

The Iowa Public Radio, Inc. Board of Directors met on August 22, 2013, at 2140 Hach Hall, Iowa State University, Ames, IA. Present for the meeting were Chairman Kay Runge, Vice Chairman Doug West, Directors Steve Firman, Warren Madden and Art Neu and Interim Executive Director Kelly Edmister. Present via phone was Wayne Reames with Belin McCormick. Directors Mark Braun and Gloria Gibson were absent.

Chair Runge called the meeting to order at 1:17 p.m.

### **Agenda**

Vice Chair West moved and Director Firman seconded to approve the agenda as amended to reflect that the “Review of Statewide Signal Coverage” shall be presented as a Decision item and not as an Information item. Motion approved.

### **Minutes**

Vice Chair West noted a change to the June 24, 2013 minutes clarifying that his comment regarding Major Gifts in the FY14 budget was in reference to adding \$250,000 in revenue as a fundraising goal for the Executive Director. Director Firman moved and Director Madden seconded approval of the June 24, 2013 minutes as amended. Motion approved.

Director Firman asked for clarification regarding Iowa Public Radio, Inc. must state “...the position of the governmental body...” when it provides the explanation for going into closed session. Reames responded that with the new Public Service Operating Agreement, Iowa Public Radio, Inc. must provide a reason within Iowa Code Section 21 for entering closed session. While Iowa Public Radio, Inc. is not defined strictly as a governmental body, by virtue of the contract with the Board of Regents, Iowa Public Radio, Inc. is therefore subject to the law. Vice Chair West moved and Director Firman seconded approval of the July 17, 2013 minutes as presented. Motion approved.

Director Firman moved and Vice Chair West seconded approval of the August 9, 2013 minutes as presented. Motion approved.

### **Chairman’s Report**

#### *Tabled item from June 24<sup>th</sup> meeting*

Chair Runge noted that Director Braun objected to the statement as part of the June 24, 2013 meeting agenda that Iowa Public Radio, Inc. is not a ‘governmental body’ as that term is defined in Iowa Code Section 23.2 and requested that further discussion be held when he could be in attendance. Since Director Braun was absent from the August 22, 2013 meeting, Director Neu suggested tabling the discussion.

*Appointment of compliance counsel*

Chair Runge shared an engagement letter from James C. Hanks regarding approval of Ahlers & Cooney, P.C. to assist in compliance issues.

Director Neu asked why Belin McCormick could not represent Iowa Public Radio, Inc. in these matters. Reames responded that it was important that Iowa Public Radio, Inc. receive one consistent counsel on all open records and open meetings issues while involved in litigation.

Vice Chair West moved and Director Madden seconded to approve Ahlers & Cooney as compliance counsel. Motion approved.

*Recommendations for new Board members*

Director Neu shared his understanding regarding the Board of Regents reviewing recommendations for new board members. Director Madden confirmed the Board is planning to approve the appointments at their September 11, 2013 meeting. Chair Runge asked that recommendations be sent to her and she will submit them to the Board of Regents.

**Vice Chairman's Report***Executive Director search committee update*

Vice Chair West noted there are four candidates scheduled for in-person interviews. Vice Chair West noted that in addition to the Search Committee, Chair Runge and Director Neu would be present at the interviews.

**Policy Review***Catastrophic Illness*

Edmister shared this is a new policy that would apply to the Iowa Public Radio, Inc. employees. The policy uses the framework provided by the Board of Regents' policy and would provide relief to those employees that may suffer a catastrophic illness. The policy allows Iowa Public Radio, Inc. employees to donate accrued vacation leave to the impacted individual to help bridge the time before becoming eligible for long-term disability. The policy would be retroactive to July 1.

Vice Chair West asked for clarification as to whether this is an hour-to-hour conversion or a salary equivalent to salary equivalent. Edmister confirmed that the latter is correct.

Vice Chair West asked whether this was a popular program. Director Madden noted that it is used occasionally at Iowa State University and that it was developed for all employees after it was initially offered to AFSCME employees. Edmister noted this was also an opportunity to reduce balances for employees that are carrying the maximum accruals for vacation and/or converted leave.

Vice Chair West moved and Director Firman seconded to approve the Catastrophic Illness policy, retroactive to July 1, 2013. Motion approved.

#### *Educational Assistance*

Edmister shared the educational assistance policy is currently in effect but that the revised policy offers clarification for employees.

Vice Chair West inquired as to why the policy limits employees to receiving reimbursement for classes offered only in the state of Iowa. Edmister responded the policy was based on the Board of Regents' policy and that the policy was later amended to include colleges outside of Iowa with approval by the Executive Director.

Vice Chair West moved and Director Firman seconded to approve the modifications to the policy effective August 22, 2013. Motion approved.

