

Commonwealth Public Broadcasting Corporation  
Minutes of a Corporate Board Meeting on July 19, 2018

The Board of Directors of Commonwealth Public Broadcasting Corporation met at the Corporation's headquarters in Richmond, Virginia, on July 19, 2018, 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 Chair Josh Dare, President Curtis Monk, Mr. Michael Bisceglia, Ms. Liz Blue, Dr. David Gould, Mr. Steve Humble, Mr. Jim Krauss, Mr. Dennis McGaugh, Ms. Louise Martin, Ms. Tassie Pippert, Mr. Derek Redmond, Ms. Tanya Ross, and Mr. Todd Stansbury. Mr. Stephen Davis participated by telephone.

Staff members present were John Felton, Ami Kim, Bill Miller, Katherine Mitchell, Mark Spiller, and Lisa Tait.

Katherine Whitney represented Warren Whitney. Erin Bishop represented SIR. Dan Smythe represented the Virginia Foundation for Public Media.

#### Call to Order

Mr. Dare called the meeting to order at 10:05 AM.

The Chairman called for a motion for approval of the minutes of the meeting of April 19, 2018. Minutes were approved unanimously on motion duly moved and seconded.

Mr. Stansbury moved to acknowledge that, during a conference call meeting of the Board on June 21, 2018, in executive session, the Board adopted one resolution concerning a proprietary matter. Mr. Bisceglia seconded the motion and it passed unanimously.

Mr. Dare called Board members' attention to the CPBC Conflict of Interest forms and asked that they be completed and returned as soon as possible.

He also noted that the company's annual Diversity Policy report was enclosed in the Board packet. Mr. Bisceglia moved that the report be accepted. Mr. Humble seconded the motion and it was approved unanimously.

#### Strategic Plan

Mr. Dare introduced Ms. Whitney and Ms. Tait to present the Strategic Plan, which he indicated was endorsed by the ad hoc Strategic Planning Committee.

Responses from Board members included Mr. Bisceglia's comment regarding the Content section that PBS faces competitive issues because less content is available from the BBC than in past years. Dr. Gould, responding to the Human Resources and Financial Success sections, indicated his support for the brand name Community Idea Stations and suggested simplifications to the membership renewal process.

Reactions to the Position for the Future section included Mr. McGaugh's recommendation to integrate lessons learned from other PBS station experiences. Mr. Bisceglia advised picking as benchmark stations operations that are similar to CPBC's. Mr. Redmond noted that the plan anticipates spending up to \$5 million to accomplish aspects of the plan by the end of 2019 and that the Board was expecting a plan extending beyond one year. Ms. Whitney replied that the plan is a longer-than one year document but that the first year steps are those being highlighted.

Mr. McGaugh asked how funding for projects in the plan would be approved. Ms. Tait said that staff would come to the Board for project-by-project approval. Ms. Pippert requested a flowchart showing how elements of the plan would be accomplished. Mr. Stansbury suggested the plan show ranking of elements by priority. Mr. Dare noted that staff would be expected to report on plan progress at the Board's quarterly meetings.

Mr. Redmond asked about the production of new content and the cost. Mr. Bisceglia indicated production costs are not astronomical and would be expected to be in the range of \$75,000-120,000 per hour. Mr. Humble noted that five major projects in the coming year is a goal, not an imperative.

Mr. Bisceglia offered his congratulations on the completion of the strategic plan. He moved to accept the plan. Ms. Blue seconded the motion and approval was unanimous.

Mr. Dare introduced Ms. Bishop to present the qualitative research commissioned by the radio stations on a directive from the Board earlier in the year. Ms. Bishop noted that SIR – previously Southeastern Institute of Research – has been rebranded as Strategy, Insights, and Results. She said that there was a lot of overlap in the strategic plan and what SIR is recommending.

Following her presentation, Ms. Bishop suggested the company undertake a statistically significant survey. The stations' Next Generation Board could be involved and national best practices should be researched. New hypotheses would be tested among broader audiences. The research could allow the stations to be more stakeholder-centric. Mr. Humble indicated that increased marketing would be important to the process. Mr. Bisceglia noted that the stations would continue to be providers of national programs in the local markets. He said there is no source, now, for in-depth local news.

Mr. Dare noted that the company has approached branding research firms about how it is identified in the community. Ms. Bishop indicated that more research should be done before rebranding. Mr. Bisceglia said the stations should deliver on the promise of the brand. Mr. Stansbury indicated that the work should involve television and radio and all markets the

company serves. Mr. Bisceglia suggested the strategic plan should help to identify community needs, the stations should address the needs, and then station branding could take place. Ms. Bishop said that SIR would meet with Warren Whitney and develop a proposal.

