MINUTES
PUBLIC SESSION
BOARD OF DIRECTORS
CORPORATION FOR PUBLIC BROADCASTING
WASHINGTON, D.C.
Monday, September 23 – Tuesday, September 24, 2019

The board meeting took place at the National Academy of Sciences (2101 Constitution Ave NW).

Call to Order

Chair Ramer called to order the public session of the Board of Directors at 9:30 am Eastern Time. The following directors participated:

Bruce M. Ramer, Chair;
Patty Cahill, Vice Chair
Ruby Calvert;
Judith Davenport;
Miriam Hellreich;
Robert Mandell;
Laura G. Ross; and
Liz Sembler.

The following officers and staff were in attendance:

Patricia Harrison, President and Chief Executive Officer;
Michael Levy, Executive Vice President and Chief Operating Officer;
Teresa Safon, Senior Vice President, Chief of Staff and Corporate Secretary;
West Smithers, Senior Vice President and General Counsel;
Bill Tayman, Chief Financial Officer and Treasurer;
Stephanie Aaronson, Senior Vice President, Engagement
Anne Brachman, Senior Vice President, Government Affairs;
Ted Krichels, Senior Vice President, System Development and Media Strategy;
Kathy Merritt, Senior Vice President, Journalism and Radio;
Maja Mrkoci, Senior Vice President, TV Content and Innovation;
Deb Sanchez, Senior Vice President, Education and Children's Content Operations; and
Sarah Kildall, Board Affairs Manager.

The following guests were also in attendance:

Jon Abbott, President and CEO, WGBH;
Tom Hjelm, Chief Digital Officer, NPR;
Phil Hoffman, Executive Director and General Manager, WUCF;
Bob Kempf, Vice President for Digital Services, WGBH;
Paula Kerger, President and CEO, PBS;
Kerry Lenahan, Vice President of Product, NPR;
Becky Magura, President and CEO, WCTE;
Loren Mayor, President, Operations, NPR;
Scott Nourse, Vice President, Product Development, PBS;
Tim Olson, Senior Vice President, Strategic Digital Partnerships, KQED; and
Ira Rubenstein, Chief Marketing and Digital Officer, PBS.

Adoption of Agenda and Determination of Closed Status

Chair Ramer called for a motion to adopt the agenda as presented and close the meeting for agenda items 5, 11, 12 and 15. Upon motion duly made and seconded, the agenda was unanimously adopted as presented.

Invitation to Disclose Conflicts of Interest

In accordance with the CPB Code of Ethics for Directors, Chair Ramer invited directors to disclose possible conflicts of interests regarding the meeting agenda. There were none.

Approval of Minutes

Chair Ramer called for a motion to approve the minutes of the public session of August 22, 2019. Upon motion duly made and seconded, the minutes were approved as presented.

Chair's and Directors' Remarks

Chair Ramer welcomed the Board, CPB staff members and public media colleagues.

Resolution of Condolence for Cokie Roberts

Vice Chair Cahill presented the resolution of condolence for the family and friends of the late Cokie Roberts, award-winning journalist, commentator and public media champion. Upon motion duly made and seconded, the resolution was approved

Election of Chair and Vice Chair

Chair Ramer thanked Vice Chair Cahill, the Board and CPB management for their dedication, support, and thorough handling of the many issues that come before CPB.

Mr. Mandell nominated Chair Ramer to serve again as chair, which was seconded by members of the Board. Hearing no other nominations, Chair Ramer called for a motion to close the floor to nominations for chair. Upon motion made and seconded, the Board voted unanimously to close the floor to further nominations. Chair Ramer called for a motion to suspend the usual procedures for election of the chair and vote by general consent. Upon motion made and seconded, the Board voted unanimously to suspend the standard procedures and re-elect Chair Ramer by acclamation as chair of the Board.

Ms. Davenport nominated Ms. Cahill for the position of vice chair. Hearing no other nominations, Chair Ramer called for a motion to close the floor to nominations for vice chair and vote by general consent. Upon motion made and seconded, the Board voted unanimously to close the floor to nominations and re-elected Ms. Cahill to serve as vice chair.

