months as your president, I believe the Society is poised to move to the next level of leadership and progress. But that will take more work and commitment from each of us, to build on the modest successes of the past year.

Society operations

I very much appreciate the board's indulgence in allowing adoption of this year's budget to be delayed until the July meeting of the Executive Committee. This gave Terry Harper and the rest of us a chance to set some priorities at a critical point, and I think I speak for the rest of the Executive Committee when I say that we feel much more confident about the reliability of the figures in this budget and our ability to meet its forecasts.

With our budget reserves exhausted, we were forced to not fill some vacancies. This put a greater burden on the remaining staff and volunteer leaders. For example, when marketing director Sarah Shrode resigned to take another job, Terry and I decided that she would not be replaced and that we would rely on volunteer leaders to write press releases. In some case, this means we have not issued releases simply because no volunteer was available to do the writing.

The Publications Committee did not make the progress that Kyle Niederpruem and I had hoped for, and she has resigned as chair. Robert Leger has indicated that he will redouble our efforts in this area. Thanks to Bill McCloskey and the Bylaws Committee for shepherding the amendments that will be put before the convention, and to the temporary Chapter Rules Committee for developing a set of guidelines for judging and managing chapters. Both these efforts are part of an effort to clear out some underbrush that sometimes hinders operations of the Society, and I urge you to see that they are adopted.

Membership

At a time when we needed it most, our membership has been increasing. More than half the gain reflected in the chart below is due to the 280 memberships generated by the direct-mail campaign funded by Membership Chair Howard Dubin.

On Sept. 6, after the latest monthly cull of non-renewals, SPJ had 9,250 members, 5.2 percent more than a year earlier. We have 5,094 professional members, 7.9 percent more than a year ago. Student numbers should begin to rise now that school has begun, and that will be helpful, because there seems to have been a slight loss of momentum on the professional front, with 50 fewer members now than a month ago.

So, while membership may be the best sign of our success, it remains our chief concern. Our members are still disproportionately old, and we are not doing a good enough job at retaining members, especially students. Compilation of data from the survey sent in a recent mailing to former members should give us some guidance on how to do better, but I think we all know that the key to retaining members is chapter activity, and some regional directors and chapter officers must increase their efforts to make that happen. Direct mail is not a great device to attract members, and our campaign will not have much lasting effect unless chapters follow up with new and rejoined members.

We also must have a new, four-color membership brochure to make the sale for SPJ.

The chart, using data from e-mail reports from headquarters, shows that we have made healthy gains since January, just as the direct-mail campaign was beginning to bear fruit. The campaign is now being completed, with the mailing of 31,000 letters from the president to prospects who had not been solicited before because they did not have an active chapter in their area. We sent a specially tailored letter to prospects in Georgia, where Region 3 Director Holly Fisher is temporarily heading a committee to reorganize the Atlanta Chapter, which has been defunct for about four years.

Holly, Robert Leger and I traveled to Atlanta last month for a series of meetings with members, prospects and people who can help us at CNN, the Journal-Constitution and elsewhere. We received encouragement

everywhere we went, and Holly has scheduled the first formal meeting of her committee for Sept. 28, when we hope a permanent chair will be elected and program planning can begin. Atlanta will be the site of a regional conference this spring, and plans call for finalists in the Green Eyeshade Awards – a chapter project which headquarters has been running in the absence of a chapter – to speak at a day-long professional development workshop preceding the awards dinner.

SPJ Membership numbers

Change fm. Year ` Year

2002 PROS week listed ago Gain, Pct. TOTAL ago Change, Pct.

imm. below

Sept. 6 5,094 -170 4,722 +372 7.9 9,250 8,789 +461 5.25

Aug. 30 5,264 + 21 4,816 +448 9.3 9,476 8,924 +552 6.2

Aug. 23 5,243 + 19 4,775 +468 9.8 9,434 8,874 +560 6.3

Aug. 16 5,222 + 78 4,709 +513 10.9 9,393 8,797 +596 6.8

Aug. 2 5,144 - 52 4,806 +338 7.03 9,237 8,896 +341 3.8

July 12 5,196 + 53 4,725 +471 9.97 9,324 8,775 +549 6.3

July 5 5,143 -134 n.a. 9,260 n.a.

June 28 5,277 + 92 4,916 +361 7.3 9,497 9,047 +450 4.98

June 21 5,185 +108 n.a. 9,424 n.a.

