

Board of Directors Meeting Minutes
December 17, 2008

The Iowa Public Radio Board of Directors held their regular meeting December 17, 2008 at the Embassy Club in Des Moines. Present for the meeting were Directors Art Neu, Kay Runge, Steve Parrott, Warren Madden, and Acting Executive Director Steve Carignan. Present from the Senior Team were: Don Wirth, Jonathan Ahl, Joan Kjaer, Wendy Ridout, Matt Sieren, and Wayne Jarvis. Also present was guest Pat Deluhery. Absent was Senior Team member Tim Coffey.

Chair Runge called the meeting to order at 12:40 pm, amending the agenda to include “Events Dates” under Information Items and “Contract Negotiations” under Executive Session. Carignan moved and Parrott seconded the agenda amendments. Approved unanimously.

In reviewing the November 5 minutes, Carignan noted a spelling change that needed to be corrected. Parrott moved and Neu seconded approval of the revised minutes for the November 5 meeting. The motion carried unanimously.

Discussion & Decision Items:

A. Financial Report – October:

Wirth discussed the October financials, noting that the summary reflects the individual month; the quarterly full detail will be presented with December financials. He noted a larger than expected revenue line in Membership compared to last year and a \$100,000 lower than expected revenue line in Underwriting. Additionally, looking at preliminary numbers for November, Wirth projected the Underwriting revenue shortfall growing to about \$130,000. He commented that in comparing numbers for the past two years IPR is at about 40% of its year goal; projecting into the future the organization could face a \$400,000 shortfall in Underwriting.

Wirth continued to the graph portion of the budget, pointing out that revenue has gone up each year with expenses continuing relatively flat. The major point for attention is the earnings loss caused by the stock market decline. That aside, IPR is operating at a very good margin for the year. The overall revenue picture does not seem to be increasing much, but operating revenue is showing growth. Wirth’s final note on the budget was that the \$2 million budgeted capital revenue from the sale of tobacco funds has failed again. The state can’t sell them, so IPR is not recognizing this revenue.

Underwriting Sub-Discussion:

In response to a question about how IPR has handled fundraising in Des Moines, Carignan responded that the organization has re-opened the search for two Underwriters to cover that area. Additionally, Account Representatives assigned to other areas of the state have begun covering some accounts that haven’t been serviced in a few years in Des Moines. They are also approaching some other “low hanging” businesses as new accounts. To encourage businesses to continue underwriting during the economic downturn, the Account Reps are incentivizing current underwriters to renew contracts for a longer period of time for discounted rates.

Parrott asked that if the Underwriter positions aren’t filled, could IPR hire them out. Carignan responded that it’s tough to do for this type of organization, but IPR has been considering temporary hires if the search fails again. Runge requested a current list of Underwriters – those that have renewed, etc. to be sent to all board members.

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Membership Sub-Discussion:

Parrott asked whether Membership would continue to trend high or whether it would end short, similar to the Underwriting revenue. Ridout responded that at the end of November, Membership is roughly at 40% of goal, ahead of last year by 13% (per the increased goal) and on target to meet projections. Runge asked whether lapsed donors renewing gifts are higher than in the past. Ridout responded that there isn't accurate information on this yet, but IPR is anecdotally seeing donors who left a few years ago coming back at higher giving levels. Additionally, renewals have increased – three of four gifts received are current members renewing their membership.

Budget Sub-Discussion:

Parrott asked whether the Board agreed on a deficit this year. Carignan responded that they did not, but in advance of that possibility, IPR has identified salary savings of \$200,000 compared to what was budgeted.

State Revenue Sub-Discussion:

Madden opened discussion stating that new revenue is flat to down 0.5% FY09 and 10. The expectation is that the Governor will put another budget restriction in place, which means there could be between \$60 and \$90 million in cuts. Though the Board of Regents is not subject to what the Governor imposes, Regents' President Miles has been talking with Culver; the Universities are participating in "voluntary" givebacks. Madden commented that he's not sure where IPR will be in the mix of this. On one side the organization is small so it could go unnoticed. But on the other end, by prioritization IPR wouldn't be exempt from budget cuts. Considering ISU's contribution, President Geoffrey has commented that nonacademic departments are on the list.

Madden continued that for FY10 the University Presidents have been asked to develop plans for how they might cut budgets. ISU is looking at no increase in appropriations, with potential for a 10% decrease. It has the potential to be a much more challenging financial year. He commented that he isn't sure what the other two Universities are considering, but they are likely to be similar to ISU. With this in mind Madden said that IPR should begin thinking about FY10 – also considering their new separate \$500,000 appropriation coupled with other state reductions. He considers it likely that ISU's base of support for the organization will be affected. Madden also commented that for FY 09 ISU is talking about furloughing positions to save for the remainder of the year. There are problems with them, but they are an option and should be considered by IPR. Carignan asked whether the ISU cut would be capped as per the management agreement. Madden responded that he didn't know – that conversation hasn't happened yet.

Representing UNI, Carignan concurred with Madden about future University support. UNI's revenue is tied more closely to appropriations. He also commented that it is possible UNI might cut more than \$50,000 from the IPR budget since they have not made the cuts in the past. He'd consider a 20% cut over two years. Speaking for IPR, Carignan noted that the Senior Team has begun discussions on budget cuts.

