

Friends of Yellowstone Public Radio

Board Meeting

KEMC Studios, Billings, MT 59101/Conference Call

April 28, 2020

Board Members in attendance (via phone):

Melissa Boehm
David Craig
JoAnn Eder
Susan Foster
Malcom Goodrich
Doxey Hatch
Chuck Hingle
Mary McNally
Marilynn Miller
Scott Mitchell
Anita Pagliaro
Amber Parish
Barbara Sample
Barb Shafer
Curt Starr
Ashley Warren

Absent:

N/A

Staff:

Ken Siebert
Jamie Granzella

MSU:

Maureen Brakke

Guest:

Pat Angland, US Bank

The Board meeting was called to order at 5:00pm.

Secretary's Report

Upon motion and seconded it was unanimously **RESOLVED** that the Board approves the January 28, 2020 meeting minutes.

University Update

The board was notified via email that Ken Siebert has been named the Station Manager for Yellowstone Public Radio.

The Board will begin receiving weekly University updates via email from the Chancellor, with the first email arriving this Friday. Ms. Brakke provided some highlights of recent University activities:

- The new Vice Chancellor for Administration and Finance completed an in-depth financial audit of the University's budget. MSU-Billings has accumulated a \$2.7M budget deficit due to a culmination of issues stemming back to 2016. In response, the University Executive Budget Committee was created to work on this budget and next year's budget and moving forward, will work with the Chancellor to create a University Advisory Budget Committee.
- An article was published in the Billings Gazette indicating the University has cut academic programs. This decision was part of a strategic program alignment. At the beginning of the inquiry the University had 254 academic programs. Comparatively, similar institutions have 85 academic programs. Eliminated programs had low enrollment or low completion among students. A faculty and strategic program alignment committee worked together to identify the programs that would be cut. Programs will be phased out over time. Most of the initiative has been completed.
- The Back to Business Task Force has been newly created to devise safe, careful, and strategic ways to bring staff and students back to campus considering the pandemic.

Station Update

Mr. Siebert praised the staff given the challenges they've faced due to the pandemic. The station has utilized staggered shifts and focused on only bringing in essential personnel and there has been little to no difference in the sound of YPR on a day to day basis.

Currently, there is a hiring moratorium on campus. With the assistance of the Chancellor and the Director of Human Resources, YPR has been able to fill an open position and continue with the hiring process for Report for America. Olivia Reingold, the previous tribal affairs reporter who worked for Report for America, has been replaced by Kaitlyn Nicholas. Kevin Trevellyan was also selected by Report for America to be the legislative reporter in Helena. Both will be starting in May.

Mr. Siebert also discussed the shift in development efforts to using Community Development Partners (CDP)/Member Services Bureau. The business manager and development director have been instrumental in making this change happen. CDP will take on mailings for YPR giving staff the opportunity to cultivate a major donor strategy and campaign.

Obviously, the spring fundraiser had to be postponed however, as of today we have an estimated \$134,000 (100% fulfilled) of the \$250,000 goal. The hope is to be on air in mid to late June. Underwriting revenues have taken a hit. YPR will be receiving emergency stimulus funds from

Corporation for Public Broadcasting in the amount of \$112,000. The safety of on air fundraising is still being determined. Once a date is set the board challenge will be established.

The board asked about best strategies for fundraising given the circumstances. Mr. Siebert commented that we're not seeing as many new contributors, as the on air campaign usually helps with this. Depending on when and how the June fundraiser proceeds will affect the fall fundraiser. Regarding board matches, donations need to be carefully documented to make sure they are applied appropriately. Mr. Siebert requested that board members hold off on sending in board matches until it can be ensured they're properly documented.

Committee Reports

Nominating Committee

The terms are expiring for a few of our members including Marilyn Miller, Melissa Boehm, and David Craig. Barb Shafter will stay on as permanent, ex-officio according to the Bylaws. Ms. Parish is completing her term as president and will stay on the board for one additional year as past president. We are looking for new members to fill those positions that are opening and we are looking to fill the officer position of Vice President of the Board, which will be voted on at the July meeting. Malcom Goodrich has agreed to serve another term as the Treasurer and Ashley Warren has agreed to serve another term as the Secretary. Barb Sample will serve as the President.

It was acknowledged that we do not have a board member diversity policy at this time.

Finance, Investment & Audit Committee

Mr. Goodrich gave account balances as of the date of the finance committee:

- First Interstate checking: \$169,893.19
- First Interstate savings: \$120,004.25
- Endowment account: \$1,259,510.00
- Board Directed account: \$339,740.00

The committee was pleasantly surprised by the resilience of the accounts (as they expected the balances to be worse).

The finance committee met last week and heard from Mr. Seibert that there will be some money requirements for the station for the remainder of the fiscal year (through June 30). The station will require \$120,000 to account for funding shortfalls, which will primarily be used for salaries. The committee decided to assess how this could be achieved. Options included:

- *Board directed funds*: the board can make determinations as to redirecting funds to the station account, which doesn't have a limit other than the prudence of the board.
 - The Board directed account currently has \$27,000 in cash.

- *Endowment account*: has a maximum distribution of up to 4.5% of the account balance based on the preceding 12-month average. Approximately, this would be \$53,000.
 - The Endowment account currently has \$122,000 in cash.

After email communication with Pat Angeland, it was determined it would be better to take cash out of these accounts than liquidate assets, if for no other reason than we have to pay a commission to do that, and we may have to pay a penalty. In this case, \$53,000 would go from the Endowment into the directed account, which already has \$27,000 which totals \$80,000. While this is not exact, we're still short approximately \$37 – \$40,000 of the requested \$120,000. It's possible that the difference could come from the maturity of bonds and equities and some asset reallocations that would be happening anyway. This should make up the difference.

