

**DRAFT**

**Minutes of a meeting of the Board of Directors  
Commonwealth Public Broadcasting Corporation**

The Board of Directors of Commonwealth Public Broadcasting Corporation met at the Corporation's headquarters in Richmond, Virginia, on October 22, 2015, pursuant to a notice to each member and following public notices posted on the Corporation's website and broadcast on its radio and television stations.

Directors present included Chairman Mike Bisceglia, President and CEO Curtis Monk, Cindy Bailey, Liz Blue, Dick Crawford, Josh Dare, David Gould, Louise Martin, Eric Rhoades, and Todd Stansbury. Staff members present were John Felton, Ami Kim, Bill Miler, and Lisa Tait. Larry Dankner represented NETA as Chief Financial Officer.

**Call to Order**

Mr. Bisceglia called the meeting to order at 11:03 AM.

Approval of minutes of the previous meeting, of July 16, 2015, was moved by Mr. Crawford and seconded by Ms. Blue and the motion passed unanimously.

**Financial Reports**

Mr. Dankner reported on the Company's budget and financial position. From the Balance Sheet, he noted that the Company's cash balance as of September 30, 2015, was \$228,180, a very favorable position for the first quarter of the fiscal year. He noted that the Company's line of credit had not been used to fund operations and voiced no concerns thus far.

Mr. Dankner noted the Income Statement showed the Company's expenses and income tracking close to budget. He indicated that expenses are under last year's levels and under budget. He pointed out one line with a much larger than expected number -- Other Income stands at \$270,483, compared to the prior year figure of \$7,233 and the year to date budget of \$11,538. The Other Income figure is much higher because of a larger than usual royalty payment of \$128,000 from PBS, a \$68,000 refund check from the IRS associated with a tax payment on the sale of towers in Northern Virginia, and a \$90,000 payment from MHz for services rendered. Mr. Dankner said the reports contained nothing to cause major concern at this time.

**Television Programming and Production**

Mr. Felton reported on Television Programming and Production revenues. He indicated revenues are tracking close to budget goals. The biggest variance is income from the General Assembly Building studio, which is under goal because uplinks for cable news channels are slightly behind pace. Mr.

Biscegila asked, now that digital studio is in operation, does it make sense to advertise for services provided there. Mr. Felton replied that advertising does make sense and he will put together a plan to spread the word among appropriate target clients.

#### Development Giving Report

Ms. Tait reported on Community Support, noting that because of timing, some numbers seem to be trailing behind previous year figures. For Fundraising Events, there will be no Williamsburg raffle this year and all effort will go into a Downton Abbey raffle, which last year sold 767 tickets and this year is hoped to sell closer to the 2000 limit. Additionally, a 50<sup>th</sup> anniversary fundraising event was held last year that will not be replicated this year. A Downton Abbey Preview Party is scheduled for January, and plans are being made to sell more tickets and to raise the ticket price for this year's event. Ms. Tait said that Commonwealth Circle income is behind budget because the station did not use challenges during the fall radio membership campaign and it is affecting income slightly.

Ms. Tait noted one area of concern, the number of givers in the under \$1,000 membership level. As more people move to the \$1,000 giving category, it takes multiple donors to replace them. The PBS Member Video on Demand or Passport program will give members access to a large PBS library of programs. She indicated the program is hoped to build up the lower level membership ranks. Radio members will also be encouraged to become television members to get Passport access. Mr. Biscegila asked if Passport access can be offered free for a month to try to attract as many potential users as possible. Ms. Tait also said the station is stepping up external engagement activities. In one case, instead of allowing people at station events to enter their names for the chance of winning a prize, people will be required to give their information in order to participate. Additionally, a more aggressive volunteer program is required to support increased community outreach. Under the new program, all volunteers will be expected to register online and background checks will be done on all, including board members. Ms. Tait indicated the process is hoped to be complete by the end of the calendar year.

