

WCVE Restructuring Project

Commonwealth Public Broadcasting, licensee of WCVE Public Television and Radio, completed a total restructuring of its board in July of 2004 after studies showed the existing board was not ready to undertake a capital campaign.

The following pages document the process. Included are:

- Briefing Paper from the Commonwealth Public Broadcasting Task Force to Study and Make Recommendations about the Board
- The steps the task force took in restructuring the board
- The actual board restructuring plan
- The responsibilities and expectations of new board members.

We want to express our deep appreciation to President and General Charles Sydnor, Jr. and Vice President for Development Lisa Tait for their openness in sharing this process and the documents with station for this important project.

Briefing Paper

Commonwealth Public Broadcasting Task Force to Study and Make Recommendations about the Board

The Businesses within Commonwealth Public Broadcasting: Complexity

Commonwealth Public Broadcasting reaches more than half of the people in Virginia and has the largest broadcast infrastructure of any non-commercial licensee in Virginia. We are no longer just a Richmond corporation, but rather a regional entity embracing business models spread across three of the most populous and affluent areas of Virginia. The businesses are: (1) public television in Richmond (PBS), (2) public radio in Richmond (NPR), (3) public television in Charlottesville (PBS), and (4) The MHz Networks in Northern Virginia (WNVT and WNVC), non-PBS stations evolving into:

- Completely new, 21st century non-commercial broadcast/internet— WNVT
- International programming and global affairs models—WNVC

Richmond and Charlottesville still track traditional PBS models. The revenue model for the MHz Networks is still in dramatic change. MHz is heavily dependent on earned revenue. It receives only minimal direct federal support but has received major federal grants that are project-specific through the U.S. Department of Education.

CPB Revenue Sources: Average over 1997 to 2002								
	Rich/C'ville TV	%	Rich. Radio	%	N. VA	%	Whole Corp	%
Earned Revenue	\$ 1,183,015	23%	\$ 735,770	38%	\$ 1,924,601	49%	\$ 3,843,386	35%
Bdcst/Acqus Underwriting								
Production Services								
Data Tansmission								
Rental Related								
Government Grants	\$ 2,329,183	46%	\$ 319,475	17%	\$ 1,752,189	45%	\$ 4,400,847	40%
ITV Contract: State								
Other Education Related								
State CSG								
CPB CSG								
Underwriting/Membership	\$ 1,294,748	26%	\$ 690,395	36%	\$ 195,169	5%	\$ 2,180,312	20%
Undwriting								
Membership								
Philanthropy	\$ 235,745	5%	\$ 190,297	10%	\$ 16,666	0%	\$ 442,708	4%
Commonwealth Circle								
Capital Contributions								
Planned Gifts								
Restricted Gifts								
Total	\$ 5,042,691	100%	\$ 1,935,937	100%	\$ 3,888,625	100%	\$ 10,867,253	100%
% Corporate Budget		46%		18%		36%		100%

A Changing Environment

From the 1960s through the 1980s, public broadcasting was a public policy priority, and ample public funding supported it. We firmly believe that the Board of Directors—from its creation to the present day—has provided strong and able leadership to the Corporation.

Since 1995, however, the environment has dramatically and rapidly changed on the national, state, and local levels. It is in the face of a brand new environment for public broadcasting around the nation that this review was undertaken. Commonwealth Public Broadcasting has the potential to create the new national model for governance and support in this new environment.

Funding and Complexity

The traditional three-source revenue streams of federal funds, state funds, and private contributions and membership support are no longer reliable. Federal funds have declined for most of the system and will erode further in a future of tax cuts. State funds have declined sharply over the last two years and may disappear altogether over the next decade.

In addition, sources of funding through membership and direct mail have limited room for growth--membership contributions through on-air pledge and direct-mail-generated gifts will only grow by healthy increases if and as our TV and radio audiences grow by healthy increments every year. A major, and barely-tapped area for healthy growth in a privately funded future is in major giving, which in Richmond/Charlottesville has gone from zero dollars seven years ago to over \$300,000 in the past fiscal year.

The Industry

The broadcast industry, always complex, is changing, with digital technology and new federal regulations being prime examples. Public broadcasting faces competition from cable and satellite television.

Potential

Commonwealth Public Broadcasting has laid the groundwork and sees an increasing role for its local television and radio stations in the lives of the communities in all three geographic areas. These include a long list of programs produced locally; many of them award winning, and an increased role in bringing to the public issues and ideas of current import. In Northern Virginia, the MHz stations are fulfilling a vital role that is distinctive in public broadcasting nationally in service to audiences younger than the established and traditionally older viewers and members who watch and support PBS programming.