March 25 5,077 +325

Jan. 18 4,752

Society missions

Freedom of Information: The Open Doors handbook written by Ian Marquand and produced with the help of Julie Grimes is one of the most important publications by the Society in years. It provides a real service to journalists and reaffirms SPJ's leadership role in freedom of information. We all owe a debt of gratitude to Ian, who will make his own report to you. But I would be remiss not to say that he has helped make SPJ a leading voice for liberty at a time when too many Americans are willing to sacrifice liberty for personal safety or comfort and too many journalists or news organizations are afraid to wave the FOI flag very high. Our latest fight is against Bush Administration efforts to erode the Freedom of Information Act in the Homeland Security bill.

We continue to fight battles at the state level. National and state SPJ protests probably figured in New Jersey Gov. James McGreevey's backtracking on a secrecy order that gutted much of the state's new open-records law. In Tennessee, \$3,000 from the SPJ Legal Defense Fund helped keep federal privacy issues out of a lawsuit over access to photographs of police officers. A trial judge has ruled for us but police have appealed.

Ethics: The Ethics Committee issued a statement deploring the Boston Phoenix's publication of a photograph of Daniel Pearl's severed head, and debated whether provisions dealing with war and/or national security should be added to the SPJ Code of Ethics. That debate will continue at the convention.

Your president appeared on the Connie Chung show on CNN Aug. 14 to discuss coverage of child abductions. Among other things, I said news reports had led many people to believe there is an abduction epidemic when there is none.

Professional development: The first of the IRE-SPJ Better Watchdog Workshops will be held this weekend in Charleston, W. Va. Fifteen others have been slated. Eight of those have firm dates, and at least five will be held at SPJ regional conferences. Attendance at these workshops, funded by the SDX Foundation, carries with it a six-month membership in both organizations. We need to develop a strategy for retaining these members.

SPJ has submitted an application to the Knight Foundation for funding to create and maintain an online database of journalism training opportunities for the Council of Presidents. Negotiations on this have been complicated by requests from the Poynter Institute; we may know more about this at Sunday's meeting,

after the Council meetings.

Campus activities: At our last meeting, you authorized creation of a task force to investigate the decision by the University of Texas at Tyler to not renew the teaching contract of the adviser to the student newspaper, which had reported aggressively on the administration. This move, and some aggressive inquiries by VPCCA Jim Highland, appeared to get quick results. Even before the task force was appointed, the teacher got her job back. Jim will elaborate on campus affairs in his own report.

It's a wrap

As I complete my term, my feelings are mixed -- so many things done, so many left undone. I must thank my fellow volunteer leaders for their help and advice, and my employer, The Courier-Journal, for allowing me to take up to two-thirds of my work time for SPJ activities. It was never that much in any given month, but the key was having the freedom to take the time I wanted and never get any complaints about it. It's a great example for other employers of our volunteer leaders.

The demands of this position have become so great, SPJ might be better off if its presidents could serve two years, or take full-time sabbaticals from work. Knowing that is not likely to happen anytime soon, at least, we all must be on the lookout for the next generation of leadership for the Society, beginning with Sunday's elections to the Executive Committee. The current committee is the first in many years without a woman member, partly because some of us weren't sensitive to the need for diversity in leadership, and I hope the board will rectify that on Sunday.

Now, let's have the best convention ever and keep our momentum going.

EXHIBIT B

SDX PRESIDENT'S REPORT FALL 2002 SDX BOARD MEETING

When I took over midway through Paul Steinle's third term as the Sigma Delta Chi Foundation Board president, my intention was to stay two years (a full term) -- or three years, if things weren't going well as far as the goals I had set were concerned and if I didn't think my successors were ready to take over. I am stepping down because I have absolutely no doubt that Sue Porter and the others will do an excellent job in leading this board. Sue has a raft of great ideas, enthusiasm and energy. This foundation will continue to move smartly ahead under her leadership.

You will recall that I took over at a time of somewhat strained relations between the two boards and a less-than-adequate communications among leaders of the two boards. That crisis was not the fault of anyone or anything in particular; rather, there had been incremental erosion that hadn't been tended to in a while. I guess that one of the things I take most pride in over the past two years is seeing a great improvement in that situation and working with two different SPJ presidents and two different executive directors. Successive leaders must remember not to take that for granted, though.

As for the past two years, let me see if I can touch some of the high points. Please be clear that I don't view these as "my accomplishments," however, but rather a cooperative effort with a wonderful group of dedicated individuals on this board.

I think we've accomplished a lot together during the past two years.

RESTRUCTURING OF THE FOUNDATION BOARD AND OPERATIONS:

- Provided a way to insure the continuation of work beyond the two meetings each year.
- Got each member not just involved but engaged in the board's activities and mission.
- Expanded the number of leaders within the board outside of the "officer ladder."