President's Report

Ms. Harrison congratulated Chair Ramer and Vice Chair Cahill on their re-elections. Ms. Harrison also offered condolences to the family and friends of the late Cokie Roberts.

Ms. Harrison reported that Greg Schnirring, CPB vice president of CSG and station initiatives, has announced his intention to retire and thanked Mr. Schnirring for his years of service.

Ms. Harrison reported on the status of CPB's appropriation. The Senate Labor-H Subcommittee postponed the mark-up of its Labor-H bill, which funds CPB, however, the previous week it released language providing level funding for CPB, interconnection and Ready To Learn. In addition, the House passed a continuing resolution (CR) to fund the government until November 21; the Senate is expected to pass a CR this week.

Ms. Harrison reported that CPB's base appropriation of $445 million for FY 2020 is already in law as a result of the two-year advance appropriation. Under the CR, CPB will receive a prorated appropriation for interconnection. Ready To Learn funding will not be affected since funding is not received until the end of the fiscal year.

Ms. Harrison thanked PBS President and CEO Paula Kerger, NPR President of Operations Loren Mayor and general managers for affirming the importance of public media's collaborative partnership to ensure a successful digital future for public media, and for participating in the TV CSG policy review.

Ms. Sembler asked if the Senate will ever approve the $495 million budget request for CPB if there are multiple cycles of CRs. Ms. Brachman reported that the hope is for the House and Senate to conference their two Labor-H bills, but the fear is that they will not act and will pass a year-long CR, which would keep CPB level-funded. The $495 million budget request would be pushed to the next funding cycle.

<u>Executive Session</u>

At 9:53 am Eastern Time, Chair Ramer closed the meeting for an executive session.

[The minutes for these discussions are contained in the executive session record of September 23-24, 2019.]

<u>Public Session</u>

Public session resumed at 1:48 pm Eastern Time.

<u>Update from Dave Isay, President and Founder of StoryCorps</u>

Chair Ramer introduced Dave Isay, founder and president of StoryCorps. Mr. Isay discussed the importance of sharing stories, especially in today's culture of contempt, and StoryCorps' mission to record and share stories to build connections between people and create a more just and compassionate world. StoryCorps has recorded over 500,000 people, and all recordings are archived at the U.S. Library of Congress. StoryCorps audio and animated segments have been featured on NPR, StoryCorps' digital and social channels, and PBS stations.

Mr. Isay reported on StoryCorps' initiative One Small Step, which launched in 2018 with CPB support. This initiative explores what happens when you two people who have very different perspectives are brought together for a non-political conversation.

Mr. Isay reported on the positive impact of One Small Step and noted it has helped people feel more connected and more positive about America today. Mr. Isay played several StoryCorps clips and a compilation of his television appearances on conservative media outlets. He reported that since those broadcasts, StoryCorps had opened experimental One Small Step hubs with NPR stations in six cities nationwide. Starting in 2020, StoryCorps will scale One Small Step and focus on bringing mobile recording booths, community kiosks and partnerships, to additional cities in partnership with public broadcasting stations. StoryCorps is also working on a national ad campaign as well as the StoryCorps app, which allows individuals to record and upload sessions on their own.

Chair Ramer commended Mr. Isay on his work and asked how StoryCorps will choose the cities to focus on in the coming years. Mr. Isay reported the they are focusing on cities that do not know about StoryCorps, for example cities in the South and in the Appalachian region. Ms. Sembler asked if there are any other organizations competing in this space – showcasing these conversations. Mr. Isay reported that StoryCorp is the only organization that is focusing on non-political conversations. Ms. Calvert asked about access to StoryCorp stories. Mr. Isay reported that they are working to make their entire database completely public and have the transcripts available.

At 2:30 pm Eastern Time Chair Ramer called for a break.

The meeting resumed at 2:35 pm Eastern Time.

TV Community Service Grant Policy Review Recommendations

Chair Ramer welcomed the following presenters from CPB and the public media system to report on the recent TV Community Service Grant (CSG) policy review and recommendations: Ted Krichels, CPB's senior vice president of system development and media strategies; Greg Schnirring, vice president of CSG and station initiatives; Kate Arno, director, TV CSG policy and review; Jon Abbott, president and CEO, WGBH; Phil Hoffman, executive director and general manager, WUCF; and Becky Magura, president and CEO, WCTE.

