

**Commonwealth Public Broadcasting Corporation
Corporate Board Meeting
January 21, 2016**

The Board of Directors of Commonwealth Public Broadcasting Corporation met at the Corporation's headquarters in Richmond, Virginia, on January 21, 2016, 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, Ms. Elizabeth E. Appel Blue, Mr. Josh Dare, Dr. David Gould, Mr. Stephen M. Loderick, Mr. Eric Rhoades, and Mr. Todd M. Stansbury. Mrs. Louise Martin joined the meeting by telephone.

Staff members present were Bill Miller, John Felton, Mark Spiller, and Lisa Tait. Larry Dankner of NETA participated at CPBC's Chief Financial Officer.

Call to Order

Mr. Bisceglia called the meeting to order at 11:02. Ms. Blue moved approval of minutes of the previous meeting of the Board, of October 22, 2015. Mr. Stansbury seconded the motion and the minutes were approved unanimously.

Item of Interest

Mr. Monk presented a video recording of a special appearance at the station's Downton Abbey preview event at the Altria Theatre earlier in the month. He noted that the house was packed for the event with more than 3,000 attendees, making it the largest such showing in the country. Additionally, it was the only Downton Abbey event nationwide that featured a member of the cast as a guest. The showing grossed \$61,000.

Radio Community Station Board Report

Mr. Miller was asked to deliver a report on activities of WCVE-FM. He began by noting that the station's new transmitter and antenna, located at the company's Sesame Street headquarters, went into operation on December 17, 2015, and that reports from listeners were almost universally positive, with the 88.9 FM analog signal stronger throughout its listening area and the station's HD Radio signal now receivable in an area almost as large as its analog coverage.

Mr. Miller noted that the station's audience as measured by Nielsen diaries had grown from 105,800 per week in the Fall 2014 survey to 108,200 in Fall 2015, the most recent survey reported. He reported that the station had risen from the number 8 station in the market in 2014 to number 7 in 2015. The station was the 3rd most popular in the market during the morning hours in 2015, up one notch from 4th in 2014. During the 10 AM to 3 PM hours, WCVE was 10th most popular, up from number 12 in 2014. Mr. Miller identified the evening hours as a time that will bear watching because the station fell from number 5 in the market in 2014 to number 8 in

2015. The 7 PM to Midnight hours of jazz and classical music were 6th most popular in 2015, up from number 13 in 2014. He said that weekend hours were also strong, with all dayparts either equal to or higher than the survey a year earlier.

Mr. Miller reported that every year the station is expected to report to the Corporation for Public Broadcasting, as a condition of receiving its Community Service Grant, information on the station's local programming. In Fiscal Year 2015, the station broadcast 1,924 local hours of classical music programming and 994 hours of jazz, blues, and eclectic music, for a total of 2,918 hours of local music content. The station added 16 hours of local Arts and Cultural programming – 15 from the Richmond Folk Festival and one from a Christmas program recorded at a local church. In the News and Public Affairs arena, the station broadcast 130 hours of content including local newscasts, analysis, General Assembly reports, Virginia Currents, and What's Bugging You. The total number of hours of local programming for the year was 3,064; Mr. Miller pointed out that there are 8,760 hours in a year.

In addition to numbers reported to CPB, Mr. Miller noted that stories filed by WCVE reporters since the beginning of the current fiscal year included 106 by News Director Craig Carper, 50 by Saraya Wintersmith, 184 by John Ogle, and 119 by Charles Fishburne. The station also had 13 stories picked up for national broadcast by NPR – 7 from Carper, 4 from Wintersmith, one from Fishburne, and an extended feature story from Virginia Currents producer Catherine Komp. He also pointed to Mr. Carper's trip to Cuba with Governor McAuliffe earlier in the month; he was one of only three journalists to accompany the Governor.

Mr. Miller was asked about the ratings for the WVTF outlet in Richmond during the Fall 2015 period. He noted that the station's total weekly audience was up slightly from the Summer 2015 survey but that its average quarter hour audience fell from Summer to Fall. For the 3-7 PM hours, during which WCVE had seen a decline, WVTF also lost audience. Mr. Bisceglia suggested WCVE consider adding podcast content to its offerings.

