

**MINUTES
PUBLIC SESSION
BOARD OF DIRECTORS
CORPORATION FOR PUBLIC BROADCASTING
NEW ORLEANS, LOUISIANA
Monday, May 7, 2018**

Call to Order

Chair Gilbert called to order the public session of the Board of Directors at 12:00 pm Central Time. The following directors participated:

Lori Gilbert, Chair;
Bruce Ramer, Vice Chair;
Patty Cahill;
Judith Davenport; and
Liz Sembler.

Howard Husock was absent.

The following officers and staff were also in attendance:

Patricia Harrison, President and Chief Executive Officer;
Steve Altman, Executive Vice President and Chief Policy and Business Affairs Officer;
Michael Levy, Executive Vice President and Chief Operating Officer;
Teresa Safon, Chief of Staff and Corporate Secretary;
West Smithers, Senior Vice President and General Counsel;
Bill Tayman, Chief Financial Officer and Treasurer;
Anne Brachman, Senior Vice President, Government Affairs;
Tish King, Senior Vice President, Communications;
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;
Erika Pulley-Hayes, Vice President, Radio;
Greg Schnirring, Vice President, CSG and Station Initiatives; and
Sarah Kildall, Board Affairs Manager.

Adoption of Agenda and Determination of Closed Status

Chair Gilbert called for a motion to adopt the agenda and close the meeting for agenda items 7 and 8. Upon motion duly made and seconded, the agenda was adopted as presented. *(5 in favor, 1 absent)*

Invitation to Disclose Conflicts of Interest

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

Approval of Minutes

Chair Gilbert called for a motion to approve the minutes of March 2, 2018. Upon motion duly made and seconded, the minutes were approved as presented. *(5 in favor, 1 absent)*

Chair's and Directors' Remarks

Resolution of Condolence for the Family of Chalmers Marquis

Chair Gilbert presented a resolution of condolence for the family and friends of Chalmers "Chuck" Marquis, who worked in support of the Public Broadcasting Act of 1967. Upon motion duly made and seconded, the resolution was approved. *(5 in favor, 1 absent)*

Resolution of Condolence for the Family of Lawrence Grossman

Chair Gilbert presented a second resolution of condolence for the family and friends of Lawrence K Grossman, former president of PBS. Upon motion duly made and seconded, the resolution was approved. *(5 in favor, 1 absent)*

Resolution of Appreciation for Malcolm Brett

Chair Gilbert presented a resolution of appreciation for director of Broadcast and Media Innovations of University of Wisconsin Extension, Malcolm Brett, who worked many years on important public media initiatives. Mr. Brett will retire in July. Upon motion duly made and seconded, the resolution was approved. *(5 in favor, 1 absent)*

President's Report

Ms. Harrison reported that on April 25, the Senate Commerce Committee voted in favor of the nominations of Rubydee Calvert and Laura Gore Ross to the CPB Board. The nominations are now ready for consideration on the Senate floor.

Ms. Harrison reported on the status of CPB's appropriation, noting that Congress provided full support for CPB's FY 2018 appropriation request.

Ms. Harrison reported that on April 25, PBS SoCal and KCET announced the two stations had agreed to merge to better focus on service to their communities, building capacity and exploring various means of collaborating finances and audiences. Ms. Harrison noted that CPB support contributed to this outcome as did the guidance of Mr. Ramer, who had served many years on KCET board and encouraged the stations to work together toward this end goal.

Ms. Harrison reported on the GM Planning Meeting, where she and PBS President and CEO Paula Kerger; and NPR President and CEO Jarl Mohn, held a panel discussion focused on leadership, culture, and issues affecting the future of public media. Ms. Harrison reported her remarks focused on the many ways CPB's three Ds and Goals and Objectives continue to help public media to be forward-leaning, by encouraging and supporting a culture of innovation, engagement and inclusion.

Ms. Harrison reported on CPB's upcoming participation at the PBS Annual Meeting, which this year has the highest attendance ever. CPB will host a lunch session "Public Media: Understanding America's Past and Imagining Its Future," on May 8, marking the 50th anniversary of the Public Broadcasting Act with a look at public media's past, mission and future. The session will feature Mark Updegrave, president and CEO of the LBJ Foundation, who will speak about the establishment of the Act, and the multi-award-winning actress and

singer Rita Moreno, who will speak about her time on the groundbreaking public television program “The Electric Company” and the value of public media. CPB will also announce the establishment of the Jacquie Jones Memorial Scholarship Fund, in honor of documentary filmmaker and public media colleague Jacquie Jones, to help aspiring diverse filmmakers produce public media content.

Legislative Update

Ms. Brachman reported that CPB earned Congress’ full support of funding in the FY 2018 omnibus. On May 4, the White House announced plans to submit a request to Congress to trim \$11 billion from unspent funds left over from prior fiscal years. The proposed rescission package is expected to be the first of several over the coming months. While a rescission request is pending before Congress, funds subject to a rescission are essentially frozen until Congress acts or until 45 legislative days expire. CPB will closely monitor rescission packages to assess if or how it would affect CPB and public media.

Ms. Brachman reported that the previous week, the government affairs teams from the national organizations met with House and Senate Labor-H appropriations committee staff to discuss CPB’s FY 2019 budget justification. The meetings provided an opportunity to showcase public media’s valuable contributions in education, journalism, and emergency response, and discuss how a \$10 million requested increase would benefit the public media system. Conversations with committee staff were positive, but CPB will not know the outcome until the committees’ markups, which are scheduled for late June.

Ms. Brachman reported that CPB announced the recipients of American Graduate and Veterans Coming Home grants to congressional offices. These grants, respectively, will support local stations’ community engagement efforts focused on workforce skills and veterans’ issues. Several members of Congress contacted their local station and offered congratulations.