Key Objectives for the Governance Model

Our goal was to define a governance structure that would accomplish two key objectives:

Strengthen the Overall Corporation

We want a Board of Directors that will wisely govern a complex corporation in a changing external environment. One that will:

- Lead a complex Corporation in a changing funding and regulatory environment
- Optimize the potential of the Corporation on behalf of the communities we serve
- Be sensitive to the needs of our local communities and serve them optimally
- Maximize the resources of the Corporation
- Govern the Corporation strategically

Strengthen Ties to the Local Communities

We also want a revised governance structure that enables the Corporation and local stations to do a much better job in educating and informing our local communities. We need to understand and listen to local community needs in areas that are geographically wide ranging, as well as involve members of the community in defining the role that the stations will play in their respective areas.

Summary of Recommendations

Commonwealth Public Broadcasting Governing Board

It is the consensus of the Task Force that all members of the Governing Board should be informed, involved, and active in making decisions about Commonwealth Public Broadcasting. We therefore recommend a Board of Directors that is smaller in size to allow for greater cohesion and discussion of all corporate issues as a whole and one that precludes the need for an Executive Committee. Every member of this kind of board must be committed and involved. There would be no room for the “rule of thirds” where one third of the members are active, another third do things if asked, and the final third do little or nothing. The size should be small enough to allow for thorough and open discussions but large enough to bring different knowledge, skills, and points of view.

The Governing Board will govern the organization. It will fulfill the primary governance roles: (1) fiduciary—watch out for the public interest and (2) supportive—help make the organization work and achieve its mission.

The Governing Board will fulfill the duty of care (acting in good faith and with the care of an ordinarily prudent person in similar circumstances) and the duty of loyalty (exercising their powers in the interest of the Corporation, not in their own interest or in the interest of another entity or person.)

The Governing Board will have the fiduciary responsibilities, perform the legal obligations and protect the public assets to:

- Ensure proper management of assets—physical and financial; oversee management of the endowment and other invested assets
- Perform legal responsibilities and protect all assets of the Corporation
- Determine the mission, vision, strategic plan and policies of the Corporation
- Serve as stewards in resource development and oversee the management of invested assets
- Employ, support, supervise and annually evaluate the CEO
- Monitor & provide oversight of the overall administration and organization
- Serve individually and collectively as community advocates
- Ensure that the Board of Directors is fully functioning
- Manage documents/licenses

These are highlights of the changes we propose. These are reflected in the proposed new Bylaws.

- **Size**—eleven including the CEO as a voting member to permit full discussion and participation. This smaller size will send a message of the importance that Board service carries. Six members will constitute a quorum.
- **Representation of regions**—should be representative of our service regions but we recommend not determining quotas that may bind or limit the Board of Directors.
- **Officers**—Chair, Vice-Chair, president-chief executive officer, treasurer, and secretary.

Committees—appointed by the Chairman of the Board

Governance Committee

- Recommends to the Board of Directors the desired characteristics and qualities for members needed (mix of expertise, links to constituencies, ages, gender, other).
- Regularly evaluates and recommends to the Board written expectations of Board members.
- Identifies a large pool of potential prospects for Board membership that fit the key characteristics needed, looking three to five years into the future. Working with the Chairman of the Board and the President together creates and implements a plan to meet, cultivate, and involve prospective Board members.
- Presents nominees to the Board for election to membership, and nominates officers for annual election
- Recommends nominees from the Community Station Boards in Richmond, Charlottesville, and Northern Virginia to the Chairman for appointment to Board committees.
- Ensures standards that prevent conflicts of interest
- Annually evaluates the Board:
 - Establishes goals for the Board each year and evaluates effectiveness
 - Evaluates individual Board members and addresses problems and issues as necessary.
 - Reviews and participates in the process of Board orientation and education
 - Assesses effectiveness of meetings

Strategic Planning, Resource Development, and Audit Committee

- Ensures that the mission of the organization is clearly defined and expressed in terms of how the public will benefit from Commonwealth Public Broadcasting. The committee ensures that the mission is reviewed from time to time.
- Recommends a systematic linkage between the corporation and the communities that own it so that the Board can ensure that it fully understands the range of interests about the purpose and performance of the Corporation.
- Ensures that Commonwealth Public Broadcasting has a strategic plan to achieve clearly defined objectives and a system of evaluation.
- Supports the organization in achieving fund development objectives of earned and philanthropic income commensurate with the strategic goals and objectives.
- Evaluates and audits organizational effectiveness
- Ensures and oversees the annual audit of the Corporation's finances by a respected auditing firm recommended by management and chosen by the Board.

