

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION

Ad Hoc Committee on Endowment and Major Funds

Minutes of the October 11, 2011 Meeting

Present: Jerry Kolb, Dr. Cynthia Fischer, Chet Tomczyk

The meeting convened at 11:40 a.m. at Rizzi's Restaurant on State Street in Peoria.

The committee reviewed: a policy regarding placement of bequests and memorials that was considered by the Board in 1998 but apparently not enacted; current endowment investment policy; and, a previous special endowment investment policy. Mr. Kolb suggested that the previous policies would be instructive for the committee in developing new policies, and recommended that the active investment policy be reviewed and either amended or reaffirmed by the Finance & Budget Committee.

Mr. Tomczyk then reported on the status of the Sweetnam bequest, stating that the first court appearance is scheduled for October 31, 2011, and that he planned to be there on behalf of WTVP. Timing and amounts may be made clearer then, but the facts are that this is a very large estate valued in December, 2010 at nearly \$10 million. WTVP is named as recipient of two of fourteen shares of the estate.

As per its charge from the IVPTC Board Chairman, the committee then discussed recommendations for disposition of any funds that might eventually be received by WTVP and any policies that may need to be considered for passage by the Board of Trustees. Mr. Tomczyk presented a first draft "wish list" (attached) for use of a portion of the funds with the majority going into the endowment. The committee responded favorably to the request, but Dr. Fischer counseled that we should wait until the strategic plan is completed before making any suggestions to the Board.

The committee then spent a good deal of time discussing the most appropriate ways of handling the money. Consensus was reached that the entirety should be placed into the endowment and a policy developed that would allow an appropriate percentage to be withdrawn from the endowment over the first two years to cover the costs of the "wish list". In subsequent years, a percentage of a three year rolling average, perhaps 5% annually, could be drawn down for application to the Operations account or special projects.

The meeting ended at 12:48 pm.

Respectfully submitted,

Chet Tomczyk
President & CEO

ENDOWMENT WISH LIST

1. **Flexicoder**

Electronic device used in master control to combine audio, video, graphic, data, and metadata in master control for broadcast. This device is crucial to our ability to broadcast. Current flexicoder is almost nine years old and is in serious jeopardy of failing. This would take us off the air for an indeterminate amount of time until funds for a new one could be identified and a new version manufactured, shipped and installed. **Total expenditure \$120,000.**

2. **Research/Advertising/Outreach Fund**

A major component of the strategic plan now in development is to provide consumers with the kind of programming and service they want and expect from WTVP. To fulfill this desire, we need to find out what they want, produce it, let them know it exists and how to get it. The current advertising budget is only \$6,000 and is inadequate for the purpose. We propose creation of a special fund that would be restricted to doing audience research and program promotion. This restricted fund would be in existence for only five years when, if successful, the expenditure would be included in the regular annual operating budget. The efficacy of the expenditure would be determined by measuring increases in viewership and member support. This project will be funded at \$10,000 per year for five years. **Total expenditure \$50,000.**

3. **Two Vehicles to Replace Aging Vans**

The vans used by the Production and Engineering Departments have been in service since late 2004, and are showing their age. Repair and maintenance expense is expected to increase over the coming years, and safety of our personnel in drives to production sites away from Peoria is continually compromised. We propose purchase of two new all-wheel drive vehicles for a **maximum expenditure of \$60,000.**

4. **One-time Bonus for Staff**

One of the main reasons WTVP was remembered in Mr. Sweetnum's will was the professionalism and courtesy exhibited to him during his frequent calls for information or just to chat. It was obvious that WTVP was special to him and that he appreciated the kindness and respect that was returned. Since we would likely have received nothing or significantly less, I propose to reward fulltime and permanent part time staff with a one-time 5% cash bonus totaling a shade less than **\$35,000.**

5. **Endowment Investment**

The remainder of the estate should be placed in the Endowment Fund, and policies should be put in place that allow for 5% of a three year running average of the Endowment to be placed in Operations annually. **\$1,132,067**

Estimated Revenue and Expenditure Prior to Any Taxes and Fees Levied Against the Estate

\$9,779,466	Endowment Asset Balance as of December 10, 2010
1,397,067	1/7 of Estate (WTVP share)
<u>- 265,000</u>	Potential Expenditure from above
\$1,132,067	To be placed in Endowment