Guest Pat Angeland went into further detail. It is recommended to first take the available cash out of the money market fund, which would be approximately \$80K. To address the \$37-\$40K shortfall, part of the ongoing strategy is to periodically rebalance the accounts between stocks and bonds and between the subcategories within stocks. Part of that periodic rebalancing means reducing stock risk. We were already looking at reducing US small company stock which would be about \$7,000, as well as reducing real estate investment trust, which would be about \$3,000 (total \$10,000). We're also looking at eliminating a sub asset class of emerging market bonds because there seems to be more downsides than upsides, which would add another \$6,000 (\$16,000 total). All these changes would be part of a normal strategy.

This still leaves a shortage of \$25,000 toward the goal of making up the \$37-\$40K difference in the \$120K request by the station. When reviewing the portfolios, while the stock market is down, the bond market, or parts of it, are up. In the Board Directed accounts there are three different bond accounts which have gained value since January 1, 2020. We could sell some of the appreciated bond mutual funds to get the \$25K (the parts that have gone up in value). That's how, in the next two months, you could make up the \$25K through the two long-term investment accounts to help with the cash shortfall of the station.

Looking to the future, it sounds like the station is cautiously optimistic about the ability to raise funds. If in the next fiscal year the station needs additional support, there are ongoing maturity of the bond accounts, which could help with cash flow.

It's important to note that we don't always have to sell assets. The income from these two portfolios provides income. These bonds pay interest and the stocks pay dividends, and after any fees there is about \$19,000 a year in income. The Board Directed account also produces about \$5,000.

Ms. Miller asked about the rebalancing of accounts and what the long-term strategy would be, given that the accounts are currently down. Mr. Angeland said that currently it is a time for managing the risk but also to be looking ahead to see how to rebound. Ms. Miller also asked if there were a way to look for bargains in the endowment funds and consider investing while the market is down while making up the shortfall entirely from the Board Directed funds. Mr. Angeland agreed that there are bargains to be found and that's why we want to purchase large cap growth right now. It would be worth considering investing some of the money from the

endowment. As for taking the \$120,000 from the Board Directed funds, while the returns between the accounts are the same, it really depends on how the Board feels about the Board Directed accounts. While that would give some opportunity to invest, Mr. Angeland couldn't give a good recommendation as to what a good balance would be.

Upon motion and seconded it was unanimously **RESOLVED** that the Board approves Mr. Goodrich and the finance committee in working with Mr. Angeland be empowered to come up with \$120,000 from these two accounts with the methods of withdrawal that they deem most prudent.

Ms. Parish extended special thanks to Mr. Goodrich and the committee for addressing this situation.

Development Committee

No report at this time.

New Business

No new business.

Old Business

Board Policies

The board was recently sent an email about board policies. As an overview, out of the total 33 policies, 11 policies have a statement or a proposed statement in place. Ms. Parish asked first if there were any questions about the policies that had been sent out. Ms. Sample said that she appreciated the comments that had been added to the policies.

Hearing no questions, Ms. Parish continued with further details. One of the things that came out of last meeting was the need for the financial policies to be in place. The Finance Committee addressed the policies and solicited a few volunteers to help with updates, though would appreciate additional volunteers to assist. It was noted that outside parties could be called on to assist with these policies. Susan Foster, Barbara Sample, and Scott Michell volunteered to assist with the policies.

Ms. Sample recommended that the board review a few policies at a time, assigned to the individuals who have the expertise to review them. Ms. Parish agreed, and noted that given the current global circumstances, beginning with the finance policies is a good place to start.

Ms. Parish asked for clarification from Mr. Hingle on why the whistle blower and conflict of interest policies weren't adopted. Mr. Hingle confirmed the policies were not adopted. Time was spent reforming the way money was handled, which is working well now and doesn't need to be revisited.

From board consensus, the Finance Committee will move forward with reviewing the finance policies.

Regarding other policies, Ms. Sample recommended reviewing the Articles of Incorporation, noting that changes would likely be minimal. Mr. Hingle noted that the Articles of Incorporation had been reviewed previously and the Bylaws had been revised, though would be happy to look at those again.

Signed copies of the Operating Agreement and the Bylaws from 2017 were found. In an email, there was an update to the Treasurer's job description in the Bylaws but it is unclear whether it was adopted. Mr. Hingle requested that Ms. Parish email him what is believed to be the official version of the Bylaws and he will reconcile it against his records.

Ms. Parish requested volunteers to double check her preliminary work in reviewing the board policies. Mary McNally and Susan Foster volunteered to review Ms. Parish's work.

Ms. Foster inquired about director and officer liability insurance and whether it would be necessary. Mr. Hingle said it had been investigated years ago and the administration advised against it. However, Mr. Hingle said he thought it a good idea and that it's something we should think about. Ms. Parish mentioned that in Articles of Incorporation article 7 section 2 there is mention of liability regarding board members, etc. Ms. Foster did review that language and wasn't sure if it would take the place of insurance and would appreciate an opinion on this.

Ms. Miller commented that she thinks it's critically important for board members to have liability insurance. Typically, under Montana statute, if shown acting under good faith, it will eventually be okay, but doesn't mean that somebody can't sue or that you won't have to defend yourself. It's not unusual for individuals to sue multiple organizations, or individual board members. She encouraged the board to research the costs of securing this type of insurance.

Ms. Eder inquired as to whether the Friends are members of the Montana Nonprofit Association. While it's unclear, the Association is mentioned in the Articles of Incorporation. Ms. Eder recommended a membership to take advantage of their resources. Ms. Sample and Ms. Eder will investigate securing a membership.

Meeting Calendar

July 28, 2020

October 27, 2020

Executive Session

Executive session was called.

Meeting adjourned at 6:52pm.