THE COMMITTEES THEMSELVES:

- Directed board efforts.
- Formalized and detailed the board's mission.
- Provided continuity in operations between meetings.
- Initiated projects to extend the board's reach.
- Regularized operations – from fuller reports and standardized approach in the board books to a better system of records management and care of charter documents.

IMPROVED RELATIONSHIP BETWEEN THE SPJ AND SDX BOARDS

- SPJ president became a member of the SDX Executive Committee.
- SDX president was named to the search committee for the new executive director.
- SDX president now serves as a member of the SPJ board's Finance Committee.
- SDX leaders now more involved in planning board meetings and convention.

OUR GOVERNING CHARTER:

We revised the bylaws to clarify board makeup and to indemnify board members.

FOUNDATION BOARD MEMBERSHIP:

We have brought about more balance between the number of SDX and SPJ members of the board.

GRANTS:

- We have improved the process for application.
- We revised guidelines.
- We set clear deadlines.
- We have greatly improved the review and approval process with recommendations from the G&A committee, after research and inquiry.
- We are making decisions with much more information, particularly information about which funds grants are coming from and what we have in those funds.
- We set a limit on grants to make sure our assets are protected.

INVESTMENTS:

- We have broadened our investment strategy.
- We set parameters for spending and grant-making.
- We are getting better financial reporting from headquarters.

STAFF SUPPORT:

- Institutionalized a staff position at headquarters serving the foundation board.
- Drafted a new job description.
- Initiated a search for a replacement for Stephanie Berry, just completed.

PULLIAM FELLOWSHIP:

- Organized and hosted two successful Pulliam Fellowship banquets in the nation's capital.
- Worked with the executive director to set up a new venue for the award at the annual NCEW convention.

PULLIAM FIRST AMENDMENT AWARD:

After three years, we finally are making our first award.

BOARD PRESIDENT:

Outside of my direct duties as SDX president, I have been very much involved in SPJ's free press and FOI initiatives and efforts in Washington, D.C., in contact almost daily with SPJ leaders on tactics and strategies and serving as a first alert on issues coming up in the courts, Congress and the federal government.

That is all well and good, of course. But you must know that I am stepping down with a lot of things undone that I wish we could get done, including --

TOP PRIORITIES:

Get our finances and records in order.

Get foundation moving forward on fund-raising.

Get board members contributing more between meetings, taking ownership for projects and proceedings, and getting more familiar with board activities in order to become leaders.

Raise the profile of the foundation to facilitate fund-raising, help SPJ and recruit members.

Make sure financial support for SPJ is targeted to educational needs and conforms to IRS regulations and our own charters.

Do a better job of helping SPJ members and leaders understand how much the Foundation does contribute to the Society's mission and efforts. In the last five years, more than \$2 million has gone to SPJ's bottom line in grants and other expenditures, but that may not be widely known or appreciated.

THE FOUNDATION AND THE HEADQUARTERS BUILDING:

— SDX owns half of building; if we are going to put everything on a business-like footing, then the auditors might reasonably ask, Why isn't the Society paying the Foundation for that space it is using?

— There needs to be worked out an agreement on building partnership:

— What exactly does owning half of the building mean?

— How are maintenance costs determined?

— Should the top floor be leased with revenues going to SDX?

— Should SPJ be paying rent to SPJ?

— What arrangements are made for an SDX office, telephone number, etc.?

NICE THINGS WE SHOULD BE THINKING ABOUT:

— Recognition of SDX service

— 3-year, 6-year, 10-year pins

— Plaques when members leave

— Jeweled key for presidents

— Recognizing opinion makers

— Columnists and editorialists and other journalists who continually write about First Amendment and FOI: Nat Hentoff; Charles Levandosky; Donald Meyers at the Provo newspaper; John Edwards at the Smithfield (Va) Times; Robert Leger at the Springfield News Leader; Editor & Publisher; etc.

WHAT'S AHEAD FOR SPJ AND SDX

What I'm about to say has nothing to do with anyone in this room. Rather it is a general comment on the membership of SPJ, your predecessors and your successors.

It is a miracle that SPJ has survived this long. It is not in the nature of journalists to organize and lead. It is not in their nature to agree on anything: put 10 journalists in a room with one clock and it's unlikely they will be able to agree on the time.

We have to face the facts: Journalists are prosecutorial and adversarial in our nature. This works beautifully for reporters covering a beat and editors deciding what the readers should know.