Mr. Krichels reported that the Public Broadcasting Act requires CPB to conduct periodic reviews of the CSG policy in consultation with representatives of the public broadcasting system. In 2017, CPB management informed the Board of its concerns about the widening revenue gap between larger and smaller stations and its impact on the CSG program and was thus instructed by the Board to undertake a comprehensive review of both the radio and television CSG programs. The television review panel first met in January 2019 and over the course of eight months, held five work sessions (online and in-person) that resulted in a set of six recommendations. The panel recommendations were reviewed by CPB management who have prepared a set of seven final recommendations for the Board's review.

Mr. Krichels reported on the CSG review process, the statutorily mandated funding allocations, and the three components of the TV CSG awards: the base grant, the incentive grants, and the supplemental grants. He also reported on the three objectives of the TV CSG Policy Review: 1) assess the CSG calculation; 2) review the minimum non-federal funding support (NFFS) requirement; and 3) review indirect administrative support reported by institutional licensees as NFFS.

Ms. Arno reported that the goal of the CSG policy review was to ensure that policy objectives were being met in today's rapidly changing environment. Mr. Krichels, along with Ms. Arno and Mr. Schnirring reported on each recommendation.

Recommendation 1, calculating the base grant as 0.12 percent of the appropriation instead of 0.11 percent, increases the base grant by $44,500 from $489,500 to $534,000, based on CPB's current appropriation of $445 million. Increasing the base grant provides a significant boost to smaller budget stations that rely more on their base grant than their NFFS-driven incentive grant for support. The review panel included this proposal in its recommendations to CPB management and felt strongly that an increase in the base grant was needed. Recommendations 2 and 3 addressed the distribution of incentive grant funds. Ms. Arno reviewed the proposed tiering of NFFS to calculate the incentive grant in Recommendation 2.

CPB currently matches 100 percent of each station's NFFS by approximately 12 cents. With a tiered system, however, CPB would match varying percentages of NFFS in three tiers – Tier 1 would match 100 percent of NFFS up to $3 million; Tier 2 would match 92.5 percent of NFFS more than $3 million but less than $20 million; and Tier 3 would match 95 percent of NFFS of $25 million or more. The objective of tiering is to shift more funds to smaller stations and help ensure that when grantees increase their NFFS, they will see a corresponding increase in their incentive grants.

Mr. Krichels explained that another incentive grant calculation mechanism is necessary because the NFFS tiering in Recommendation 2, alone, will not stop the distribution disparity of incentive grant funds if the largest grantees' collective NFFS continues to grow at a rate that far exceeds other grantees. Recommendation 3 adds a mechanism to the calculation of grants for grantees that report more than $20 million in NFFS to limit their year-over-year NFFS increase to a percentage no greater than the system's average year-over-year NFFS increase. He then showed how the first three recommendations and increased support to smaller stations.

Ms. Magura reported on the importance of an increased base grant for smaller grantees and noted the difficulties in sustaining a station with an overall budget of less than $3 million. Mr. Abbott affirmed the proposed grant policy changes, noting that better distribution of funds and incentives that reaches all stations and communities is important for a strong public media system.

Ms. Sembler asked about the impact of the proposed policy changes on incentive grants. Mr. Abbott reported that NFFS revenues come from sources that affect all television stations, so the proposed policy is making a change that works for large stations like WGBH and small stations like WCTE. Mr. Hoffman said that with the existing policy, small stations can increase their NFFS but have a decrease in their incentive grant, which is evidence that something needed to change. Ms. Calvert asked about NFFS and PBS dues. Mr. Krichels reported that dues are based on three factors, including NFFS, and that CPB and PBS policies are developed independently.