Representing SUI, Parrott commented that in the past the University has tried to avoid cutting the library and arts, hitting the auxiliary expenses more heavily. And, for whatever reason, broadcasting is still thrown in with University Relations. Not having heard anything specific within the University, he

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expressed concern that the cut might make the big drop to \$400,000. His bigger concern is what cuts IPR might receive directly from the \$500,000 state appropriation.

Madden closed commenting that the next cut is supposed to be announced in January, and by that point IPR should have a better idea where it's at.

B. 2111 Grand Update:

Wirth stated that the lease was signed by Carignan and Runge on December 15. Construction began the 16th. The enclosed spreadsheet shows money in hand for the project. Funding for the project comes from the prior year's state funds and the Principal Financial Group grant. IPR is on track to move in sometime mid-February. Parrott asked how the inability to sell tobacco funds has affected the project. Wirth noted that it hasn't, as IPR is not using the amount of space originally planned. So, though the money is not being given to IPR, it doesn't prevent the organization from moving forward.

Runge asked what IPR takes from the Papajohn building when it comes time to move. Wirth commented that with the exception of some of the equipment in the recording studio and the supplies, everything stays in the Papajohn. Madden asked whether IPR would be getting an electronic sign. Carignan responded that IPR is moving forward with the design and purchase of a neon sign, but will not purchase a news scroller.

Specific questions were asked regarding how the studio would link into the network.

C. Organization Chart:

It was noted that the organization chart shows six open positions – Music Director, Human Resources Director, two Underwriters, and two Operations positions. No other discussion was held on the topic.

Information Items:

A. IRS & 990 Forms – Final:

Wirth commented that he, Carignan, and Madden had a phone call with the auditors, which ended successfully – nothing needed to be changed. The final reports remain exactly the same as those that the Board initially reviewed. Parrott noted that employee salaries for IPR were not included. Wirth responded that the audit firm would be contacted to include them in the final report.

Carignan pointed out that in the transition to IPR, the organization has developed a great level of complexity around its reporting structure, and the Board should credit Mr. Wirth for the clean audit. The Board unanimously thanked Wirth for his hard work and ability in this difficult task.

B. Hiring Update:

Carignan commented that Music Director is in phone interview process. HR Director has a very large pool, and the committee will meet later this week to select about six candidates for phone interviews. Also, Mary Grace will participate in the face to face interviews for Music Director, and the same will likely occur for HR Director.

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C. Department Updates:

Membership:

Ridout shared that IPR just mailed year-end, add gift renewal, and lapsed letter campaigns in addition to on-air spots reminding people about year-end giving options. Also, NPR will air a six hour piece on Saturday, December 27 to raise additional membership funds. Looking at the spring, there will be an additional lapsed gift campaign at the end of February and the end of the year (additional gift, lapsed, renewal). Her department is trying hard to keep away from a third full fund drive in June.

D. Events Dates:

Kjaer pointed out specific upcoming dates for events – Blues Blowout on Saturday, February 21, Wine & Tulips on Saturday, May 9, “Whad’Ya Know” on Saturday, May 16, and “From the Top” on Tuesday, May 19. Carignan commented that Kjaer should inform the Board of what events she wants them to attend. To that, Kjaer requested that everyone attend “Whad’Ya Know” and “From the Top,” with confirmation that they can by the next meeting.

E. Other:

Economic News:

Kjaer commented that IPR has been informed of significant revenue shortfall for National Public Radio this next year – instead of a \$2 million shortage they are facing a \$23 million shortage. To manage this deficit, NPR has laid off the equivalent of 7% of their total staff. This larger shortfall is due partly because NPR doesn’t think Underwriting will last as well with the economy this volatile. Carignan commented that this could impact IPR in that the organization might be charged higher costs for programming. Additionally, this is likely a first cut, not the last. Kjaer also included that IPR isn’t sure what the Corporation for Public Broadcasting will do with budgeting for next year, but expects to see something from them soon. Runge asked what happens if stations reach a point that they can’t pay their national fees. Carignan commented that if a situation gets to that point a deal of some type is likely made.

Branding:

Kjaer introduced to the Board the new, further developed colors for IPR. She stated that they will be implemented to begin stream branding beginning in January. Madden commented that IPR needs to be sure that the colors match across all materials.

Pat Deluhery:

Deluhery commented that as IPR representatives speak with the legislature, consider how they are approached. Be polite and invite conversation.

Motion made by Carignan to move into Executive Session to discuss a Des Moines station and contract negotiations. Seconded by Neu. By roll call:

- Carignan: Aye
- Madden: Aye
- Neu: Aye
- Parrott: Aye
- Runge: Aye

Executive Session entered into at 2:32 pm.

Motion made by Madden to end Executive Session. Seconded by Carignan. By roll call:

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- Carignan: Aye
- Madden: Aye
- Neu: Aye
- Parrott: Aye
- Runge: Aye

Executive Session ended at 3:55 pm.

Meeting adjourned by Runge at 3:56 pm.

Respectfully Submitted,
Matt Sieren, Executive Administrative Assistant