But in a journalistic organization setting, that nature and instinct too often work to our disadvantage. When

an idea or a project is presented to us, our finely honed instinct is to pummel it with challenges, to batter it with questions, to regard the proposing authority with suspicion, to worry about its flaws -- and to leave its potential for others to explore.

If the idea or project survives that ordeal, then too frequently before its potential is realized, we too often lose interest and turn our energies and attention back to our real jobs. Years later, someone will say, "Hey, whatever happened to that idea, anyway?"

This is not a criticism of who we are. It is an acknowledgement of what we face as the leaders of an organization made up of journalists.

Obviously, we take heart that despite all this, SPJ has survived. Why?

Because on countless occasions, a leader has shrugged off those basic instincts and worked tirelessly and selflessly to make things happen. Al Cross is a great example. He has furthered SPJ's position as a leader on free press and FOI issues by establishing a distant early warning system in the nation's capital, by identifying the right issues to take on, by making alliances and forming consensus with those outside this organization -- and by working his fool head off.

Al's example is instructive.

We won't be able to accomplish what we need and put this Society on permanently firm footing until we recognize that --

- 1) In the SPJ context, we must rise above our journalistic training.
- 2) We must dare to form alliances outside the press community on important public issues.
- 3) We must recognize that SPJ is NOT a reporter or an editor but an organization that provides services for journalists. It doesn't cover sources. It doesn't put out newspapers or newscasts. That means that it must be able to solicit funds and form partnerships that in the past we have avoided.

Acknowledging and serving that third point will take a lot of courage and won't be done without controversy. We are not just dying but already dead if we think that we can survive by dipping into the Foundation pot every time things get dicey. The Foundation is there to support the Society's broad goals not its daily operations.

We are not just dying but dead if we continue to tie our executive director's hands when it comes to developing new revenue streams -- such as non-media sponsors and contributors to our convention and workshop efforts. The very real ethical considerations that a journalist or a newspaper or television station must observe are not -- cannot be -- used to hobble and eventual kill an organization designed to serve journalists and their cause.

As an organization, the Society must develop revenue streams and financial vitality without constant and damaging recourse to Foundation funds intended to expand the Society's educational outreach and raise its profile with the professional press and the larger society.

To do otherwise is to lock both the Society and the Foundation in a downward financial spiral that could be debilitating if not deadly.

EXHIBIT C

SIGMA DELTA CHI FOUNDATION GRANT PROPOSAL GUIDELINES AND PROCEDURES (Revised September 2002)

I. Guidelines

The Sigma Delta Chi (SDX) Foundation seeks, accepts and manages funds for educational and training projects for the Society of Professional Journalists.

The SDX Foundation Board is responsible for the investment, management and dispersal of Foundation funds.

The SDX Foundation allocates funds to grantees periodically on the basis of:

1. Written requests and recommendations from the Board of the Society of Professional Journalists.
2. The availability of SDX Foundation funds.
3. The relevance and value of the request, as judged, independently, by the SDX Foundation Board and its Awards & Grants Committee.
4. Evidence of the sound use of funds in projects requiring periodic funding.

All requests for funding will be presented the Board of the Society of Professional Journalists for review and consideration.

II. Processing the Grant Application

Your application will be reviewed and discussed by the SDX Foundation's Awards & Grants Committee (the "Committee").

The Committee may contact you for more information or may seek a meeting with you.

When the members of the Committee have thoroughly assured themselves that they understand the goals of your project and what you are doing to meet those goals, the Committee will evaluate your proposal in the light of other applications for funds available and make a recommendation to the SDX Foundation Board.

The members of the SPJ Board evaluate each proposal independently and then submits its recommendations to the SDX Board for final approval.

Any grant approved will be administered according to the instructions of the SDX Board.

III. Grant Monitoring

The trust placed in the Sigma Delta Chi Foundation – by its donors and contributors and its status as a tax-exempt charitable organization – requires fiscal integrity. We have been given the stewardship of charitable dollars. In return, it expects to ensure proper and lawful use of funds by its grantees.

Our requirements for grantees include the following:

1. The grant must be used in accordance with the goals and purposes set forth in the grant proposal, for purposes clearly identified as educational and as charitable under applicable state and federal laws.
2. When projects or programs are operated for less than the anticipated budget figures, all excess (unexpended) funds and any earned interest must be returned to the SDX Foundation.
3. All grant recipients must submit a midterm (six months) and a final (annual) narrative report – the grant performance report – describing the process of the program or project as well as a financial report detailing how the funds have been used. These performance reports will be reviewed by the SDX board to determine if the program or project is progressing as anticipated and to verify that the expenditures are in accordance with the grant proposal. If these reports are not submitted or reflect discrepancies, additional funding may be withheld.