Ms. Arno reported on Recommendation 4 regarding the minimum NFFS eligibility requirement, which is currently $800,000. Ms. Davenport asked how many grantees are failing to meet this threshold. Ms. Arno reported only four grantees do not meet this requirement – three have taken steps to meet it and the fourth is the system's smallest station and provides the sole television service (public or commercial) to its rural Alaska community. The purpose of the minimum NFFS requirement is to support universal service by establishing a threshold that ensures all grantees are financially viable and do not depend solely on funds from CPB. Until now, if a grantee did not meet the minimum, it either received a waiver while it worked to meet the minimum or was disqualified from the CSG program. The proposed policy retains the minimum NFFS requirement of $800,000, gives grantees two ways to meet the minimum, and introduces factors to consider before disqualifying a grantee that does not meet the minimum. In addition to a three-year NFFS average (the current option), grantees could also meet the requirement with a single year NFFS. If a grantee does not meet the minimum, CPB will determine if 1) the grantee is financially viable, and 2) whether it provides the only public television service to most of its coverage area population. If these criteria are not met, the grantee is ineligible for a CSG, and CPB will work to find a way to ensure continued service to the community.

In presenting Recommendation 5, Ms. Arno reported on the panel's examination of indirect administrative support (IAS) that is reported as NFFS by institutional licensees. Institutional licensees often provide their stations some portion of general and administrative services and facility costs that cannot be readily identified nor directly charged – such as grants or payroll administration and facilities maintenance. The value of these services and facility costs may be reported as NFFS, using one of three CPB-approved methods to calculate IAS. Ms. Arno noted that through a series of station audits, CPB's Office of Inspector General recommended CPB improve the reporting of IAS. Both the panel and CPB staff recommended a new, simpler method that will help ensure accuracy and reduce the time grantees need to calculate IAS. Mr. Hoffman reported on the importance of the system agreeing on this issue and expressed gratitude that CPB is helping stations transition to the new reporting method.

Mr. Krichels reported on Recommendation 6 regarding base grants for grantees that merge. In the currently policy, the merged entity receives base grants that were provided at pre-merger levels for at least four years, with CPB having the option to extend this period. The panel recommended extending and limiting the period to ten years, including a three-year phase out. However, after its review, CPB management's recommendation was to leave the current post-merger base grant policy in place for one year while it researches the optimal amount of time merged entities need the support of base grants at pre-merger levels. Management will report back to the Board with its findings and recommendations.

Ms. Magura reported that her station participates in collaborations like a joint master control and while it has not been part of a merger, it is important to think about the needs and liabilities of small stations that want to merge. Mr. Abbott said an important consideration is the structural and cultural incentives that could shape a merger. He reported that the panel extensively discussed the ten-year phase out because in today's culture of change, a substantial period is needed for two stations to come together. Discussion ensued about specific geographic mergers and the potential for public media stations to merge with commercial stations.

Mr. Krichels reported on the seventh and final recommendation that would continue to fund a modified Healthy Network Initiative grant program (Initiative). CPB currently reserves $5 million of CSG funds for the Initiative's two programs, the One Executive Management program and the Joint Master Control program. The proposed policy change will return $4 million of the $5 million currently funding the Initiative to the incentive grant pool (thus increasing support for the incentive grant changes in recommendations 2 and 3). It would also discontinue the Initiative's two current programs by the end of FY 2020. Beginning in FY 2021, the Initiative would be funded with $1 million annually to support grantees that are developing and using data to better understand, engage, and serve their members and audiences. Mr. Krichels reported that mergers and consolidations – now supported by the One Executive Management program – are also supported with CPB's system support funds. Messrs. Krichels and Schnirring reported there has been a decline in the number of grantees applying for the Joint Master Control program. CPB management's recommendation expands the panel's recommendation that Initiative funds be concentrated on improvements to grantees' fundraising practices. Discussion ensued regarding six-percent grant funds provided to grantees that merge or consolidate, as well as CSG funds used for data analytics.

Following discussion, Chair Ramer called for a motion to approved CPB management's recommended changes to TV CSG policy as presented in management's report to the Board and the enclosed resolution. Upon motion, duly made and seconded, the resolution was approved as presented.

Mr. Abbott thanked the CPB Board and staff for their support. He reported that the panel had an interest in a study group of grantees who would pool their experiences and perspectives to help identify systemwide issues and find common ground. Chair Ramer and Vice Chair Cahill thanked Mr. Abbott for his suggestion, as well as all of the speakers for their thorough presentation.

