

**WEDNESDAY, DECEMBER 8, 2004**  
**THE WAGNALLS MEMORIAL FOUNDATION**  
**BOARD OF DIRECTOR'S MEETING**

The Board of Directors held a regular meeting on Wednesday, December 8, 2004, at 7:00 p.m. with the following board members present: Mr. David L. Wynkoop, Dr. William M. Haynes, Dr. Robert O. Jepsen, Mrs. Nancy E. Fisher, Mr. Nathan A. Kingery, Mr. John H. Rogers, Mr. James L. Long, and Mr. Russell A. Osborn. Other attendees were Mr. Carl Spencer, Executive Director, Mrs. Sandra Hall, Assistant Director, and Guest – Kevin Kale, Vice President of Manning & Napier Advisors.

Mr. Wynkoop called the meeting to order at 7:05 p.m. and silent attendance was taken by Mrs. Hall.

***GUEST:***

Mr. Wynkoop introduced Kevin Kale, the Foundation's Investment Manager from Manning & Napier Advisors. Mr. Kale distributed a report on the growth of the funds from 08/18/04 when Manning & Napier started managing the investments. He reported that the transferring of all the funds has gone as good as could be expected. Their investment plan is just getting started. As of 11/30/04, the fund had gained about \$110,000, which is an increase of about 4½ %. This was above the S&P Index Y-T-D. He also distributed a memo regarding Risk Management, and information on Fixed Income. After answering some questions from the Board, Mr. Wynkoop thanked him for coming and he was excused at 7:30 p.m.

***MINUTES AND FINANCIAL STATEMENTS:***

Mr. Wynkoop reminded the Board that Mr. Jon Lester, Accountant, would be a guest at the January 12, 2005 meeting to provide an overview of the 03/04 Financial Statements and answer any questions. He suggested that any questions for Mr. Lester could be given to Mrs. Hall so that she could forward those questions on to Mr. Lester in advance of the meeting.

The minutes for the November 10 meeting were reviewed and approved as submitted. The November Bank Register Report was reviewed. Various items were discussed. Mr. Wynkoop suspended the Financial Statement discussion and the Board went into Executive Session at 7:45 p.m.

The Board came out of Executive Session at 8:30 p.m. and Mr. Long made a motion to propose the following amendments to the Code of Regulations that had been distributed to the Board in writing as Exhibit A:

ARTICLE VIII.      Prohibited Activities.

Notwithstanding anything to the contrary in the Articles of Incorporation of The Wagnalls Memorial Foundation, the Board of Directors shall not approve any loan or advancement of funds, or otherwise donate Foundation assets to any person, entity, or organization that is not in furtherance of the charitable purposes of The Wagnalls Memorial Foundation, Inc. as those purposes are described in Article Third, Paragraphs A, B, C, or for scholarship purposes are described in Paragraph D of the Amended and Restated Articles of Incorporation of The Wagnalls Memorial Foundation dated October 27, 1999.

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ARTICLE IX. Conflict of Interest.

No member of the Board of Directors may vote with respect to any matter which will directly or indirectly inure to the financial benefit of, or otherwise present a conflict with the personal interests of the member and/or the spouse, parent, brother, sister, son, daughter, grandson, or granddaughter, or a spouse thereof, of the member. In the event such a matter comes before the Board of Directors for a vote, the affected member shall fully disclose the existence and nature of the financial benefit or conflict and, thereafter, shall abstain from voting in the matter and/or from influencing or attempting to influence the outcome of such a vote. Unless the affected member's presence is necessary to provide information to other members on the matter to be voted upon, the affected member shall not participate in any discussion with respect to the matter nor be present in the room during the vote.

Dr. Haynes seconded the motion and it was tabled for the mandatory five-day waiting period, to be acted upon at the next convened Board meeting.

With that, Mr. Wynkoop returned the discussion to the Financial Statements. Mr. Rogers motioned to approve the Financial Statements, seconded by Dr. Jepsen. Motion passed.

