

The Iowa Public Radio, Inc. Board of Directors met on June 24, 2013, at the Iowa Public Radio offices on the 3<sup>rd</sup> floor of the Communications Arts Center, University of Northern Iowa in Cedar Falls, IA. Present for the meeting were Chairwoman Kay Runge, Vice Chairman Doug West, Directors Warren Madden, Art Neu and Steve Firman. Interim Executive Director Kelly Edmister attended from IPR. Also attending by phone were Wayne Reames with BelinMcCormick and Wade Hauser III with Ahlers & Cooney P.C. Director Mark Braun was absent. Director Gloria Gibson joined the meeting at 2:10 p.m.

Chair Runge called the meeting to order at 2:00 p.m.

### **Agenda**

The agenda was reviewed. Chair Runge suggested amending the agenda so that the closed session would occur immediately following the approval of the prior meeting minutes. The amended agenda was approved.

### **Minutes**

Chair Runge requested approval of the April 15, 2013 minutes. Vice Chair West moved and Director Madden seconded to approve the minutes as presented. Motion approved.

Director Neu moved and Director Firman seconded to approve the June 11, 2013 minutes as presented. Motion approved.

### **Chairman's Report**

Chair Runge shared that she and Director Neu had received letters from Robert Donley with the Board of Regents regarding renewal of their Board appointments. Director Neu would like to renew his appointment while Runge will not be seeking another term. A committee of Vice Chair West, Director Neu and a licensee representative will review nominations and make their recommendation.

### **Vice Chairman's Report**

Vice Chair West shared there have been 31 inquiries for the Executive Director position to date with the application period closing June 28<sup>th</sup>. Director Madden inquired as to whether candidates have been notified once their applications are received. Edmister confirmed that IPR does notify all candidates.

Director Madden inquired about the timeline to complete the hiring process. Vice Chair West shared that he anticipated candidates would be in-house for interview by mid-July, selected by the end of the month to be starting in the next month. Director Madden requested the search committee begin setting dates for the interviews.

**Closed Session**

Chair Runge shared a message sent by Director Braun to the Board of Directors regarding his objection to including the language regarding governmental body on the meeting notice and agenda. Vice Chair West recommended delaying discussion regarding this until the next board meeting. Director Braun's concern was tabled until the August meeting.

Director Madden moved to enter closed session pursuant to Iowa Code Section 21.5(1)(c) to discuss strategy with counsel in matters which are presently in litigation or where litigation is imminent where disclosure would be likely to prejudice or disadvantage the position of the governmental body in that litigation. The motion was seconded by Director Neu.

A roll call vote was taken:

- Steve Firman – aye
- Gloria Gibson – aye
- Warren Madden – aye
- Art Neu – aye
- Kay Runge – aye
- Doug West – aye

The Board convened in closed session at 2:15 pm.

The closed session was tape recorded and minutes of the closed session were prepared.

The Board reconvened in open session at 3:16 pm.

Director Firman moved to appoint Director Madden as board liaison for litigation counsel. The motion was seconded by Vice Chair West. Motion approved 4-0-1, with Director Madden abstaining. Director Gibson left during the closed session at 3:02 pm and did not vote.

The Board took a five minute break reconvening at 3:30 pm.

**Approval of Public Service Operating Agreement**

Reames stated that the document serves as a contract between the Board of Regents and Iowa Public Radio, Inc. Additionally, there are very few changes between the original document and the new document, with the primary changes clarifying that Iowa Public Radio, Inc. shall subject itself to the Iowa open meetings laws. Director Firman inquired as to how the agreement works, seeking clarification that

IPR never purchases or owns a signal, that those are owned by the universities. Reames indicated that all of the licenses are owned by one of the universities.

Director Firman inquired as to whether the Friends of KHKE/KUNI audit would be included as part of the Iowa Public Radio, Inc. audit process. Reames clarified that this agreement does not impact the relationship between the Friends and IPR.

Vice Chair West moved to approve the Public Service Operating Agreement. The motion was seconded by Director Firman. Motion approved.

## **Finance**

### *Financial Report*

Edmister noted that line items in the FY13 budget have changed to simplify the FY14 budget process.

Edmister reviewed revenue through May 31<sup>st</sup>, noting that revenue was under budget and explained the variances by line item. Edmister noted that the overall picture would likely not improve by the end of June.

Vice Chair West inquired as to whether the major gift issue is due to a misapplication of the Friends endowment gift. Edmister clarified that \$500,000 of the \$1 million endowment amount was received and accounted for in FY12 while the remaining \$500,000 was scheduled to be received in FY13. However, because of accounting principles, of that remaining \$500,000 none could be budgeted as revenue in FY13; it had been reflected as an accrued receivable in FY12. As such, as that remaining \$500,000 is received, it will not have an impact on the FY13 (or other fiscal year) major gifts line.

Edmister reviewed the operating expenses, noting that expenses through May 31<sup>st</sup> were under budget. Edmister outlined the variances related to the largest expense line items including compensation, programming fees, depreciation, facilities, telecommunications and professional services.

Edmister reviewed the balance sheet, noting in particular the outstanding amount receivable from the Friends of KHKE/KUNI for the endowment. Edmister shared that she spoke to interim Friends president Libby Vanderwall regarding options to change this arrangement. Options being considered included delaying the remaining payments, reducing or cancelling the remaining payable, or receiving a monthly operating amount. Edmister had also offered to attend the Friends meeting later in the day.

Edmister continued reviewing the financials, noting cash balances with each entity and explaining cash transfers and divestitures to support covering the deficit.

