

Board of Directors Meeting Minutes
March 24, 2011

The Iowa Public Radio Board of Directors held their regular meeting March 24, 2011 at the University of Iowa “University Capitol Center.” Present for the meeting were Directors Art Neu, Kay Runge, Warren Madden, Tysen Kendig, Gloria Gibson, and Mary Grace Herrington. Present from the Senior Management Team were Kelly Edmister, Jonathan Ahl, Scott Rivers, and Al Schares. Also present was board liaison Matt Sieren. Guests included Iowa Public Radio’s Accounting Manager, Tim Horsch.

Chair Neu called the meeting to order at 2:07 p.m.

Director Runge moved to adopt the meeting agenda as it stands. Seconded by Madden. Motion carried unanimously.

Minutes Approval:

Director Madden moved for approval of the December 15, 2010 and the February 2, 2011 minutes. Seconded by Gibson. Motion carried unanimously.

Finance Update:

Herrington introduced Tim Horsch, Iowa Public Radio’s Accounting Manager, to the Board of Directors, sharing that Horsch and Chief Administrative Officer Kelly Edmister have spent a lot of time converting the organization’s accounting practices from a cash basis to an accrual basis methodology. She added that their work is driving the change of the organization’s financial approach to accounting and finance, which is a major and necessary accomplishment to move Iowa Public Radio forward.

FY2010 Audit(s):

Edmister addressed the Board members on the status of the fiscal year 2010 audits, sharing that all four have been completed and are under review by the university directors and the Corporation for Public Broadcasting (CPB). She added that in discussions with the CPB it may be necessary for IPR to clarify and outline its reporting structure to meet audit needs. This will be addressed prior to compiling information for the next year’s audits. Herrington added clarification that this reporting change does not jeopardize funding from the Corporation for Public Broadcasting.

Madden inquired about when the audits would be approved and receive director signature. Edmister responded that with an additional extension they should be completed in mid-April. This matches a request from the CPB to allow more time for that organization to review.

IRS Form 990:

Edmister shared that the Form 990 was filed on February 14. She added that this was not submitted to the board prior to submission, but will be distributed to the directors for their reference.

Current Year-to-Date Financial Reports:

Edmister reviewed the financial reports through December 31, 2010, providing detail on the income and expense portions of the provided data. She also pointed out that the largest expense section in the budget – compensation – has been closely managed by Sieren, assisting in controlling costs. She shared that this report represents the first steps to converting from cash to accrual basis.

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Herrington shared an update on the financial outlook for the Insights Series event, noting that the series was created to bring public radio personalities to the local markets in order to build affinity for Iowa Public Radio. In reviewing the business model for this series, it was discovered that projections were ambitious, so the cost of the series is projected to exceed the profit, generating an anticipated \$42,000 shortfall. This shortfall has prompted a review of the series for future fiscal years, including a review of the purpose of the series, competing events in the markets, and Iowa Public Radio's long-term events goals.

Runge requested that going forward more information around these events be shared prior to commitments being made.

Herrington also provided an update on the Friends of KHKE/KUNI gift totaling \$550,000, sharing that next steps with the organization are to make a seed gift of \$1,000,000 for an Iowa Public Radio Foundation. After many discussions, the "Friends" board understands the direction of Iowa Public Radio and is set to provide support for this direction.

Madden inquired as to whether the Friends will dissolve as an organization once they've gifted their remaining funds.

Herrington responded that the Friends Executive Committee has been entertaining this possibility as they move closer to liquidating their assets. They will also consider their involvement and role in events presentations as part of the decision-making process. The Iowa Public Radio Board of Directors will discuss whether it is to the organization's benefit to have Friends organizations going forward.

Runge inquired as to the progress made to preparing the next fiscal year budget. Herrington responded that the FY12 budget will be reviewed at the May meeting.

Director Runge introduced a motion to approve payment of an additional \$15,000 to Iowa Public Radio's auditing firm, Cremers, Holtzbauer, & Nearmyer, P.C. for their additional support during the FY2010 audit process. Seconded by Madden. Motion carried unanimously.

Executive Update:

Strategic Plan:

Herrington shared the final draft of the strategic plan, including a five-year funding projection. She stated that the funding projection represents continuing decreased support annually from the state universities and government. The funding projection anticipates all university funding will be gone in FY2017, which matches the five year funding plan put forth by the Board of Regents, State of Iowa one year ago. Herrington also briefly mentioned that President Obama supports continued funding for the Corporation for Public Broadcasting; this endorsement ensures that federal funding will continue for the next two years. Herrington briefly discussed the continued importance of Iowa Public Radio's statehouse reporters to the legislature.

Herrington also pointed out that in order to increase private fundraising four additional fundraising staff will need to be hired. The first of these additional fundraisers would be hired beginning in FY2012. Additionally, as Iowa Public Radio expands its service more news reporters will need to be hired.

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Herrington requested that the board formally adopt the strategic plan. In doing this, the plan will be implemented and integrated into daily work activities.

Runge requested that if this strategic plan is adopted the board members receive a detailed business plan to review each year. This business plan should show how the objectives addressed in the proposed strategic plan are being accomplished.

Herrington agreed, stating that it is very important to have the strategic plan in order for the senior management team to set its goals to accomplish going forward.

Madden commented that the strategic plan is fine in concept. He added that he would like more information on the return anticipated by developing the fundraising positions.

Director Runge moved to adopt the strategic plan in its current presentation, with an annual presentation of a business plan, providing updates around the forecasting of revenue and expenses.