### Community Station Board and Staff Reports

Mr. Dare called Board members' attention to the reports included in the Board packet. There was discussion of the new radio stations and programming. Dr. Gould commented on the list of events of the previous year that they are valuable in increasing awareness. Mr. Humble inquired about the website optimization schedule. Ms. Kim replied that the work had just gotten under way, that useful feedback is being received, and that the study would take three weeks and would then generate a plan.

### Committee Reports

Mr. Dare indicated that in the new fiscal year, Foundation and CPBC Board members would be included on all committees. He identified Ms. Blue as chair of the ad hoc Joint VFPM-CPBC Relationship Committee. He said the group would work on the structural relationship between the Foundation and CPBC.

Mr. Smythe, Chief Investment Officer of the Foundation, offered an update on Foundation activities. He said that as of July 10, the Foundation is 374 days old. It has approved funding for 13 projects – nine from CPBC and four from outside entities. Mr. Smythe recognized Mr. Felton, Mr. Miller, Ms. Kim, and Ms. Mitchell for their work with the Foundation in the past year. He reported that Foundation balances are higher this year compared to last year. Grants of \$1,180,000 have been distributed. Mr. Smythe said the budget of the Foundation is less than \$500,000. The Foundation has committed to grants of \$2.8 million, \$1.3 million of which will come to CPBC.

### Governance

Mr. Dare reported that Marlene Jones resigned from the Board. The Governance Committee will assess needs for a new member. He also noted that formal board training is anticipated and would be conducted by an organization such as Warren Whitney or Board Source.

Governance Chair Blue announced that the committee would meet on September 24, 2018.

### Technology

#### Power Maximization Request

Technology Committee Chair McGaugh indicated that the committee is waiting for a formalized charter and charge from the Board. He noted that he has been asked to comment on specific technological issues and that the Committee would review proposed projects and provide advice.

Mr. McGaugh asked Mr. Spiller to discuss the Transmitter Power Maximization request for television stations in Richmond and Charlottesville. Mr. Spiller noted that, following the spectrum auction and sale of some television broadcasting capacity, the FCC is requiring the “repack” of stations into different locations on the spectrum. It is likely that transmitters will have to be replaced. He indicated that the FCC will replace transmitters at the same power level at no cost to stations.

Mr. Spiller reported that the current power for CPBC’s stations in Richmond and Charlottesville is much lower than all of the other stations in those markets. He noted that CPBC’s licenses allow for higher operating power. The FCC would not pay for transmitters for fully licensed power but the amount the Commission would pay toward transmitters at current power levels would provide a substantial portion of the cost if the higher power transmitters are purchased.

Ms. Blue asked how much of the television audience uses antennas for reception versus cable. Mr. Felton said that 80 percent of the total households in the Richmond and Charlottesville markets use cable or satellite with 20 percent receiving over-the-air signals. He noted that the audience for CPBC’s stations is 40 percent antenna based, which is the highest for any of the stations in the market.

Mr. Bisceglia asked about the source of the information showing current and potential coverage levels; Mr. McGaugh indicated the data came from the FCC. Mr. Stansbury suggested review of service contour maps – now and with proposed higher power levels. Mr. McGaugh said that questions from Board members indicated that a committee should review and research the situation and report a recommendation back to the Board. He asked if a decision could wait until the October meeting of the Board. Mr. Spiller said that if a vote was made in October, transmitter delivery would be expected in July 2019, which would be in advance of the installation deadline in December 2019.

Mr. Dare indicated the Board would look forward to receiving a proposal from the Technology Committee in October. Mr. Krauss indicated that he would appreciate receiving information about the underserved populations to be added to coverage areas and trends concerning viewers moving from cable to over-the-air viewing. Mr. McGaugh noted that the company could consider increasing power on one or two of the stations instead of all three.

#### WVPT Signal Origination from Richmond

Mr. McGaugh reported that the signal for WVPT currently goes through a control room in a building at James Madison University. He said the recommendation from engineers and management is to upgrade equipment to allow content to move from Richmond to Harrisonburg without the intervening stop at the JMU building. Mr. McGaugh noted that JMU is interested in taking over the space in the building currently occupied by WVPT. Costs associated with this relocation are \$280,000.

Mr. McGaugh also reported that a proposal has been received from Shenandoah Valley Electric Cooperative for the company to sell four of its towers to the Cooperative. Two of those four towers are no longer used by CPBC. Mr. Spiller indicated that the target date to be out of the

JMU building is January 2019 and that the work being proposed would allow all things currently being done at that site to be done in Richmond.

