

## Board of Directors Meeting Minutes October 20, 2009

The Iowa Public Radio Board of Directors held their annual meeting October 20, 2009 at the Red Cross offices in Des Moines. Present for the meeting were Directors Art Neu, Kay Runge, Warren Madden, Steve Parrott, and Mary Grace Herrington. Director Steve Carignan participated telephonically. Present from the Leadership Team were Don Wirth, Jonathan Ahl, Al Schares, Michelle Rourke, and Matt Sieren.

Chair Runge called the meeting to order at 2:05 p.m., amending the agenda to begin with the “Executive Update” and “Iowa City International Programs Usage of HD on KSUI,” also moving approval of the prior meeting’s minutes to the conclusion of the “Discussion and Decision Items” portion of the meeting.

### **Discussion Items:**

#### **Executive Update:**

##### Report on Interim Duties: Network Operations:

Herrington shared that tower site assessments have been completed with rehabilitation activities prioritized by greatest need. That assessment will be included in the three year capital purchase plan, which will be delivered to the Board of Regents. As a reminder, the capital purchase plan is funded from the sale of government holdings, which last year were ear-marked through the sale of tobacco bonds.

Herrington continued, sharing that the Digital Audio Workstation project, also known as automation or master control, is moving forward. The project team has completed their assessment of the RFP responses, with formal conversations with the vendors occurring shortly. Following those conversations the project team’s recommendation will be presented to the senior team for review and approval. It is anticipated that it will be 120 days for full implementation of the new system from the date the contract is signed.

The centralized billing and traffic project experienced a delay, which pushed projected completion to February 28, 2010; it had originally been slotted for completion in the fall. Herrington shared that she reached out to the CEO of Allegiance, the company IPR contracted with for the software and support, to put the project back on track. The outcome of that meeting was that the new project timeline projects completion to be January 31. The project team agreed that the revised timeline is acceptable.

Herrington informed the board that Iowa Public Radio will soon move from four unreliable server environments to one streamlined, united environment. The first element of this major centralization project will be implemented Friday, October 30, when all e-mail will be transitioned to Microsoft Exchange server. This step will link calendars, making scheduling and document sharing much easier.

Herrington next shared that Chief Engineer Steve Schoon has worked diligently to keep the Bettendorf lease moving forward, which puts IPR on target to launch in March 2010. This new service will provide News/Studio One coverage for all of the Quad Cities.

##### Report on Interim Duties: Marketing, Brand Management, and Events:

Herrington briefly mentioned that the awareness campaign, which promotes the IPR on-air talent and programs, launched this week. The campaign will run for 9 weeks in the four primary markets.

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Additionally, Herrington stated that the first annual report is in final draft of development and editing and should be printed and distributed shortly.

Donor Development:

Herrington shared that she and Development Director Michelle Rourke have been working with the Friends of KUNI/KHKE to assist in transitioning them out of a 501(c)3 organization to a new community group model supporting Iowa Public Radio.

Questions were asked regarding how this large gift would be accounted for in FY10 so that it wouldn't skew other development numbers. Herrington clarified that it would be in its own restricted fund category.

Human Resources:

Herrington shared that three finalists have been identified for the Director of Network Operations position. Interviews with the finalists are targeted for November 16 – 18. Herrington continued that as this is a senior-level director position the interview times will be shared with the board so that they have the opportunity to provide input regarding the hiring decision. The anticipated start date for this position is the first working day of the new calendar year.

Herrington also shared that the Morning Edition host will be moving into final hiring stages shortly. Additionally, the Marketing and Events Specialist and Network Administrative Assistant positions are in final interview stages. Both are targeted to begin work on December 1.

Herrington concluded the hiring discussion by sharing that she reached out to the Board of Regents for direction with the recently announced hiring freeze. She stated that President Miles is recognizing IPR much like the university presidents, so the organization will present its plan to the Board of Regents to cover the 10% reversion. The Board of Regents will consider areas including salary reductions, furloughs, benefits remission, tuition surcharge, deferred maintenance, refocus of strategic efforts, permanent lay-offs, and the sale of nonessential assets.

A question was asked regarding how IPR would proceed if the Board of Regents should decide the Marketing and Events Specialist and Network Administrative Assistant could not be hired.