Finance and Investment Committee

- Establishes specific, written financial objectives for Commonwealth Public Broadcasting's current and future operations, investments, and retirement plans, and evaluates whether those objectives are met.
- Ensures sound accounting principles are used by the organization and that appropriate controls are in place.
- Recommends to the Board executive limitation policies in the area of financial operations and investments.
- Reviews the proposed annual operating budget prepared by management each spring and recommends the budget for adoption by the Board at the annual meeting.

Commonwealth Public Broadcasting's Community Station Boards

History. Since its beginnings in the 1960s, the Corporation's Community Advisory Boards (CABs), mandatory under the charter of the Corporation for Public Broadcasting have linked the stations of Commonwealth Public Broadcasting with their local communities and provided advice and support for the stations to serve those communities better.

Current Status. There currently are four such boards—Charlottesville, Northern Virginia, Richmond Television, and Richmond Radio. They each are in different stages of maturity, but all are active and all are interested in taking on a larger role in the lives of the local stations. The Charlottesville CAB is the most mature and active. This CAB is involved in programming, underwriting and production funding and philanthropy, and community/public relations.

Potential. The regional Vice Presidents believe that the existing CABs can fill the role of local stewardship and advocacy under a new governance structure. They believe that there needs to be flexibility to adapt each community Board to regional personality and needs.

By Corporation for Public Broadcasting regulations, the CABs cannot have governing authority over local stations, but they can be vital stewards for resource development, strategic planning, budgeting, and programming. The regional Vice-Presidents also believe that these CABs do not have to have governing authority to attract interested, qualified and influential men and women.

The relationship between the station manager and the CAB is the key element in attracting the right people to serve.

Enhanced Role. In the new governance structure, CABs would be charged with greater involvement and responsibility and be called Community Station Boards. The Community Station Boards would have enhanced roles in some or all of the five general areas of station operation, although they would still be advisory in nature.

The Community Station Boards would be large enough to have involvement by key community constituencies. Decisions about who should serve on each local Board would be made by the local Board and local station. The Community Station Boards would:

- Provide enhanced support to local stations in areas of educational services, programming, public relations, resource development, and budgeting
- Remain advisory in nature, although the term "Advisory" would be dropped from the title
- Have links to the governing Board of Directors through:
 - Participation in governing Board meetings using video technology
 - Service on governing Board committees
 - Forwarding names of potential Directors to the Governance Committee of the Board of Directors

The Practical Operations of the Community Station Boards. The Richmond Radio and Television CABs, the Charlottesville CAB and the Northern Virginia CAB currently have bylaws that outline the purpose of the community boards, guidelines for membership and officers as well as the

number and format of meetings. These bylaws can serve as models for the Community Station Boards.

The regional Vice-Presidents and their Community Station Boards in all areas will likely need to review and create several things in light of their enhanced roles. These include:

- Identifying in writing the desired criteria and qualities in local Board members needed to accomplish the enlarged role
- Creating written expectations for the Community Station Boards members
- Potentially increasing the number of members
- Creation of Community Station Board committees for education and programming, for resource development and community relations, and for budget development

Timeline and Procedure

October 30	Task Force makes its report to the Board of Directors
November 24	Package of information mailed to the Board of Directors
December 11	Special meeting of the Board of Directors to discuss and vote on: <ul style="list-style-type: none">· Approval of amended Board Bylaws and approval of changes to the Articles of Incorporation· Discussion of changes and the future role for the Community Station Boards
Winter	Charging the nominating committee with nomination of Board members and officers for the new Board of Directors to take office on July 1, 2004
May	At the annual meeting, the nominating committee presents its slate of members and officers to be elected to the new Board of Directors
July 1	New Board takes office and begins work

Task Force

First Meeting: Needs and Expectations of the Board

- Criteria—talents, professional profiles and connections to constituents, record of service and sense of stewardship, demographic, and geographical representation needed
- Written expectations

Materials Needed

- Materials related to change in what the board needs (Curtis's analysis of finances, materials from national office, strategic plan, etc.)
- Lankford board expectations
- Report: previous study of regional issues of the board
- "Ideal Board"
- List or grid version of board characteristics needed

Second Meeting: Board Structure

- Number of members, terms of service, duties of officers
- Committees—organization, responsibilities, procedures, scheduled meetings
- Meetings----number of meetings, time and location
- Meetings (content, format and agendas for different meetings)—this could be given to the board resources committee to review after the task force completes its work

Materials Needed

- List of existing committees and their job descriptions and membership
- Current bylaws

Third Meeting: Institutionalizing Changes

- Creation of a job description for a board resources committee that would go beyond the Task Force's work
- Bylaw Changes Needed to Accomplish the Recommendations Above

Materials Needed

- Sample job description
- Sample calendar of activities
- Current bylaws

Fourth Meeting: Wrap Up Any Unfinished Business

Commonwealth Public Broadcasting: Strengthening Leadership for the Future

Commonwealth Public Broadcasting Corporation has enjoyed strong Board leadership since the founding of WCVE as our first television station in 1962. Over three decades this leadership has enabled the organization to grow into one of the strongest and most financially stable public broadcasting corporations in America. In like manner, Board stewardship has played a major role in developing CPBC into a valued and widely respected educational force among the people and communities of central and northern Virginia—now through five non-commercial television channels and across the airwaves of one of the country's most-listened to public radio stations.