#### **Finance**

##### *Brokerage Agreement*

Edmister noted that at the June 24, 2013 meeting the Board of Directors approved a brokerage agreement with TradeKing. As the account with TradeKing was being established, it was discovered that there were additional fees. At the July 3, 2013 Finance Committee meeting, authorization was given to move forward with Scottrade as the authorized broker, pending final approval by the Board.

Director Madden moved and Director Firman seconded to approve Scottrade as the authorized broker. Motion approved.

##### *Amended Gift Agreement with Friends of KHKE/KUNI*

Edmister shared that she attended the June 24, 2013 Friends of KHKE/KUNI meeting to request that the remaining \$500,000 of the endowment be received evenly over the next three fiscal years as operating funds. Since then, the Friends have modified this further, providing operating cash for a one-fiscal year period, reducing the endowment to \$835,000 and delaying the remaining endowment payments.

Director Madden moved and Director Neu seconded to authorize Edmister to present and sign an agreement to the Friends of KHKE/KUNI per the terms outlined above with full ratification of the agreement at the next Board meeting. Motion approved.

##### *IPR Endowment Spending Policy*

Edmister shared the endowment spending policy for Iowa Public Radio, Inc. Reames explained that the policy deals with the technical issue of annual spending from endowment funds received by Iowa Public Radio, Inc. noting that 4.25% is consistent with the Iowa State University Foundation.

Vice Chair West moved and Director Firman seconded to approve and adopt the Iowa Public Radio, Inc. Endowment Spending Policy. Motion approved.

*Financial Report – preliminary June 30, 2013*

Edmister shared that the auditors are to be on-site in September to complete the field-work for the FY13 audits.

Edmister reviewed the June 30, 2013 financial report noting that Iowa Public Radio, Inc. and the stations initially show a loss of \$1,700,000 pending final year-end entries. Edmister reviewed the operating revenue by line item. Edmister reminded the Board of the change in accounting policy approved at the June 24, 2013 meeting and explained the resulting impact. Edmister reviewed operating expenses noting that the equipment capitalized amount will be reduced significantly when Iowa State and the University of Northern Iowa finalize their FY13 fixed asset schedules.

Director Firman moved and Vice Chair West seconded to accept the June 30, 2013 financials pending completion of the FY13 audits. Motion approved.

*FY14 Budget*

Edmister shared that the Finance Committee met in early July to review and make recommendations regarding the FY14 budget. At that time the budget reflected an operating loss of \$969,000. Based on decisions made during that meeting the operating loss in the final version is \$575,018. This loss is covered by a transfer of cash from reserves.

The changes made by the Finance Committee included increasing the Corporation for Public Broadcasting estimate to reflect the latest information from CPB, increasing Major Gifts by \$150,000 to reflect a fundraising goal for the Executive Director and increasing revenue to recognize the anticipated revenue from the Friends of KHKE/KUNI. The changes to operating expenses reflected additional decreases in professional services, memberships and training.

Director Neu inquired as to whether the decreases budgeted from the universities could be reversed or stopped so that funding remains flat to FY13. Director Madden commented this would be a valid conversation once an Executive Director is hired.

Edmister also shared that the Board of Regents have asked Iowa Public Radio, Inc. to submit its funding request for FY15. Director Madden responded that if Iowa Public Radio, Inc. would like to request additional funding from the previous fiscal year it should be ready to defend its request. Director Neu recommended using the previous funding amount and not asking for additional funding at this time.

Director Firman asked whether the potential staffing reductions discussed during the Finance Committee meeting had been reflected in the final budget. Edmister responded that at that time those were determined not to be included in the budget.

Director Firman asked whether Iowa Public Radio, Inc. has \$575,000 from reserves to cover the projected loss. Edmister confirmed there is enough cash in reserves to handle the loss.

Director Firman moved and Vice Chair West seconded to adopt the FY14 budget as presented. Motion approved.

*FY14 Merit Resources benefits rates*

Edmister shared the current Iowa Public Radio, Inc. employee benefits summary and the new plan year benefit rates as presented by Merit Resources. This information was received after the FY14 budget was completed. The new plan year rates include a 7.88% increase in medical rates, which is roughly an increase of \$24,000, with all other benefit rates remaining flat.

In addition, Merit is projecting the Affordable Care Act tax that is effective January 1, will be \$15 per month per covered individual. Based on current information, this will be approximately \$6,000 for the period January 1 through June 30. Based on the fringe benefit rate budgeted, approximately \$8,000 of this total \$30,000 increased cost is not included in the FY14 budget. Edmister indicated the immediate decision to be made is how to manage the rate increase with a longer term decision needed regarding managing benefits costs in the future.

Scenarios for managing this cost were presented to the Board for their review and consideration.

Director Madden asked whether Iowa Public Radio, Inc. would be eligible for subsidies as part of the Affordable Care Act. Edmister shared that though Iowa Public Radio, Inc. itself employs less than 50 employees, those employees are part of the Merit Resources larger employment base.