**REPORTS/ACTION ITEMS:**

Mr. Rogers commented on the report provided by Ann Day. Several positive comments were made on what she shared with an emphasis on Strategic Planning and what Wagnalls is doing now.

Mr. Spencer stated there was a need for Board Representation on the Strategic Planning Writing Team, which was meeting on Friday, December 10 at 8:30 a.m. Mr. Long volunteered to sit on the Writing Team.

Mr. Spencer asked for thoughts on the Draft Vision/Mission Statement that had been distributed to the Board on the Meeting Agenda. Some discussion followed with the Board making some good suggestions.

Mr. Spencer distributed a report containing information on the sale of the Norman Rockwell paintings showing that Wagnalls would be receiving \$691,200 net of fees around the second week in January.

Mr. Osborn distributed a Wagnalls Financial Planning report that he had compiled. He explained the various options detailed on the report, some of those options containing a "White Knight" loan. Mr. Spencer presented handout #19 containing more detailed information regarding this loan offered by Bob and Harold (Charlie) Stebelton to help Wagnalls during this time of financial crisis. After some discussion by the Board regarding this loan and the proceeds from the sale of the Rockwells, Mr. Rogers motioned to use the money from the sale of the Rockwells to pay off the National City debt and apply the balance to the Fairfield National Bank loan principal. Dr. Haynes seconded. After some

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discussion, a vote was taken with Mr. Rogers, Dr. Haynes, and Mr. Wynkoop voting for, all others against. Motion failed. After some additional discussion, Mr. Long amended the motion to pay off the National City loan but then withdrew his amendment. Mr. Kingery then motioned to use the proceeds from the sale of the Rockwells to pay off the National City loan and hold the balance of the proceeds pending further discussion of the Board. Mr. Long seconded the motion. A vote was taken with Mr. Rogers opposed, all others for. Motion carried.

There was discussion regarding whether the Stebelton offer should be put in the newsletter and the consensus was that it should. It was decided that Mr. Spencer would negotiate with National City on the loan prepayment penalty.

Dr. Jepsen reported briefly on the Building and Grounds committee. He stated that Shawn Rickly, Maintenance Director, was satisfied with the roof repair and that no other leaks had been found. He also reported that the Assistant Director's office had heat now that the blower motor had been replaced.

There was no report on the Cemetery since Dr. Haynes had to leave at 10:30 p.m. due to a prior engagement.

Mr. Rogers reported on the Community Building by stating that he should meet with Gary Bartlett regarding offering a progressive lease, but that he had not been successful in getting a meeting set up yet.

The discussion returned to the Art Work regarding the location of the other two Rockwell paintings and the insurance coverage on them.

Mrs. Fisher reported on the Library, with Mr. Spencer reporting that he had presented the "GAP" Analysis at the last Library Board meeting. There are some adjustments being made in information presented to give a clearer understanding of what is involved.

There was discussion regarding whether Wagnalls would be able to sponsor the Boy Scouts mulch sale again this year and it was reported that the Boy Scouts would be paying the Trailer License fee.

The Board reviewed the 2005 calendar. Mr. Kingery motioned to approve the 2005 calendar, seconded by Mrs. Fisher. Motion passed. Mr. Spencer reminded the Board of the upcoming Christmas Breakfast on Thursday, December 16 at 7:30 a.m.

Mr. Rogers reminded the Board that there would be two openings on the Board in March 2005 and that they still needed to fill the Lithopolis resident position. There was some discussion regarding these openings.

With that, Dr. Jepsen made a motion to adjourn the meeting, seconded by Mrs. Fisher. The motion passed.

Meeting adjourned at approximately 11:00 p.m.

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Sandra K. Hall  
Recording Secretary

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David L. Wynkoop, Chairman

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Nathan A. Kingery, Secretary/Treasurer