

Board of Directors Meeting Minutes

October 20, 2010

The Iowa Public Radio Board of Directors held their annual meeting October 20, 2010 at the Hy-Vee Conference Center in West Des Moines. Present for the meeting were Directors Art Neu, Kay Runge, Warren Madden, Tysen Kendig, Gloria Gibson, and Mary Grace Herrington. Present from the Senior Team were Kelly Edmister, Jonathan Ahl, Scott Rivers, Al Schares, and board liaison Matt Sieren.

Chair Runge called the meeting to order at 1:05 p.m., introducing new board members Tysen Kendig, representing the University of Iowa, and Gloria Gibson, representing the University of Northern Iowa. They replace Steve Parrott and Steve Carignan.

Des Moines Studio Expansion:

Herrington introduced the topic, sharing that a contributing factor to the success of the Iowa Public Radio strategic plan for FY12 – 16 is the addition of new fundraising and news staff, as well as the centralization of administrative services, to the Des Moines office. This expansion requires an estimated twenty-four person office, including a new production studio and space for volunteers and interns. Herrington stated that current Des Moines office capacity does not accommodate this type of growth. In consideration of this, she has worked with landlords Daryl Metzger and Rob Smith on an expansion option in the current location; she also worked with Matt Anderson with the City of Des Moines to research alternative office space should the current office not meet the required amount of space. She then turned discussion over to Daryl Metzger to discuss the plan options.

Metzger provided some history on the arrangement with IPR, sharing that in the lease dated 2008, IPR as tenant has the opportunity to take over occupancy of the full building with appropriate notice to Architects Smith Metzger. He shared that Herrington has expressed interest in full occupancy given proper notice and necessary space accommodations. In his and Rob Smith's review of IPR's space needs for the building, they believe this can be accommodated at 1,440 square feet per floor. Metzger then reviewed the proposed office layout based on known information. He made note that the primary changes around an expansion to the second floor would include an elevator, North-side stairway, second floor board room with expanded seating capacity, and a second-floor deck if desired. Additionally, the orientation of the entry would change in that the primary entrance would move from street-side to North side for entry directly from the parking lot, accommodating the network assistant as primary point of contact in that manner. Metzger added that the parking lot would also be expanded to increase car capacity to thirty-four.

Madden inquired as to whether drive access off Ingersoll Avenue would change in the resurfacing of the parking lot. Metzger responded that it would not be impacted, as it belongs to Dunn's Funeral Home.

Herrington then provided detail for how the office would be arranged, condensing divisions to centralized areas in the building. She shared that in this design, all of the first floor will be dedicated to the news room and news production, including a new on air hosting studio that would accommodate hosting MORNING EDITION, ALL THINGS CONSIDERED, and WEEKEND EDITION without interrupting talk show guests and other news production. The second floor would then be dedicated to administrative functions, including an expanded fundraising staff, the senior team, administrative services division, communications, an executive assistant, and volunteers.

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Runge expressed security concerns about the network assistant sitting alone with no one nearby. Herrington shared that this concern would be addressed as the plan further takes shape.

Madden inquired as to how opting for the expansion impacts the lease agreement. Metzger responded that when the option is exercised the lease agreement will be reset to a new ten year period at an agreed upon rate as laid out in the original lease. Metzger added that once the ten year lease expires the lease may be renewed for up to two five year periods.

Runge then assigned a Board subcommittee comprised of herself and Madden to review the lease and expansion opportunity in more detail. Herrington shared that following the subcommittee's review, a final proposal could be presented as early as the December meeting so that notice may be given to Metzger and Smith on January 1, 2011. Discussion on the current space concluded and Metzger and Smith were excused from the remainder of the meeting.

Herrington then directed the Board's attention to four Downtown Des Moines options that were reviewed by herself, Ahl, Sieren, and City of Des Moines planner Matt Anderson around space and cost comparison analysis against the current office location.