Director Madden stated that Iowa Public Radio, Inc. could pick a set amount to contribute each month to the employee's health coverage and if the employee wants to pick a richer plan they are responsible for the cost difference.

Edmister recommended that based on the timing of this decision it would be better to make it effective January 1 to lessen the impact on the employees versus the October 1 plan year date.

Vice Chair West moved that Iowa Public Radio, Inc. does not increase its medical contribution amount for the next plan year, and any cost not covered by the organization is paid by the employee, effective January 1, with the exception that one plan will be offered at no cost to the employee. Seconded by Firman. Motion approved.

Chair Runge noted that this motion may be amended in the future if it proves to be unfeasible or cannot be executed in the manner approved.

### **Executive Report**

#### *Department Updates*

Edmister reviewed the provided updates from the different operating departments.

Vice Chair West asked how the programming change related to *Hear and Now* had gone. Edmister responded that less than 10 phone calls and e-mails had been received.

Vice Chair West requested that definitions of terms be provided to support the audience metrics and asked whether it would be better for the percentage change among shows and programming be compared as fall to fall and spring to spring instead of fall to spring. Vice Chair West also noted that it is not equal to show the decrease in Classical listeners against the increase in Studio One listeners when that period reflects when 90.1 FM switched formats.

Chair Runge asked whether 90.1 FM would switch back or if it would remain as is. Edmister responded that although the roll-out of 24/7 Classical in Ames and other surrounding communities was not well received, that should not impact the decision to change 90.1 FM.

Director Neu asked how much coverage is provided by KICG, 91.7 FM in Ames, which was built to replace the lost signal when 90.1 FM switched. Edmister responded that there are coverage gaps in Ames. Director Madden responded that the best long term solution is to replace the lost Classical signal with one that can provide the necessary coverage.

Edmister provided an update on the HD radio sales in Ames sharing that about 300 radios total were sold.

#### *Review of Statewide Signal Coverage*

Edmister reviewed signal coverage opportunities, as follows:

- The construction permit (CP) for the signal in Sioux City was sold last year based on the second CP for that area, located in Merville, had a longer time period remaining on the permit. The success of building the Merville signal hinged on whether the FCC would grant a request to increase the signal's power. In late spring, the FCC denied the application for that request. Building the Merville signal is no longer being pursued since it would be expensive and would not provide adequate coverage.
- Iowa Public Radio has been approached to expand upon its programming agreement with a radio station in Postville. Edmister recommended that, because this is not a strategic gain for Iowa Public Radio since the Decorah area is not included, that it not be considered further.
- Director Madden noted that discussions focused on removing Iowa State University as a partial owner in the WOI-TV tower have stalled. The TV station is in the process of being sold itself and the current ownership is not sure what authority they may have as the process moves forward.
- The rights to operate KICG 91.7 FM have been awarded in full to Iowa State University, concluding the 13 plus year legal battle with the American Family Association.
- There are some options to provide more consistent, higher quality Classical coverage in the Ames community that are being pursued:
  - One option is to pursue a previously awarded and not yet built CP in the Ames community. Options involved in making this work include selling that entity one of the University of Northern Iowa signals (two signal options), selling the Merville signal, trading, or a combination of cash and trade for the CP.
  - A second option is to pursue purchasing or executing an LMA with an entity in the Marshalltown area. Option two offers flexibility around the actual means in gaining the signal.
- The FCC has eliminated Iowa State University's request for a CP that would cover the Ankeny area, which would have been used to provide Classical coverage.
- Grinnell College's radio station will be utilizing some of Iowa Public Radio's Classical music programming during their regular dayparts to support their broadcast schedule.
- Iowa Public Radio, Inc. has been approached by a commercial station interested in purchasing the call letters KNSH. If this were to occur, Iowa Public Radio, Inc. would file a request for new call letters to the FCC and would receive some operating cash.

Director Madden noted that Edmister should be authorized to move forward with negotiations with all involved internal and outside parties in order to formulate a plan around these options that would be reviewed and approved by the Board of Directors.

Director Madden then asked what Edmister's plan moving forward would be. Edmister shared that they would first reach out to the entity in Ames to see if there are any options they are interested in. Edmister indicated she would move forward with the sale of the call letters KNSH.

**Other**

Chair Runge inquired as to whether the Executive Director candidates will be visiting the Iowa Public Radio, Inc. sites as part of their interviews. Edmister responded that it would most likely be a couple of the sites but not all of them due to logistics. Director Neu asked, given what has occurred in the past several months, whether staff members want to meet the Executive Director candidates. Edmister responded that staff members are planning on the opportunity to meet the candidates.

Chair Runge asked whether the people and positions listed in the organization chart were budgeted for in FY14. Edmister confirmed that they were.

Meeting adjourned at 4:32 p.m.