Herrington responded that if that is the situation current staff would be assigned duties based on new priorities.

**Iowa City International Programs usage of HD on KSUI:**

Herrington stated that in September Iowa Public Radio received a letter from the University of Iowa Office of International Programs, in which they proposed a partnership with IPR, asking to use the HD channels not currently broadcasting programming. Their intent is to make available programming geared specifically to their international students. Herrington sent an initial response, providing the Office of International Programs with IPR's next steps in evaluating their proposal. She continued, stating that in sharing this opportunity with the leadership team, there are some components that need additional evaluation and thought, including:

- What precedent would this set in use of IPR HD signals, and would this be maintained equally among all universities?

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- There will be additional cost to IPR to provide supporting resources to operate and maintain separate HD operations, maintain FCC compliance with different programming, and manage the additional reporting associated with separate music programming. How will these costs and resources be managed and supported?
- A concern from the team was that it could be premature to make this agreement when HD as a resource in radio isn't yet fully understood – this might not be a commitment IPR could maintain for the long term.
- It was also felt that as IPR is beginning the next round of strategic planning, it would be premature to make a decision prior to completing that work.

Considering the unknowns needing further evaluation, the leadership team's recommendation, as supported by Herrington, is to postpone a decision as they work to better understand IPR's usage of HD. Parrott stated his feelings on both sides of the proposal, also pointing out that IPR doesn't want to hold back the innovators if they're interested in and have a use for the currently unused signals. Herrington commented that she agrees as long as the use of HD programming is consistent with IPR mission and strategic goals. All agreed further evaluation is needed.

**Review of 2009 Audit and 990:**

Herrington introduced Roger Nearmyer, one of the representatives of Cremers, Holtzbauer & Nearmyer, P.C. Nearmyer presented the preliminary audit and financial statement, making a few specific points:

- Because IPR received state appropriations from the Board of Regents, the audit was completed using Governmental Auditing Standards as opposed to Generally Accepted Accounting Principles
- Since FY09 and FY08 are considered comparative totals the auditors were able to perform an equal comparison of the two, looking for similarities and differences

Nearmyer continued stating that in the comparative evaluation of the two fiscal years, IPR is in nearly the exact same position with this audit as it was a year ago, though the accounts payable amount is higher than last year. This is because in IPR's structure, funding received over the past year is distributed to the university station accounts, and the larger accounts payable amount reflects currently undistributed FY09 funding.

Nearmyer also discussed a new item in the FY09 audit, "Property and Equipment," which designates capitalized equipment owned by Iowa Public Radio, not the university licenses. Nearmyer provided additional clarification, stating that what is material or needed by IPR may not be material to the university and can be maintained on the IPR account.

Questions were asked as to the cost threshold that determines how equipment is defined as capitalized. Nearmyer shared that based on standards set by the Board of Regents and the universities, \$1,000 was agreed upon as the acceptable number.

Runge inquired as to the importance of IPR's books matching those of the Board of Regents. Nearmyer responded that in comparing IPR to other nonprofits, other nonprofits choose to capitalize more and depreciate it out so that the asset doesn't show in their financials as a big expense in a single year, whereas Iowa Public Radio has to this point served as a management entity only, not a property-holder. His recommendation was that IPR should have some

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capitalized assets with a depreciation schedule for those significant capital assets to exhibit to the Board of Regents that it is building permanence.

Nearmyer concluded stating that the 990 is due November 15. He stated that a decision needs to be made and shared on how much to distribute to each of the stations, which will allow his office to complete the station audits. Herrington recommended that Wirth, herself, and the university designees review and approve the station audits.

**Financials:**

Herrington pointed out the July and August financials, noting there was nothing unexpected in them. Discussion then turned to the August month end financials, which illustrate the reversion from the universities according to the 10% decrease mandated by the governor. Herrington noted that the approved budget had a surplus of about \$200,000, which will serve as the cushion returned to the state. It simply means IPR will not have as great an amount of savings at year-end, but financially the organization remains sound. Wirth added that this worksheet is a projection as the universities have not provided the amount they are cutting from the budget.

Madden, speaking for ISU, said IPR is on track with this projection. President Geoffrey is planning for a 10% reduction from IPR's funding. Also, in speaking with the other university finance directors, their plans reflect similar thinking. He did add that employees working for IPR that have employment run through the universities will feel direct impacts from the budget cuts.