Madden commented that when the Des Moines office was initially discussed, the Board talked about being closer to the capitol complex. The options reviewed by the IPR staff are all in the Downtown area. Considering the resurgence in the East Village, is it feasible to look at an option there? Herrington responded that the East Village has been rebuilt primarily as condo and retail space, not office complexes. Additionally, the area immediately west of the capitol might build out in new federal buildings over the next few years, but those don't meet IPR's needs.

Runge stated she doesn't feel IPR needs to further pursue any of the downtown options.

Madden commented that it is important to get through the budget comparisons, as from an economic point of view of the downtown area there may be real financial benefit gained through a more competitive lease agreement with the large amount of empty real estate. The board shared their general agreement around his statement.

FY10 Audit:

Herrington introduced Roger Nearmyer and Molly McWilson with Cremers, Holtzbauer, Nearmyer P.C., then yielded discussion to Edmister. Edmister shared that reviewed auditors have spent the majority of their time on the IPR/WOI financials, followed by Cedar Falls then Iowa City. The result is that the Board has for review the very preliminary net profit/loss balance by station and enterprise, which will receive some minor revisions as the auditors complete their work with each station group. She then introduced three proposals that need board approval before the auditors can begin their next steps in the process.

Proposal One, regarding underwriting revenue:

- Edmister shared that underwriting revenue was consolidated to IPR's financials in January 2010, at which time it was decided this money should be allocated back to the stations immediately. However, this creates reporting and cash flow issues. In a call to review this with IPR's attorneys

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in Washington DC, Edmister learned that this process goes above and beyond FCC requirements, which state that the revenue should benefit the stations, but does not define how this is to be accomplished. In order to ease cash flow and reporting issues as IPR absorbs more of the network's expenses, it is her recommendation that revenue generated beginning January 1, 2010 should be recorded and utilized by IPR to support the enterprise approach.

Proposal Two, regarding depreciation:

- Edmister shared that the depreciation methods used for KUNI and WOI follow those of the Universities, while the WSUI method does not. This was recommended by WSUI's previous auditor, but creates a discrepancy in reporting in the network model and adds complications to the University of Iowa's depreciable assets.

Neu inquired as to whether WSUI's capitalization policy should be further corrected to match exactly the ISU and UNI policies. Nearmyer responded that it would be more appropriate to use the University's policies. Madden added that there shouldn't be much difference in thresholds between the Universities.

Runge asked if the Universities should all report to an IPR capitalization policy instead of the University policies. Nearmyer did not recommend this at this time. Madden added that this might become relevant if IPR began its own capitalization policy for otherwise University-owned equipment, and, as long as IPR remains in the Regents, it is likely that the University equipment can eventually transfer to IPR.

Proposal Three, regarding departmental salaries:

- Edmister discussed that the transition of employees to IPR hasn't been completed at the same pace as the consolidation of departments to an IPR model. This has created a complication in the Membership department, which was consolidated to IPR three years ago, in that the expenses continue to be incurred to WOI accounts. This can be allocated back to IPR as a one-time allocation, and departmental salaries can be transferred to IPR going forward.

Edmister then reviewed the preliminary net profit loss, reflecting adjustments to gains/losses to the stations if the three proposals are approved by the Board.

Nearmyer clarified that adjusting the individual enterprise gains/losses does not have a net impact on the overall IPR balance, but does impact the amount of CPB funding received by each station for the next year. When IPR retains a larger amount of financial contributions instead of designating them to the enterprises, the enterprises have less reportable income, which is a factor used by the CPB when it makes its station allocations. Nearmyer then stated that IPR does need to build up net assets/equity of its own in order to alleviate monthly cash flow concerns and ease cash handling between the enterprises.

Madden responded that IPR should work to maximize CPB grant revenue, but shouldn't necessarily reach the point where the individual enterprises break even when they don't carry an equal amount of organizational function. Additionally, does revenue generated state-wide get distributed in a manner that would maximize enterprise CPB income, or would this be a consideration? Nearmyer responded that further distributing the state-wide revenue would help

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maximize CPB funding, but probably won't generate more than one or two thousand dollars. He continued, saying that the better route is the one-time allocation to WOI to offset membership department expenses as WOI did accrue more expense than the other stations.