Mr. Monk noted that a lease is in effect with JMU. It allows CPBC to maintain a tower on campus until 2031 and to maintain space inside the building on campus for a master control room until 2031. The company is not required to vacate the space, but has agreed to do so in exchange for extending to 2036 the tower lease. Mr. Monk indicated that the company currently generates \$98,000 per year in rental income on the tower.

Mr. Dare indicated that decision on this proposal needs to be made immediately if CPBC agrees to leave the JMU building in January 2019. Mr. Davis stressed the importance of maintaining a positive relationship with JMU.

Mr. McGaugh moved to approve the purchase and establishment of a master control facility for WVPT in Richmond to allow moving out of the JMU building by January 2019 and for Mr. Miller to finalize negotiations for the move-out process. Mr. Bisceglia seconded the motion, which passed unanimously.

#### Finance

Finance Chair Ross reported that financials for the just-ended FY18 are delayed, in part because books will remain open until the end of July and adjusting entries are required for WVPT. She said that the Finance Committee met earlier in the week and reviewed the proposed operating budget. Ms. Ross said the budget is balanced and asked Mr. Monk for a presentation to the Board.

Mr. Monk noted that WVPT was interested in merging with WCVE because it was experiencing annual operating losses. When considering the merger, CPBC knew that it would incur losses in operating WVPT. He said that in the last year CPBC funded all of capital and operational expenses for WVPT in excess of income from CPBC's RBC investment. Mr. Monk noted that WVPT expenses have not been funded by WVPT holdings. He indicated that WVPT set aside \$500,000 at the beginning of the year, anticipating an operating loss. CPBC spent \$233,000 for WVPT capital projects in FY18.

Mr. Monk reported that the company has applied for a Healthy Station Grant from the Corporation for Public Broadcasting and that a decision on the grant is anticipated by mid-August. The budget being presented to the Board does not include income from this potential grant. New positions have been proposed for the coming year, but hiring would not proceed until after the Healthy Station Grant is decided. Mr. Monk noted that the budget includes a \$1.1 million draw on investments and \$1.1 million in Virginia Foundation for Public Media approved projects.

Mr. Monk indicated that no capital projects are being proposed at this time because staff anticipates the Technology Committee will review all capital requests. Staff would request the

ability to repair equipment if broken and would consult with the Finance and Technology Committees. Mr. Bisceglia noted that some new positions were identified in the approved Strategic Plan and that new positions should be ranked according to the company's most important needs.

Mr. Bisceglia moved to approve the budget proposal. Ms. Blue seconded the motion. The budget was approved unanimously.

Ms. Martin suggested it would be valuable for a document to be produced, including management discussion and analysis, on how the budget was arrived at. Mr. Bisceglia agreed and indicated that Mr. Dankner should prepare it. He also suggested that WVPT and WCVE expenses and income should be shown separately.

Ms. Martin also requested a history of the development of the agreement with WVPT. Mr. Bisceglia noted that Mr. Dankner should also prepare that document. Mr. Dare indicated that the documents should be delivered to the Finance Committee in advance of the October Board meeting.

#### Pension

Ms. Ross reported that the Board had asked the Finance Committee to recommend the handling of the \$3 million set aside for Pension support approved at a previous meeting of the Board. She said that after a June 15 meeting with the actuary and a discussion at the Finance Committee meeting on July 17, the Committee recommended keeping the \$3 million separate and earmarked for future pension contribution pending a request to the actuary to provide a more current funded status and sensitivity of pension liabilities to rising interest and discount rates.

#### Fundraising

Ms. Tait reported on Development activity for FY18.

Ms. Martin asked about the biggest obstacle to increasing corporate support. Ms. Tait indicated the stations hope to be more successful in meeting community needs for philanthropic business contributions. Ms. Pippert asked how the loss of coverage for WVPT viewers in the northern Shenandoah Valley would affect fundraising. Ms. Tait said that it was too early to tell but that cable coverage continues to be available to many viewers in the region.

#### Executive Session

At 1:43 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 1:43 PM.

At 2:10 PM, the Board returned to open session with a declaration from the Chair that no business was conducted during the executive session.

With no further business to come before the Board, the Chairman declared the meeting adjourned at 2:10 PM.

Respectfully submitted,

William N. Miller  
Secretary to the Board

Future meetings of the Board are scheduled on October 18, 2018; January 17, 2019; and April 18, 2019.