Television CSB Report

Mr. Felton reported on the accomplishments of WCVE and WHTJ Television. He noted that last October the board authorized the hiring of one new full-time television producer and also approved funding for four specific programs, including a production of *Hamlet*, a documentary on Alzheimer's from a caretaker's perspective, a documentary on the McGuire Veterans' Hospital, and a documentary on Gerrymandering in Virginia. He announced that Mason Mills, Emmy, Telly, and Communicator Award-winning producer who previously worked for the organization until 2009, will take the position. Mills produced *Wilder: An American First* and *Questioning the Constitution*. He said that Mills will begin on February 15 and expressed pleasure that he will be back on the team. Mills will take on the Alzheimer's and McGuire Hospital documentaries.

Mr. Felton reported that production has begun on the Gerrymandering documentary led by Bill Oglesby, a journalism professor at VCU, a video production company owner, a former WWBT NBC 12 reporter, a lawyer, and Governor Doug Wilder's first page in the 1970's. The documentary is set to premiere statewide in October.

Ball of Confusion: The 1968 Election, produced in partnership with the Center for Politics at UVA, aired on over 220 PBS stations nationwide and has been entered into this year's Emmy Awards. Mr. Felton noted that the Center for Politics partnership with producer Paul Roberts has been nominated for best documentary three years in a row and was awarded best documentary in two of the three years. He also reported that Roberts and the Center for Politics have just launched production of a national documentary on the 1976 presidential election for broadcast in October of this year.

Mr. Felton said that production is complete for the documentary *The First English Thanksgiving in North America*, done in association with the Berkeley Plantation and First Thanksgiving organization. The program is planned for broadcast and national distribution in November. The December 2015 television membership drive finished slightly under goal. Overall, the PBS system was down around 18 percent for the December fundraising campaign. The Studio A conversion to full high definition is complete. Mr. Felton reported the first program in the new studio, Quill Theatre's, *Hamlet*, was recorded in November and broadcast in the previous week.

He reiterated that the *Downton Abbey* preview event earlier in the month that was a success, noting that the final season broadcast premiere episode on WCVE attracted 120,000 television viewers. A typical Sunday night drama program on WCVE brings in about 25,000 television viewers.

Mr. Felton reported that earned income from studio facilities and corporate video production has been profitable in the first six months of the fiscal year. During the week following the meeting, he said, a large commercial production organization will be renting studio, bringing in \$10,000 in revenue.

He noted that at the last Board meeting, he was asked to initiate dialogue with Nielsen Media Research regarding the possibility of reestablishing the program ratings services that were jettisoned by the station three years ago. The service was discontinued because the contract cost more than \$100,000 and the benefits did not justify the expense. He said that as many PBS stations across the country have also discontinued their Nielsen service, Nielsen has offered flexibility in their pricing structure. Thus far, pricing has not come down far enough to be attractive.

Mr. Bisceglia suggested continuing to consider working with Nielsen to be able to measure audience as a component of measuring success. Mr. Monk noted that when fundraising yields positive results, it is an indicator of programming success. Mr. Stansbury asked if lack of ratings hurt underwriting. Mr. Dankner replied that ad agencies possess ratings on all stations, including WCVE. Mr. Bisceglia also expressed concern about the WCVE/PBS presence on the Comcast on-demand cable system. Mr. Felton indicated that the station has no control over the cable on-demand setup; it is arranged between PBS and the cable provider. Ms. Tait suggested that the PBS Passport video-on-demand service will be more attractive to viewers. Mr. Monk said that he would seek information from PBS CEO Paula Kerger about future plans for on-demand cable access.

Mr. Bisceglia inquired about the productions costs of the Alzheimer's and McGuire specials. Mr. Felton indicated they will cost about \$90,000 each; Mr. Bisceglia asked to be informed if the cost for a production ran over \$100,000. Mr. Monk noted that a contract had been signed for the station to be the host station for the documentary *9-11 Untold Stories: Inside the Pentagon*. He indicated that the contract will be good for the station and that the show will premiere at the Virginia War memorial.