Runge asked whether it would be best to have the majority of the funding remain with IPR so that the only expenses incurred by the station enterprises would be capital expenditures. Nearmyer responded that in the future this is a viable option, and at this time is the direction the organization is headed. Herrington added that IPR should be able to handle payroll, benefits, services, supplies, soft costs, etc. while maintaining compliance with rules and regulations put in place by the FCC or CPB.

Nearmyer added that he's very happy that Edmister is on board. While there are a lot of tasks to complete to finish the FY10 audits, in one year's time the organization will be straightened out so that the auditors will get to do audit work, not accounting work.

Runge inquired as to whether there will be a completed audit at the end of the year. Nearmyer responded that he believes there will be an adjusted trial balance by mid-November, moving quickly to the final audit from there.

With no further discussion, Madden moved to approve the three recommendations, regarding underwriting revenue, depreciation, and departmental salaries, presented by Edmister. The motion was seconded by Neu. Approved unanimously.

Discussion of the FY10 audit concluded and Nearmyer and McWilson were excused from the remainder of the meeting.

Runge called a ten minute break at 2:40p.

Approval of July 26, 2010 Minutes:

Runge resumed the meeting at 2:50p, looking for a motion to approve the July 26 minutes. Director Madden moved for approval of the minutes, seconded by Neu. Approved unanimously.

Bylaws Amendment:

Runge introduced three proposed changes to the organization's Bylaws, which have been reviewed with David Miles, President of the Board of Regents, State of Iowa. The proposed amendments include:

- 4(c) Updating term length for community directors – amend to serve successive terms, striking the limitation of a two term appointment;
- 4(e) Updating timing of Annual Meeting – amend to convene the Annual meeting in October, striking September; and
- 5(a) Updating officer appointments – amend to extend elected officer terms from one year duration to two years.

Pursuant to Article 15 of the bylaws, Runge entertained a motion to provide written notice fourteen days prior to the December board meeting in order to approve the amended bylaws. Neu moved to authorize the proposed action. Seconded by Kendig. Approved unanimously.

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FY10 & July/August FY11 Financials:

Herrington stated that given the six weeks of in-depth audit work Edmister has been tasked with completing, the July and August financials have not been prepared.

Election of Officers:

Runge moved to elect Neu as chair for a two year term, seconded by Gibson. Approved unanimously.

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

Neu moved to elect Madden as secretary/treasurer for a two year term. Seconded by Kendig. Approved unanimously.

Acceptance of FY10 Gifts:

Herrington provided the board with information around financial gifts given during the past fiscal year, requesting the board's approval for their acceptance.

Madden moved to accept, with gratitude, the donations given to Iowa Public Radio and its three station groups during the 2010 fiscal year, seconded by Gibson. Approved unanimously.

Executive Update:

Development:

Herrington shared that Membership is at 19% of goal as of September 30, Underwriting is at 37% of goal, and major gifts, which was not given a budgetary goal, is well ahead of expectations. Additionally, grant requests totaling about \$200,000 have been submitted to local charitable organizations, of which one, the Principal Financial Group, has already responded committing \$10,000. IPR has also received a realized bequest from Ann V. York in Coralville, Iowa. Herrington then noted that the abbreviated fall fund drive started October 20. Herrington concluded the development report sharing that the Friends of KHKE/KUNI have unanimously approved a \$545,000 gift to IPR, restricted to benefitting KUNI/KHKE. She added that this gift has been in cultivation since summer 2009.

Runge inquired as to how the Insights Series has been received. Herrington responded that the fall sales are not meeting expectations, but the spring shows are doing quite well. In looking at sales to date, the series has been moved to Hoyt Sherman, which is felt to be a more intimate site as well.