Director Madden offered an amendment, requesting the business plan include updates staffing.

Director Kendig seconded the motion and the amendment. Motion carried unanimously. The strategic plan is approved.

IPR Employment Class – Presentation:

Herrington discussed with the Board of Directors the proposed employment classification, also noting that the plan will not need approval until mid – late summer. Herrington shared that the vision for the new Iowa Public Radio classification is to cultivate an organization of mission-driven employees. This can happen through the guidance laid out in the PSOA, which allows the universities to transfer employees to IPR. Doing this helps the organization better manage talent, offer more career path opportunities for employees, and further unifies administrative systems. Herrington reiterated that the goal is to maintain 100% retention while moving all Professional & Scientific employees to an IPR employment classification. She then provided updates regarding progress, responding to basic questions around compensation for employee perks, such as parking and memberships.

Edmister then led the board in a discussion of the potential costs to each employee as part of the classification plan – noting that the employee will not lose money by converting to an IPR classification, and may in some cases receive a salary increase. She then reviewed possible costs to IPR under the classification plan, considering benefits administration provided by Iowa State University, if the University would agree to extend a benefits package to Iowa Public Radio.

Herrington pointed out for the board that if an employee does not convert to an IPR position a vacancy would be created as their employment would terminate. The vacancy would have a cost associated in lost time and effort, as well as the replacement cost in recruiting, new employee training, etc.

Director Gibson inquired as to whether there is a possibility that an employee might file a grievance or lawsuit if their employment is terminated because they chose not to convert to the Iowa Public Radio classification.

Herrington responded that while this is a possibility, Tom Evans, General Counsel for the Board of Regents, State of Iowa, is on the project team and has provided advice and input around some of these questions. He has shared that the plan should be fully reviewed legally prior to final approval and implementation.

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Director Madden noted that the universities are responsible for assembling severance packages, and it is their responsibility to decide if they're ready to commit to this plan.

Herrington agreed that the universities need to agree or disagree about transitioning their employees to Iowa Public Radio. Once each university makes its decision Iowa Public Radio will follow their direction accordingly.

Director Kendig asked how new fiscal year salary increases implemented at the universities would impact the budget scenarios put forth by Edmister for both the employee and the organization, as this plan shows implementation in October.

Herrington responded that in the past salary increases and freezes have followed the recommendations from the universities; this would continue through the conversion.

Director Madden noted that it is most important that the employees don't feel that they're losing benefits or payment by converting to Iowa Public Radio employment. Madden also pointed out that it might be worthwhile to investigate an outside payroll and benefits provider, especially as it may provide more independence from federal and state employee regulations. While Iowa State University has its own established state-wide benefits system, it may not be the best choice for the organization and the university going forward.

Herrington pointed out to the board members the next steps to implement the employee classification plan, noting that the next step is to complete the employee benefits comparison for all university employees, sharing this information with each university's human resources representative at a combined site meeting.

Director Madden commented that to this point the staff members working on this project have performed a lot of thoughtful work; this is very encouraging and shows that the project is moving in the right direction.

Department Updates:

Herrington shared brief department updates, noting the following:

- Several major gifts have been committed, including a gift from the Hubbell Foundation for \$10,000, the Friends of KHKE/KUNI for \$550,000, and the Vredenberg Foundation for \$5,000;
- Nile Hartline, new Sales Manager for Iowa Public Radio, has been a great addition to the Underwriting sales team. He's been focusing his time around renewing lapsed accounts, opening new territories, building top prospects, and expanding networking tools;
- The new donor database will be fully installed and cut over shortly. With the completion of this conversion there will be expanded capacity for donor management and data integrity;
- The new series "Being in Iowa" will premiere on the news stream the week of March 28;
- The news department is in the midst of a year-long collaboration with WNYC to analyze and discuss the importance of the Iowa caucuses;
- The music department launched a new weekend classical music show called "Concierto," which is a Spanish bilingual presentation of classical music;
- The digital audio workstation project is nearing final completion in Iowa City, which is a milestone for the project and organization; and

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- The server room project in Ames is also nearly finished: it has one more air conditioner to be installed prior to being at full operational capacity.

iowapublicradio.org – New Website Review:

Herrington provided a brief update about the website project, sharing that the new website will soft launch the week of March 28, 2011.

Executive Session:

Director Runge moved to enter executive session to discuss two matters; the first matter pursuant to Iowa Code 21.5(i) to discuss the professional competency of an individual whose appointment, hiring, performance or discharge is being considered; the second matter pursuant to Iowa Code 21.5(j) to discuss the purchase of real estate. Seconded by Kendig. By roll call:

- Gibson: Aye
- Kendig: Aye
- Madden: Aye
- Neu: Aye
- Runge: Aye

Entered executive session at 4:37 pm.

Director Runge moved to leave executive session. Seconded by Kendig. By roll call:

- Gibson: Aye
- Kendig: Aye
- Madden: Aye
- Neu: Aye
- Runge: Aye

Director Runge moved to allow construction permits for K237FB, 95.3 FM in West Des Moines and KDVO, 90.7 FM in Mason City to expire. Seconded by Kendig. Motion carried unanimously. K237FB and KDVO construction permits will be allowed to expire.

Director Runge moved to approve the issuance of a letter of intent to perform due diligence around the acquisition opportunity of two new signals serving the Central Iowa region. Seconded by Kendig. Motion carried unanimously. A letter of intent will be issued to pursue two new signals in Central Iowa.

Chair Neu adjourned the meeting at 5:20 pm.

Respectfully submitted,
Matt Sieren, Administrative Services Manager