The SDX Foundation maintains the right to order an independent audit or to cancel a grant at its discretion. Such action is highly undesirable for the Foundation and the grantee; however, the SDX Foundation must firmly support its obligation to ensure that all grants are spent solely in furtherance of the charitable purposes for which the funds were donated to it.

IV. The Application

No original documents should be sent. No portion of the applications and materials submitted are

returned.

All grantees should submit the following, where applicable, in a document not to exceed five pages:

- Contact information
- Name of the grantee organization
- Contact person
- Address
- Title
- Phone
- Fax
- E-mail address

2. Abstract / Summary

Please prepare a concise abstract/summary, which briefly states the reason or goal of the proposal, the objectives and the activities that will be undertaken to achieve these objectives. The abstract should state the amount requested and a timeline for project completion.

3. Introduction

Introduce the Foundation to the qualifications and background of the organization or individual(s) seeking the grant. The introduction should describe the applicant(s) in terms relevant to the context of the proposal.

The introduction should include such information as:

- Organization. Why was your organization formed and whom does it serve?
- Management. Who specifically will supervise the use of these funds? What are his or her/their qualifications to achieve the goals of this project? What evidence can you provide of the ability of your organization to implement this project? How will this project enhance or improve your organization's goals and/or effectiveness?

4. Needs assessment

State whatever problem or opportunity your project addresses. Please explain how this project addresses the goals or objectives you have set. Please provide whatever evidence is available to support the likelihood of achieving your objectives with this project.

5. Objectives

What objectives do you plan to achieve with this project? Describe the expected impact of this program or project on your organization, on the industry, on your target or on the public.

6. Methodology

Please describe the specific activities you plan to undertake – the detailed methods you plan to use to achieve your goals. What are you going to do, who is going to do it and when will they do it. (This should be the major segment of your proposal.)

7. Evaluation

How will the program or project be monitored and results evaluated?

8. Continuity

Will this project continue? Will future funds be required? How will this project be financed in the future?

9. Budget

Please prepare a detailed budget for this project, which describes how Foundation (and any other) funds will be used.

10. Other

Is there anything else important you'd like us to know about your program or project?

V. Documentation

In addition to your (no longer than five page) proposal, if available, also please submit to the SDX Foundation a copy of:

- Your organization's 501(c)(3) determination letter from the Internal Revenue Service or your 501(c)(3) application the IRS.
- Your organization's mission statement.
- The names and addresses of your organization's Board of Directors.
- Your organization's most recent year-end financial statement.
- Your current month and year-to-date financial statements.

Please submit clear copies, using at least 12-point type, of all funding grant requests to:

Development Director
Sigma Delta Chi Foundation
3909 N. Meridian St.
Indianapolis, IN 46208
317/927-8000 x. 213

Please include:

- Grantee signature
- Grantee title
- Grantee address
- Date

Deadline: 60 days prior to the annual fall SPJ convention.

VI. Follow-up: Grant Performance Report

Grantees also are required to submit a Grant Performance Report.

Within 30 days following the expenditure of the grant, or within one year -- whichever occurs first -- please submit a brief Grant Performance Report to the Foundation which includes the following:

- A brief description of grant use: How have the funds been used?
- Have the goals of the program or project been accomplished?
- Who was served?
- What was the impact?

Please attach any additional description as needed.

Also please describe:

- The payee
- The recipient
- Payment date
- Payment amount
- Purpose of expenditure
- Please submit any brochures, news articles or products created by the grant.
- If the grant funds have not been spent and the grant purpose not achieved, please explain and provide a time table for completion.
- Please identify the grantee making this report:
 - Name
 - Title
 - Address
 - Signature
 - Date
 - Phone number

Submit the Grant Performance Report to:
Grant Performance Report

Sigma Delta Chi Foundation
3909 N. Meridian St.
Indianapolis, IN 46208

VII. Guidelines for continuing funding

— Prior to receiving additional funding, all projects and programs which seek renewals of funding are required to report annually on their performance as documented in the grant performance reports, which are submitted to and shared internally by the SPJ and SDX boards.

— The funding of ongoing projects will be reviewed annually by the SDX Board based on:

— A recommendation to continue funding from the SPJ Board.

— A review of the program/project's annual performance report.

— The availability of Foundation funds.

— The SDX Board's independent determination that the program or project funds have been administered effectively to date.

— The SDX Board's independent determination that the program or project remains relevant to SPJ goals.

Direct questions about the SDX Foundation's grants or grant proposal procedures to sdx@spj.org or call 317/927-8000.