CPB is currently working with APTS, PBS, NPR and the Congressional Public Broadcasting Caucus to host an educational briefing in early July on public media’s content and service for veterans.

Ms. Brachman reported that she will report to the Board at the July meeting on CPB’s FY 2020/2022 budget request to the Office of Budget and Management (OMB), and noted that the request is due in September.

Chair Gilbert thanked Ms. Brachman for her report.

Update on Radio CSG Review

Ms. Merritt provided an overview of the public radio system, noting that 408 radio CSG grantees operate 1,162 stations across the continental U.S., Alaska, Hawaii, and the territories of Puerto Rico and Guam. Public radio audience listenership is at an all-time high of 36 million listeners per week.

Ms. Merritt reported on NPR’s role in providing content. NPR does not have common carriage requirement like PBS, therefore public radio program schedules vary from station to station. Public Radio International (PRI) and American Public Media (APM) also provide content to stations, and many music and news stations produce their own content. Many public radio stations are not NPR member stations. Each station chooses its format – news, music or both – and how best to serve its local audience.

Ms. Merritt reviewed the financial landscape of radio CSG grantees, noting that the overall trend is positive. In 2016, radio CSG stations raised \$1.22 billion. As in public television, large radio stations are experiencing greater success in generating revenue, while small station revenue growth remains flat or is decreasing. This trend will be considered carefully during the CSG review process. Ms. Merritt reported that another issue to be studied during the CSG review process is whether specific types of revenue are decreasing, and if so, whether it is a general experience or station subgroup experience.

Ms. Merritt reported on the diversity of public radio CSG grantees, noting they differ by formats, licensee type (university, community, state and municipal), minority status, and size. This includes 78 joint licensees. The radio CSG review panel plans to look at these different factors and consider station location, budget size, and format before offering recommendations to the CSG policy. Mr. Ramer suggested getting a better understanding of which station formats perform better financially.

Ms. Merritt reviewed the statutory formula for distribution of radio funds. CSG funds are allocated by formula and spent by the grantees as they best see fit to serve local audiences. CPB has no discretion over CSG funds. Unrestricted CSG funds (70 percent) are funds that can be used across broad categories of station operations. Restricted CSG funds (30 percent) are defined by the Act and are to be used solely for acquiring or producing programming that is distributed nationally. The total combined radio CSG funds for FY 2018 is \$92,081,625.

Ms. Merritt reported that the Public Broadcasting Act also calls for every eligible licensee to receive a basic grant and set incentives for generating other sources of revenue by factoring non-federal financial support (NFFS) in grant awards.

Ms. Merritt reported on the levels of grantees, which are also framed by the Public Broadcasting Act: Level A – Sole Service; Level B – Smaller; Level C – Larger Rural; and Level D – Larger. Level A – Sole Service has the least number of grantees, while Level D – Larger has the most. Each level receives a certain basic grant amount and must meet varying NFFS amounts and staff numbers.

Ms. Merritt reported on the three designations – rural, minority, and rural/minority – that are also a factor in grant calculations. Rural is defined as, “a grantee having a coverage area population density of less than or equal to 40 people per square kilometer.” The minority designation is based on having a majority minority audience or being licensed to an historically black college or university (HBCU) or a Native American tribe or tribal authority. Those stations that are both rural and minority grantees receive special consideration as their CSGs are calculated. Ms. Merritt reviewed the financial considerations for each designation and gave examples of stations in each category of CSG grantee.

Ms. Sembler asked about the NPR formula for programming costs, whether it is similar to how PBS’s dues are based on a station’s CSG. Ms. Merritt reported that NPR dues are more complicated as stations pay multiple entities. NPR is currently re-evaluating its pricing and has a pricing schedule that includes reduced costs for remote stations.

Mr. Ramer asked what CPB does if a CSG grantee is in a financially precarious position, does the station contact CPB or vice-versa, and does CPB have a support fund for stations that are in financial jeopardy. Ms. Merritt reported that CPB looks at each case carefully before disqualifying a station from the CSG program. The entity to initiate contact has varied in the

past, some stations have contacted CPB and CPB has contacted stations. CPB has an early warning system built into the CSG program so stations that are not meeting the criteria are given notice to correct course or seek assistance.

Ms. Pulley-Hayes reported that although CPB no longer has a special fund for stations in financial distress, there is an informal practice of stations sharing their expertise and other resources with struggling stations. She reported on her visit in 2017 to KBBG (Waterloo, Iowa), a station that was struggling to meet the CSG requirements, to assess the situation and to explore avenues of assistance including potential cooperation with Iowa Public Radio, a statewide network. Ms. Cahill gave another example of reporters from her former radio station in Kansas City going to New Orleans after Hurricane Katrina to help the New Orleans public radio station resume operations.

Ms. Merritt reported on the next steps of the CSG review process. CPB has a Request for Proposals (RFP) out for a data and policy analyst who will examine identified issues including the station revenue gap, adequate multipliers for rural and minority stations, and overall support for promoting healthy stations. CPB will also conduct a series of online focus groups with public radio station leaders. In the fall, CPB will convene system consultation panel meetings. The Board will be updated further at the October board meeting.

Future Agenda Items

Chair Gilbert asked that board members send suggestions for future agenda items to Ms. Safon or herself.

Chair Gilbert called for a break at 1:20 pm Central Time.

The meeting resumed at 1:30 pm Central Time in executive session.

Executive Session

At 1:30 pm Central Time, Chair Gilbert closed the meeting for an executive session. The meeting adjourned in executive session.

[The minutes for these discussions are contained in the executive session record of May 7, 2018.]

Certified by Teresa Safon, Senior Vice President, Chief of Staff and Corporate Secretary on July 26, 2018.