#### Defined Benefit Plan

Mr. Crawford reported on the status of the Company's Defined Benefit program. He noted that the plan was managed by VOYA as fiduciary until VOYA gave up that business at end of June. There are approximately 140 beneficiaries in the program. Fifty work at the station and the remainder are retired or have left company but will receive benefits in the future. Mr. Crawford noted that presentations were made by reliable financial providers who are in the Defined Benefit business. Each, RBC, Union Bank, Wells Fargo, and BB&T, have relationships with CPBC. Mr. Crawford indicated that he wanted beneficiaries of the plans to see the presentations and have input on the decision. Those beneficiaries were Mr. Monk, Human Resources Manager Maureen Kelly, Mr. Miller, and Ms. Tait. He indicated there was no significant difference in cost among the programs, though there was a significant difference in the management of funds. Mr. Crawford reported the consensus was that Wells Fargo gave highest level of comfort. Mr. Monk said that Wells Fargo is a very strong supporter of the station's Ready To Learn program. Such support was not to be considered a quid pro quo but was worth taking into account in

making the decision. Mr. Crawford noted that Wells Fargo is well respected and that it will assume fiduciary responsibility for pension plan from the board.

Mr. Crawford moved adoption of Wells Fargo as manager of the Company's Defined Benefit program. Ms. Martin seconded the proposal. The vote on the motion was unanimous in favor, with Ms. Blue recusing herself. Mr. Stansbury thanked Mr. Crawford and Mr. Monk for their attention to this situation.

#### Remote Truck

Mr. Monk noted that the Company was awarded, pending the local match, a \$250,000 matching grant to fund acquisition of a new Television remote production vehicle. At this point, \$90,000 remains to be raised toward the \$250,000 station match. He provided a list of mission-related production activities that the new truck would support, including the State of the Commonwealth Address, the Gubernatorial Inauguration, performances at Richmond and Charlottesville area venues, outdoor music festivals, university speaker series, and others. Mr. Felton solicited additions to the list from Board members. He noted that election programming in Charlottesville would be a welcome addition to the station's service.

Mr. Bisceglia suggested staff prepare a calendar of anticipated remote productions and recommended they consider the Virginia Film Festival and regional steeplechase races. He noted that staff also should be prepared to resolve issues regarding rights to performances. He noted that the total cost of the truck is \$620,000 and fundraising toward acquisition is approaching \$500,000. Mr. Monk indicated that when the total sum is raised, management will ask the Board for authorization to acquire the truck. Mr. Crawford inquired about the use of temporarily restricted funds to help buy the truck. Ms. Tait indicated that money raised through the capital campaign could be used to help complete acquisition of the truck. Mr. Bisceglia suggested staff consider leasing. Mr. Felton noted that arranging a multi-year lease for these kinds of vehicles is a challenge because technology changes so quickly. Ms. Martin asked whether the truck could be used to provide service to ESPN or another national network. Mr. Felton indicated the station could rent its service to a national network. Mr. Stansbury asked if the truck would have satellite or microwave capability. Mr. Felton said the truck could connect to a broadband distributor, would not have satellite capability, but could rent satellite access if necessary.

#### MHz Financials

Mr. Bisceglia noted that the Board has voiced concern about MHz financials. The Company receives \$360,000 from MHz for services rendered. He asked staff to develop a contingency plan in case the MHz business fails. Mr. Monk indicated a plan would be prepared. He said that MHz is using a lot of cash, is investing heavily in programs, and already invested a lot of money in hardware and software to launch a new pay television service. He said MHz has begun to charge affiliates to air MHz Worldview. Mr. Monk noted that financial statements are received from MHz on a regular basis and that the firm is meeting its obligations on time. Mr. Stansbury suggested the Company needs a plan to manage the two licenses in Northern Virginia if MHz ceases operation. The licenses are held by CPBC; Mr. Stansbury will develop a plan.

### **Governance Committee**

Ms. Blue indicated the Committee is actively looking for new members of the Board. One of the needs previously identified was financial expertise, specifically, a CPA. She noted that Ms. Martin recommended for Board membership Stephen Michael Loderick, CPA, MBA, CPCU, a partner in Arsenal Financial Group of Richmond. Mr. Crawford said, after meeting with Mr. Loderick, he highly recommends his election.

Ms. Blue moved the nomination of Mr. Loderick to the Board. Mr. Crawford seconded the motion. Mr. Loderick was elected unanimously.

### **Performance Evaluation Committee**

Ms. Bailey reported that the Committee had completed its evaluation of the CEO and recommended an \$18,000 bonus for Mr. Monk. Ms. Blue seconded the motion, and the motion passed unanimously.