Around the nation, public broadcasting corporations are learning that the economic model and funding sources that supported the system have changed. Against the stark realities of a radically changed media landscape, they have become outdated and no longer work. Fundamental change is not an option to consider; it is now an urgent requirement for survival. Public broadcasting companies must organize themselves more like vibrant private charities than traditional public entities. Strong sources of government support have withered away, and membership revenues, once a sustaining financial bulwark, are now approaching saturation and clearly are being superseded by the need for new sources of private giving and by unprecedented philanthropic support.

The Board of Directors of our Corporation is the most important group of stewards charged with insuring that CPBC fulfills its mission. They hold the future of the enterprise in trust. In view of the new realities we face in the present, and the changing conditions which will obviously reshape the future of public broadcasting in Virginia, the Chairman of the Board of Directors has appointed a Task Force of Directors to study the Board itself, and to recommend changes that will strengthen the current Board, and help ensure that future Boards may be as well equipped as possible to draw upon the best leadership needed to master the challenges, known and unknown, that lie ahead.

The Task Force will study and make recommendations on the following range of issues.

1. The Expectations for membership on the Board of Directors
 - Criteria for selecting Board members; their talents, professional profiles and connections, their record of community service and sense of stewardship, and the demographic and geographical factors for representation that should be considered
 - Written expectations—what should Board members bring to the table and what will Directors be called upon to do

2. Board Structure

- The number of members, terms of service, and duties of members and officers
- Committees—organization, responsibilities, procedures, scheduled meetings, and appropriateness to the work of the Board and the mission of the Corporation

3. Meetings and Activities

- The number of regular meetings annually
- Time and locations for Board and Committee meetings
- The content, format and agendas for different meetings

4. Procedures to Ensure Ongoing Board Development

- Identification and cultivation of a pool of potential Board candidates who meet the criteria as desirable prospects—three to five years into the future
- A clearly established succession for Board officers two to three years into the future
- The involvement of former Board members in Board and Company activities
- The development of an annual Board “report card” to measure Board successes, and to evaluate individual board members
- The creation of a comprehensive Board orientation for new Directors, and the development of periodic reorientation sessions devoted to major developments and changes in the industry for continuing Directors.

5. Bylaw Changes needed to accomplish any Recommendations developed above

Responsibilities and Expectations of Directors Commonwealth Public Broadcasting Corporation

Members of the Board of Directors are fully committed to the vision and work of Commonwealth Public Broadcasting, and dedicated to carrying out the mission of the Corporation.

In accepting election to the Board, Directors of Commonwealth Public Broadcasting Corporation are responsible for:

1. Upholding the Board's legal and fiduciary responsibilities and ensuring that the Corporation operates according to the highest ethical and professional standards.
2. The hiring and on-going evaluation of the President. Directors do everything possible to support the work of the President, but do not become involved in the day-to-day management of the organization. If the work of the President is not up to agreed-upon standards, it is the Board's responsibility to take action as appropriate, including replacing the President.
3. Offering considered advice during the strategic planning process. This includes helping management identify priorities and set goals, determining how corporate priorities and goals will be funded, deciding how capital resources should be allocated among the company's operations, and taking an active part in evaluating, approving and monitoring the achievement of these objectives. Corporate Directors of Commonwealth Public Broadcasting are also expected to:
 4. Consider their work with Commonwealth Public Broadcasting to be at or near the top of their volunteer priorities.
 5. Serve as enthusiastic advocates for Commonwealth Public Broadcasting on the national, state, and local levels.
 6. Include Commonwealth Public Broadcasting in their charitable giving every year. Directors understand that they are encouraged to become members of the Commonwealth Circle. They also understand that they are expected to give generously to special campaigns approved by the Board.
 7. Be actively engaged in fundraising as an advocate, steward or recruiter as is best suited for them individually, and as they can most effectively serve the mission of Commonwealth Public Broadcasting. Service as an advocate might include such activities as writing and/or signing mail appeals and appearing in special company publications. Service as a steward might include thanking donors for their support and participating and/or hosting special events. Service as a recruiter might include identifying and cultivating potential donors and assisting with individual solicitations.
8. Attend meetings of the Board, be available for phone and e-mail consultation, serve on at least one Board committee, and attend and support important community and cultivation events of the Corporation.