Review of Conflict of Interests Disclosure Form and Code of Ethics

Mr. Smithers reported that each year, board members are required to review CPB's Conflict of Interests Policy and Code of Ethics; disclose any possible personal, familial, household, business or fiduciary relationship that reasonably could give rise to a conflict of interests or the appearance of a conflict of interests; and acknowledge by his or her signature that he or she is acting in accordance with such policy. Mr. Smithers reviewed the fiduciary duties of the Board, noting that the duty of loyalty means putting the interests of the Corporation before personal interests.

Mr. Smithers reported that the Board has been provided with a conflict of interest disclosure form under separate cover and requested that the forms be completed.

Adjournment

By common consent, the meeting adjourned for the day at 4:18 pm Eastern Time.

Public Session

Public session resumed on Tuesday, September 24, at 9:39 am Eastern Time.

Review and Approval of CPB's Proposed FY 2020 Operating Budget

Mr. Tayman reported on CPB's proposed FY 2020 Operating Budget, which includes the base appropriation of $445 million plus projected interest income of $4 million. Not included in the proposed operating budget are $20 million that CPB requested for interconnection, Ready To Learn grant funds from the U.S. Department of Education, and unspent funds from FY 2019. Fiscal Year 2020 is the ninth consecutive year that CPB's advance appropriation has been approved at $445 million.

Mr. Tayman reported on the "money tree" provided in the Board materials. He noted the cap on CPB Operations (5%) at $22.25 million, as well as the 75/25 television/radio division of funds, are both mandated by the Public Broadcasting Act. He reported on system support funds, including music royalties, interconnection, research and development and the National Multicultural Alliance (formerly the Minority Consortia), which make up $18.2 million of the $26.7 million allotted. Mr. Tayman further reported on the breakdown of television and radio funds – $297 million for television and $99 million for radio – which include direct grants as well as programming costs, and noted that CPB earned $6.4 million in interest income by the end of August. Mr. Tayman also reported that the FY 2020 interconnection appropriation could be affected if there is a CR that funds the government through November 21.

Chair Ramer suggested that the Audit and Finance Committee, under the chairmanship of Ms. Sembler, take time at a future meeting to review CPB's investment policy.

Resolution Approving FY 2020 Operating Budget

Following discussion, Chair Ramer called for a motion to approve the resolution in the materials regarding the FY 2020 operating budget. Upon motion duly made and seconded, the resolution was approved unanimously.

Review of Business Plan

Mr. Levy reported that CPB's FY 2020-2023 business plan is guided by the Board's Goals and Objectives, strategic priorities, and the three Ds: Digital; Diversity; and Dialogue. CPB's business plan provides the framework for CPB to adapt to multi-year challenges and continuous changes to the media landscape.

Mr. Levy reported on public media's strengths: a public-private funding model; universal access and coverage; trust; and compelling content. The public broadcasting interconnection system and the ongoing digital infrastructure discussions are two examples of strengths. Mr. Levy also noted that public media has challenges that have been worsened by level funding these past ten years. Public media has also worked to overcome challenges. For example, television and radio organizations are working together more under CPB's digital initiatives, public media has become more adept using distribution platforms, and it is focusing more on diversity.

Ms. Harrison noted that CPB remains true to its mission in the face of these challenges. The three Ds serve as a reminder of CPB's priorities, and CPB-supported projects and initiatives are tackling local and national issues and helping public media stay relevant in a diverse America.

At 10:23 am Eastern Time Chair Ramer called for a 10-minute break.

The meeting resumed at 10:33 am Eastern Time in executive session.

Public Session

Public Session resumed at 12:43 pm Eastern Time.

Future Agenda Items

Chair Ramer asked that any suggestions for future agenda items be sent to Vice Chair Cahill, Ms. Safon and himself.

Calendar Year 2020 Meeting Dates

Chair Ramer invited discussion regarding board meeting dates and locations for the 2020 calendar year.

Resolution

Following discussion and upon motion made, seconded, and carried, the following schedule was adopted unanimously:

- February 27 (Telephonic)
- April 27-28 (Washington, D.C.)

Mses. Safon and Kildall were asked to provide alternative meeting dates for the remainder of 2020.

At 1:04 pm Eastern time, the meeting broke for lunch and resumed in executive session at 1:45 pm Eastern Time.