Administration:

Herrington shared that the employee reclassification plan has moved forward with all discovery meetings being completed. Next steps in the plan are the completion of a comprehensive evaluation of the benefits packages, thorough cost-benefit analysis with retention, and preparation of the formal reclassification plan, which will be presented at the December 16 board meeting.

Herrington then reminded the Board of their request to recognize the staff for their work and dedication over the past eighteen months. She shared that this has been developed into a "Culture Shift Retreat,"

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which includes lunch and a social gathering afterwards. The session will be led by Joelle Hadley, and will occur on the afternoon of November 9.

Herrington updated the board on recent human resource activity, sharing that Kate Wells, Don Russell Jr., Kelly Edmister, and Julie Englander have been hired by IPR. Additionally, searches around an Iowa City site administrator, accounting manager, development analyst, and engineer are mid-interview process. She concluded sharing that Diane Scott, Iowa City Site Administrator, Teresa Wilcox, Membership Assistant in Ames, and Kathy Berrett, Membership Assistant in Ames have resigned from IPR to accept positions with other organizations.

Content:

Herrington shared that the News department has recently prepared and delivered several news packages nationally, working collaboratively alongside NPR. She then updated the Board about some changes to Politics Day, which is now aired at noon and relies on the expertise of twelve political analysts from around the state. This new format has received positive response from several listeners.

Madden inquired as to whether IPR would consider continuing the Politics Day discussion online after the on-air program has been completed. Ahl responded that IPR is considering this and has participated in new media training and conferences in order to understand the opportunity better and how to best manage resources to the potential gain.

Herrington then discussed a new collaboration with Humanities Iowa, which is a program sponsored by a national grant. As part of this, IPR will host guests once a month that discuss history and humanities. The topics covered on these talk shows will be wide-ranging, and will rely on experts from the Universities and other state agencies.

Herrington updated the Board on the Harvest Public Media project, which was formerly known as the Corporation for Public Broadcasting Local Journalism Center grant. She shared that the project officially launched on October 12, with on-site representation by new IPR reporter Kathleen Masterson. Herrington shared that she is very proud of the team working on the project, as IPR is not only compliant with all elements of the project, but is also are generating more stories than any of the other participating partners.

Herrington concluded Content updates by reviewing the Music team activities and achievements, sharing that a lot of good work has been completed in this area as well.

Network Operations:

Herrington reviewed the IJOBS funding from the State of Iowa, providing an update on individual projects and spending. She shared that IPR reports back to the State regularly so the governor's office can see how the projects are tracking against their timelines and associated expenses.

Other:

Neu requested additional information about the Storm Lake signal quality, which has recently been in the paper. Ahl shared that the publisher of the paper wrote an editorial criticizing IPR for the diminished quality of the KTPR signal, which previously belonged to Iowa Central Community College. He shared a

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brief history that about five years ago the tower where the antenna was installed had to be rebuilt to comply with HD television requirements. The new tower is bigger and thicker and generates “dead spots,” or areas where the radio frequency is absorbed before broadcasting the signal. Recognizing this, the staff at the time had to decide whether to provide better coverage to Fort Dodge or Storm Lake, and chose, correctly, Fort Dodge, diminishing the quality of the signal in Storm Lake. At that time, IPR applied for a signal to better cover Storm Lake, but did not receive the license. Ahl concluded, stating that following the editorial, the new president at ICCC contacted IPR to learn if there are other opportunities for better reaching Storm Lake. At the time, the best option decided upon was to contact the organization that won the signal a few years ago, inquire about a purchase opportunity, and building the signal from there.

Executive Session:

Motion made by Neu to enter executive session pursuant to Iowa Code 21.5(i) to discuss personnel matters related to an employee’s resignation. Motion was seconded by Madden. By roll call:

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

Entered executive session at 4:45pm.

Motion made by Kendig to leave executive session. Seconded by Gibson. By roll call:

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

Exited executive session at 5:05p.

Runge adjourned the meeting at 5:05pm.

Respectfully submitted,
Matt Sieren, Executive Assistant