Director Neu inquired as to the outcome of the most recent fund drive. Edmister commented that the Membership Manager, Andrew Arganbright, was a little disappointed in the lower numbers, but he also acknowledged that going into the drive they knew this would be the case, as once school is out and routines change, so do listening patterns and giving. Approximately 1,730 pledges were made against the goal of 3,200 and \$186,000 pledged. Director Neu asked about how the summer drive went last year. Edmister responded that there was not a fund drive last summer.

Director Firman moved to accept the financials as presented. The motion was seconded by Vice Chair West. Motion approved.

#### *Change in Accounting Policy*

Edmister shared that as the sustaining member base has increased and the single-year or one-time gift base has decreased, there has been a growing discrepancy between the Membership goal and the Accounting reports. To provide a more accurate picture between Membership and Accounting, it was proposed that the sustaining pledges currently recorded be adjusted or “written-off” so that they reflect only that amount paid in the fiscal year. After reviewing this proposed change with the auditors, it was confirmed that prior year financials would not be impacted but FY13, the year the change would be effective, will be impacted making the current fiscal year look worse. In light of this, Edmister proposed it would be easier to make this change effective in FY13 as opposed to impacting FY14.

Vice Chair West moved to adopt the change in accounting policy. The motion was seconded by Director Madden. Motion approved.

#### *Establish Brokerage Account*

Edmister shared that IPR has a brokerage account with Wells Fargo which is occasionally used when IPR receives a stock or mutual fund donation. Over time the account has transitioned between brokers and IPR is now being charged a \$50 commission and additional fees to sell the donated stock. To reduce this cost, IPR would like to open an online brokerage account with minimum fees for usage. Edmister recommended utilizing TradeKing as its online broker. Director Madden inquired as to whether TradeKing was covered by broker’s insurance. Vice Chair West indicated that he thought they would have to be. Edmister shared she would confirm.

Director Madden moved to establish TradeKing as broker dependent upon further research into the broker’s insurance. The motion was seconded by Director Neu. Motion approved.

#### *FY14 Budget*

Edmister shared a preliminary draft FY14 budget that was developed with input from each of the managers. In the draft budget, IPR is projected to have a deficit in FY14. Edmister explained that the

unknown in operating revenue is the major gifts line which in FY13 was budgeted at \$1 million and so far in FY14 is more realistically reflected at \$30,000. Vice Chair West indicated the major gifts line was too sparse, and recommended including \$250,000 as a fundraising goal for the Director of Development. Director Madden cautioned that it would be better to complete the hire then revisit the budget. Vice Chair West agreed with Director Madden but indicated he would still like to see \$250,000 in the major gifts line, anticipating about six months' effort from the Director of Development.

Edmister reviewed the largest portion of the draft FY14 operating expense budget which is compensation. Edmister reviewed the timing of the open positions that were included in the current version, recommending some delayed start dates as well as delaying positions to FY15. Edmister shared that the Executive Director was budgeted to start January 1<sup>st</sup> and based on that, the Executive Assistant was budgeted for March 1<sup>st</sup>, the Director of Development April 1<sup>st</sup>, and the Director of Programming April 1<sup>st</sup>. Vice Chair West recommended moving the Executive Director start date to September 1<sup>st</sup> with the Executive Assistant, Director of Development and Director of Programming start dates moving accordingly.

Director Madden clarified that considering all of this, IPR is still looking at a shortfall, including the \$250,000 that Vice Chair West recommended adding. Edmister confirmed this. Director Madden then asked how to fill the budget gap. Edmister shared that in reviewing the overall picture and considering available cash in savings, it may be that the shortfall has to be absorbed in this manner.

Director Neu inquired as to whether the annual 10.0% reductions in funding from the universities could be temporarily frozen. Director Madden recommended reviewing this with the universities when the new Executive Director has been hired.

Director Gibson returned to the meeting at 4:15 pm.

Chair Runge then asked for clarification in approving the FY14 budget. Edmister shared that it was to be submitted to the Board of Regents by July 9<sup>th</sup> for approval at their August meeting. Chair Runge asked the Finance Committee to complete the budget process and approve the budget to submit to the Regents.

Director Madden moved to authorize the Finance Committee to develop a final budget to be submitted to the Board of Regents for their August meeting, which would then be ratified by the IPR Board of Directors at its August meeting. The motion was seconded by Director Neu. Motion approved.

*FY14 Performance Evaluations/Salary Parameters*

Edmister shared that a 2.5% salary increase recommendation has been considered and recommended for all employees, with the exception of phased retirees. Director Madden recommended not giving salary increases for employees hired in the last 90 days. Edmister clarified that the Board agrees to increase employee salaries by 2.5% so that this can be communicated with the employees prior to the effective date of the increase which would be July paychecks.

Director Madden moved to authorize Edmister, as Interim Executive Director, to make salary changes subject to completed performance evaluations and based on her overall workload.

*FY14 Cell Phone Guidelines*

Edmister shared that IPR has received notification that the University of Iowa will stop paying cell phone allowances beginning January 1, 2014. In response to this IPR has reviewed its guidelines and those of the other universities and has determined that it will make no changes to the allowance parameters.

*FY14 Insurance Guidelines*

Edmister shared the FY14 insurance coverage and premium amounts.

**Executive Report**

Due to the lack of time, Chair Runge requested that the Board review the Executive report provided.

**Other**

Chair Runge reviewed that Vice Chair West and Directors Neu and Gibson would review names and suggestions for a community Board member as her replacement. Chair Runge reminded them that her term expires October 31<sup>st</sup>.

Chair Runge also shared that the next meeting is scheduled for August 22<sup>nd</sup> at Iowa State University in Ames.

The meeting adjourned at 5:00 pm.