Digital Delivery report

Mr. Monk noted that Ms. Kim was absent but that the station's digital initiatives continue to perform. He credited Webmaster Marshall Lloyd for managing an excellent Web service. He also noted that the company's social media efforts had benefited significantly by the hire of an energetic new staff member, Angela Massino. He reported the scavenger hunt associated with the Mercy Street series attracted the involvement of 350 participants. He described digital services as an intersection point – Television, Radio, and Educational Services efforts all desire digital support. Digital efforts are reaching different audiences and connecting with new people. He added that the company is working with the Hodges Partnership to develop personas to help connect more effectively with target audiences.

Mr. Monk also offered positive comments on new Educational Services director Mary Jo Grieve. Mr. Bisceglia inquired into the ready-to-learn mission statement. Mr. Monk indicated it is to prepare children to do well in school. Mr. Bisceglia asked if the effort could expand to other schools and if it would benefit from the involvement of more volunteers. Mr. Monk indicated the service is open to future growth.

Finance Report

Mr. Dankner reported that the Finance Committee met the previous Monday. As of December 31, 2015, he said the company is in a good cash position with \$607,113 compared to \$333,896 at the end of June 2015. Total current assets were \$1,759,090 compared to \$1,327,699 at the end of the last fiscal year. Total current liabilities at the end of December were \$368,516 compared to \$554,683 on June 30, 2015. Total liabilities and net assets were \$14,462, 678 on December 31, 2015, compared to \$14,841,571 at the end of the last fiscal year.

From the Profit and Loss statement, Mr. Dankner reported that total year-to-date revenues were \$5,068,815 on a budget of \$4,301,147. All Underwriting and Contributions categories were above budget with the exception of Fund Raising Events, which was short of budget due to the timing of events this year versus last year. The Downton Abbey tour raffle will add significantly to Fund Raising Events. Overall, Development revenues are up 13 percent over last year.

Mr. Dankner noted that in the Personnel Expense lines, Employee Benefits – Health was significantly higher than budget, but a change in expense recording will balance out the amounts. Production Service expenses are also over budget but they are matched with higher than anticipated Production income. He noted that all capital expenditures and pension plan

contributions have been made from operating revenues. The last time the Company used investment funds for operational expenses was in May 2014.

Mr. Felton delivered the Television Production Revenue report. General Assembly Studio income was \$91,595 as of the end of December toward a goal of \$137,500. Mr. Felton indicated that by the end of the fiscal year, General Assembly Building revenue will be over budget. He also noted that Sesame Street Studio revenue is already over the goal for the year. Mr. Bisceglia ask if, with the new digital studio facilities in place at Sesame Street postproduction audio work still needs to be done out of house. Mr. Felton indicated that most work is done in house but that music sometimes must be outsourced, primarily at In Your Ear studios. Mr. Bisceglia asked if the station would prefer to have that capability itself, and Mr. Felton replied in the affirmative.

Ms. Tait reported on Development income for the first half of the fiscal year. All membership lines vary positively from the previous year. Radio membership includes an increase in sustaining members. Membership drives do not produce as much revenue as in the past but are still productive; adding money from sustainers puts radio income 14 percent ahead of last year. Commonwealth Circle income increased 15 percent from the previous year, and overall giving is up \$300,000 from last year. Ms. Tait suggested that Digital efforts are assisting fundraising productivity. Corporate Support income is showing improvement over last year and the previous quarter. The Downton Abbey tour raffle is under way and sales are ahead of time last year. Total Development revenue as of December 31 was \$3,010,538, compared to \$2,651,946 at the same time last year.

In terms of Community Engagement, Ms. Tait reported that 1000 community members attended the Mercy Street premiere at the Byrd Theatre. Many of these attendees are considered potential members. The Charlottesville Inside-Out premiere attracted 75 major donors to an event in the previous week. The Nature Cat event on the preceding weekend drew 200 families. Poetry Out Loud on March 18 – held in conjunction with the Virginia Education Association – will be a statewide finals competition, the winners of which will attend the national competition. Ms. Tait indicated A Flying Squirrels Insider event would be held in April. Explore the Outdoors is expected to bring in 5,000 visitors in May and the Virginia Currents anniversary event will be held later that month. Mr. Monk indicated that he has challenged staff members to be at an event at least once a week; he noted that last year Ms. Tait's staff participated in 80 events. He added that being face to face with members of the public is a critical element of the station's success.