### **Bylaws and Articles of Incorporation for Foundation**

Mr. Bisceglia brought before the Board the work of the committee on these documents. Mr. Crawford indicated that, in his view, small but necessary changes to the documents are required, and he asked whether changes could be made after the documents were adopted. Mr. Stansbury noted that an unresolved question had to do with the relationship between CPBC and the Foundation. He indicated that CPBC is the sole member and that the Foundation Board membership is entirely appointed by CPBC. He suggested questions about the relationship and independence of the Foundation Board be resolved before the founding documents are approved.

Mr. Bisceglia tabled the proposal. He indicated that a conference call meeting would be scheduled specifically to deal with these questions. Mr. Crawford recommended that every member interested in suggesting questions provide them to the Chairman in advance of conference call. Mr. Bisceglia asked all questions from Board members be submitted to him within the next four days.

Mr. Bisceglia noted that if the Bylaws and Articles of Incorporation are passed, seven Foundation Board members would be appointed by the CPBC Board. By consensus, the first seven Foundation board members will be Mr. Crawford, Mr. Dare, Ms. Blue, Mr. Stansbury, Mr. Rhoades, Ms. Martin, and Mr. Bisceglia.

### **Funding for Spectrum Assignment Research**

Mr. Bisceglia noted that CPB is offering a match of up to \$50,000 for work done by stations on the FCC's spectrum assignment proposals. In the event that the station spends more than \$100,000 for work on

this project, Ms. Martin proposed authorizing an additional \$50,000 be spent. Ms. Bailey seconded the motion, which passed unanimously.

### **Board Temporarily Restricted Funds**

Ms. Bisceglia noted that certain donated funds received in past years had been temporarily restricted by Board action. He asked Mr. Monk for recommendations on how those funds might be used to further the station's mission. Mr. Monk noted that the Radio station is in a transition period associated with changes in management and reassignment and hiring of personnel. Some additional resources will be required but the new activities will largely be absorbed in the approved Corporate budget.

In Television, Mr. Monk voiced an interest in adding significantly to new content and a desire to be less reliant on new outside funding. He said there are three new opportunities – one with partial funding, two without funding – at this point: Living with Alzheimer's, One Virginia 2021 – a documentary on nonpartisan redistricting, and Hope Emerges – a documentary on the McGuire Veterans Hospital. Mr. Felton described the three potential shows and noted that no producers are identified for these programs.

Ms. Blue expressed concern about the Alzheimer's special, noting that many unethical pieces have been produced in other places. She urged staff to insure that all families and individuals are protected.

Mr. Monk said that each production would cost about \$95,000 and that \$25,000 has been identified for the Alzheimer's program. Under previous assumptions, he indicated that production would not start until the shows were fully funded. Currently more than \$300,000 in donated funds are temporarily withheld by Board policy. He requested \$75,000 be authorized for the Alzheimer's documentary.

Mr. Crawford asked about the production timetable. Mr. Felton said the start of production depends on whether the station hires a contract producer or a full time producer. If a contractor, production could begin within 2 months. If hiring a full timer, the process would take longer.

Mr. Bisceglia voiced a need to get started on spending on programs. He recommended approval of the spending request. He also noted a need to start adding resources to support an increased level of content production. Mr. Monk asked the Board for permission to spend \$75,000 on the Alzheimer's program and indicated staff would decide whether to hire an in house or contract producer. Mr. Bisceglia indicated his support for approving all three shows, and requested budgets, treatments, and timelines by the January meeting of the Board.

Ms. Martin moved that the Board support the hiring of two outside producers and one internal with funds to come from the temporarily restricted account. Mr. Crawford seconded the motion. The motion received unanimous approval.

Mr. Bisceglia suggested the need to add resources to support an increased level of content production. He proposed to start the process in the spring of hiring a professional to search for programs to

distribute and independent production ventures for the station. He asked staff to a write job description.

### **Amendment to Bylaws to allow Electronic Voting**

Ms. Bailey moved to amend the Bylaws of the Company to allow a vote cast by email to carry the same weight as a vote cast in person. The amendment would modify Section I. 6. of the Bylaws. The motion was seconded by Ms. Martin, and it passed unanimously.

### **Executive Session**

At 1:06 PM, upon motion duly seconded, the Board voted unanimously to go into executive session for the purpose of discussing proprietary business issues and personnel matters. The Board excused those present and went into executive session at 1:06 PM.

At 2:00 PM, the Board returned to open session with a declaration from the Chair that no business was conducted during the executive session.

The Board meeting adjourned at 2:00 PM.

Respectfully submitted,

William N. Miller  
Secretary to the Board  
October 26, 2015