Neu also clarified that at this time IPR has committed to the 10% cut, but it may come from different funding lines than currently designated.

Herrington concluded the discussion stating that she would not be presenting this planned reversion to the Board of Regents in person, but has prepared a document showing the 10% cut that will be shared at the October 29 meeting.

**University to IPR asset transfer:**

Herrington discussed that Iowa Public Radio, as part of centralizing services, has had to move employees from one office site to another, part of which has included moving their associated equipment. In this process, some of the universities have asked to remove the equipment assets from their inventory, transferring them to IPR. In doing this, the organization would be responsible for managing the inventory and replacement schedules for that equipment, as well as manage values and depreciation. Wirth added that doing this will have a minimal impact on the financials.

Madden stated he sees no problem with doing this. IPR will just need to keep track of items that need to be inventoried.

Runge stated that IPR can take ownership of employee equipment assets, but prior to the board approving a resolution stating that, she would like more clarity on how the equipment inventory will be managed. Further discussion was tabled.

**Minutes approval:**

Parrott moved to approve the August 19 minutes, seconded by Neu. Approved unanimously.

**Action Items:****Election of Officers:**

Madden moved to elect Runge as chair and Neu as vice chair for a single year term, seconded by Neu. Approved unanimously.

Parrott moved to elect Madden as Treasurer for a single year term, seconded by Neu. Approved unanimously.

Parrott moved to elect Carignan as Secretary for a single year term, seconded by Neu. Approved unanimously.

**Acceptance of FY09 Gifts:**

Parrott moved to accept, with gratitude, the donations given to Iowa Public Radio and its three station groups during the 2009 fiscal year, seconded by Madden. Approved unanimously.

**Resolution to Accept Transfer of University Assets to IPR Ownership:**

Resolution tabled.

**Adoption of Additional Policies:**

Herrington introduced the new policies for approval.

Parrott inquired as to the purpose of the policy regarding contacting program guests. Ahl provided clarification that occasionally listeners will call asking to directly contact an individual interviewed on a talk show or in a news story.

Runge inquired as to the gifts designation from on-air fundraising policy. Herrington shared that for on-air fundraising there are requirements that exist which do not impact direct mail and personal solicitation. This policy ensures IPR remains compliant with FCC regulations. Wirth added that this policy clarifies that for on-air fundraising, donors must be given the option to designate their gift to a station.

With no further discussion Madden moved to approve all additional policies, seconded by Carignan. Approved unanimously.

**Information Items:****Department Reports:**

Rourke shared fund drive results for the first three days, stating that over \$61,000 had been raised so far through 520 pledges. She added that 28% of the pledges are first-time donors, with 47% coming in via the web.

Madden inquired as to whether it is IPR's goal to move from direct mail to online solicitation, to which Rourke replied that yes, IPR will begin initial online solicitations in January.

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Ahl shared that changes to the talk show programs, both in time and content, have been very well received. Additionally, the news department continues to evaluate agricultural content distribution. He also reminded the board that ISU Extension would stop delivering market reports February 1.

Schaes shared that staffing and programming are settled in the music department. He continues to evaluate “Stage and Screen,” - which was replaced by “Classical Guitar Alive” – and finds the reaction is positive. Additionally, “Classical Guitar Alive” better reflects Iowa Public Radio’s mission.

Ahl also shared that the Digital Content team has evaluated the website in its current configuration and anticipates compiling the project plan for a web redesign soon.

**Other:**

Herrington presented the Dashboard – a tool to monitor key performance indicators. She stated that programming areas showing a decrease shouldn’t be viewed negatively, as there have been many changes in programming in the past two years. She also pointed out that there are some very good things happening in Development. She stated that Rourke deserves credit for managing the team and keeping them on track to accomplishing goal; in reviewing the numbers to date, membership is at 18% and Development is at 47% of goal.

Herrington then shared with the board the second of two human resources deliverables – the IPR Employee Handbook. She recognized Sieren for his project management in creating this new employee tool.

Runge adjourned the meeting at 4:24 pm.

Respectfully Submitted,  
Matt Sieren, Executive Assistant