Mr. Dankner reported that at the Finance Committee meeting, Brian Ford of RBC noted that the fourth quarter was good and that year-to-date numbers were slightly down because of a difficult market. For 2016, he advised the Committee that a number of indicators looked good and that RBC did not view the recent decline in market value to be similar what happened in 2008. Mr. Ford told the Committee that RBC had taken certain actions regarding the CPBC portfolio, including reducing exposure in mid- and small-cap sectors, reducing exposure in Health Care, utilizing a covered call strategy, and temporarily increasing the level of cash. Mr. Ford told the committee that, as directed, RBC had reallocated some invested funds from bonds to stocks over the past six months. He indicated that the expected devaluation of bonds due to rising Fed rates was less likely and that one or two rate changes in 2016 would be small and would not affect bond values.

Mr. Loderick expressed some concern on the quality of some Corporate bond investments. He suggested the Board work with RBC to improve composition.

Mr. Monk reported on the Company's Defined Benefit program. He noted that the plan had completed its transition to management by Wells Fargo. Composition of the plan is 70 percent fixed assets and 30 percent equities. The plan has \$9.4 million in assets as of January 15, 2016. A scheduled contribution of \$110,000 into the plan in January did not need to be made; it is possible the Company will not need to make its scheduled April contribution. Regarding the Defined Contribution Plan, Mr. Monk indicated that management's long-term goal is to increase the match from 37.5 cents on the dollar to \$1 for \$1 contributed.

With regard to the Capital Campaign, Mr. Monk indicated that pledges had been received in excess of \$2 million. More than enough money was pledged to support the acquisition of the new television remote truck, but one more major appeal is scheduled. He said the Company would consider borrowing to buy the truck based on pledged capital contributions, noting that it could be a long wait if the purchase was not made until after all pledges were paid.

Mr. Monk reported that MHZ had formed a Limited Liability Corporation and that management and the Board would stay aware of the situation to determine what effects, if any, might be faced by CPBC.

Mr. Dankner told the Board that the FY 2015 Financial Statements had received a clean audit. Auditors had one comment related to internal controls on contributions to the Capital Campaign. That issue was resolved with the auditors.

Acceptance of the Audit was moved by the Committee. As a motion from committee, it required no second. The motion passed unanimously.

Mr. Dankner also noted that the Company had been audited by the Corporation for Public Broadcasting. CPB regularly performs random audits on stations receiving grants. In last year's audit, it found that CPBC had overstated some income – specifically related to MHZ activities, barter documentation, and statewide underwriting contracts. He said that \$29,000 overpaid by CPB to the Company in a previous year would be removed from this year's grant.

Mr. Bisceglia asked for an update on the Company's PCI compliance. Mr. Monk indicated that a report would be prepared for the next Board meeting.

Mr. Dick Crawford joined the meeting by telephone.

Executive Session

At 12:52, 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 12:52.

At 1:56, the Board returned to open session with a declaration from the Chair that no business was conducted during the executive session.

Mr. Stansbury moved and Mr. Rhoades seconded a motion to authorize Mr. Stansbury, Mr. Bisceglia, and Mr. Monk to carry out actions sanctioned by the Board in Executive Session. The motion passed unanimously.

Ms. Blue moved and Mr. Stansbury seconded a motion to approve the Bylaws and Articles of Incorporation for the Foundation for Virginia Public Media. The motion passed unanimously.

Mrs. Martin requested a copy of the organizational chart for the Corporation. Mr. Monk indicated that the document would be provided directly.

It was noted that the next meeting of the Board would be on April 21, 2016.

The Board meeting adjourned at 2:00 PM.

Respectfully submitted,

William N. Miller
Secretary to the Board
February 8, 2016