



REPORT OF THE BBG GOVERNANCE COMMITTEE¹

Members: Governor Dennis Mulhaupt, Committee Chair
Governor Victor Ashe, Committee Member
Governor Michael Lynton, Committee Member
Governor Susan McCue, Committee Member

Meeting Date: Thursday, February 9, 2012

Venue: BBG Headquarters, Washington D.C.

This meeting of the Governance Committee took place on February 9, 2012 at BBG Headquarters. Governor Dennis Mulhaupt chaired the proceedings. Governor Victor Ashe was also in attendance. Governors Michael Lynton and Governor Susan McCue participated in the meeting via telephone.

The agenda of the meeting is set forth in Attachment 1 to this report.

Based on its deliberations, the Governance Committee makes the following recommendations to the plenary Board:

Discussion to Frame Issues Concerning Use of Human Capital within BBG-Funded United States International Broadcasting

- The Committee noted the IBB Director's proposed protocol for the March 2012 Governance Committee discussion concerning BBG employee morale and related issues and the use of contractors at BBG.
- Drawing from the IBB Director's proposal, the Committee discussed the most effective and appropriate manner for handling the discussion at the March 2012 meeting of the Governance Committee and agreed on the protocol included in Attachment 2.
- The Committee heard from the Chief Financial Officer and noted that in 2011, three percent (3%) of payments to contractors were delayed. The Committee recommends that the plenary Board direct the IBB Director to develop a protocol for making timely and consistent payments for contracted services, which should include transitioning to an electronic system for processing and receiving payments. The IBB Director is requested to implement an electronic system by Thanksgiving 2012.

¹ Adopted by the plenary Board at the March 8, 2012 meeting of the Board.

Future Structure of United States International Broadcasting: Grantee Consolidation

- The plenary Board announced its intention at the January 2012 Board meeting to issue the three grants which BBG currently makes separately to Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA) and Middle East Broadcasting Networks (MBN) to a single, consolidated Grantee (when created) subject to Administration approval, Congressional consultation and guidance, and other due diligence and the implementation of a consolidation transaction plan approved by the Board.
- The Board instructed the IBB Director, working with Governor Mulhaupt, to develop a plan for structuring, documenting, and implementing a grantee consolidation transaction, including the conduct of adequate due diligence and secure the services of legal and other experts who may be required to assist in the transaction. The Board requested the IBB Director to provide such a plan, and a proposed budget for its implementation, to the Board for its consideration at the March 2012 Board meeting.²
- The Board also authorized and encouraged the IBB Director to work in close cooperation with the Grantees. The Board authorized the IBB Director to work with Brian Conniff, President of MBN, who will act as project leader for the consolidation, in preparing the requested plan. The Board directed and encouraged all elements of USIB to cooperate fully with the IBB Director in facilitating the timely and accurate completion of the requested plan and budget.
- That the plenary Board note that the Governance Committee received a briefing from Brian Conniff on the status of the Grantee consolidation, which included the following points:
 - Working groups comprised of professionals from each BBG-sponsored Grantees (RFE/RL, RFA and MBN) have been established to collect and provide information needed to develop a plan for a grantee consolidation transaction. Six working groups were formed for the following functional areas: administrative/facilities, human resources, legal, communications, financial/budget, and technology.
 - Each working group is tasked with identifying activities and functions that need to be addressed in order to achieve consolidation, potential obstacles to planning and implementation, and strategies to overcome obstacles. The working groups will also estimate transaction costs arising from consolidation, and propose a functional structure, staffing levels, and budget for the consolidated grantee.

² The IBB Director's provision of a grantee consolidation plan and proposed budget for its implementation to the Board for its consideration has been delayed to the April 2012 Board meeting.

- Deloitte Consulting, LLP, has been engaged to review the working groups' input and to make suggestions on how to best proceed.
- An initial meeting was held with staff members of the Senate Foreign Relations Committee to gauge reaction to the grantee consolidation plan.
- That the plenary Board note that a draft consolidation transaction plan with a transaction timeline and a proposed implementation budget will be presented to the Board at its April 2012 meeting.

Future Structure of United States International Broadcasting: International Broadcasting Innovation Act

- At its January 2012 meeting, the Board announced its intention to pursue legislation to be called the International Broadcasting Innovation Act of 2012 (the "IBIA"). The Board directed the IBB Director to work with IBB staff and outside experts, and with Governor McCue, in order to develop a draft IBIA for the Board's further consideration. The Board specified that the draft IBIA should include five (5) basic attributes:
 - Optimal mix of federal and non-federal assets to implement the Board's strategic plan
 - Creation of Chief Executive Officer
 - Elimination of IBB Director as a Presidentially-appointed and Senate-confirmed appointment
 - Repeal of the ban on domestic dissemination
 - New name for the agency to reflect the unified structure
- That the plenary Board note that Ms. Lynne Weil began her appointment as the Director of the Office of Communications and External Affairs on February 6, 2012. The Governance Committee received a briefing from Ms. Weil on the status of the International Broadcasting Innovation Act, which included the following:
 - Governor Susan McCue, Ms. Weil, and Mr. Conniff met with Senate Foreign Relations Committee staffers Paul Foldi (minority) and Deputy Staff Director Peter Scoblic (majority) to discuss agency interaction in the wake of the Board's decisions regarding the restructuring of U.S. international broadcasting and to consider options for the International Broadcasting Innovation Act.
 - Regarding the Board's decision to develop IBIA and streamline United States international broadcasting, the staffers made the following comments and suggestions:

- The legislative process will take at least two years to complete.
 - The Board should take a two-pronged approach: developing the legislation and encouraging discussion in the media and among recognized broadcast professionals recognizing the need for change, including advocacy by past and current Board members.
 - The formation of an advisory committee could be useful in gathering support of both traditional broadcasters and new media.
 - The legislation should include the idea of moving to a more appropriate location than the Cohen building, with state of the art technology.
- Regarding the other main pillars of the strategy – creation of a Board-appointed CEO, grantee consolidation, and repeal of the Smith-Mundt domestic dissemination ban – the staffers provided the following comments and suggestions:
 - The goals of unifying hiring, salary and benefits, procurement, consolidation of the physical plant, and other functions of the grantees are worthy, but the main benefit of grantee consolidation is the elimination of program duplication.
 - The Senate staff members also encouraged BBG to “think big” to address concerns of private vs. federal staffing, and to make known China’s growing communications expenditures and presence in order to highlight the need to invest in U.S. international broadcasting.

Governance Committee Housekeeping Matters

- **Discussion of the Role of the BBG Chair**
 - The Committee deferred discussion of the role of the BBG Chair in light of the special telephonic meeting of the plenary Board scheduled for February 11, 2011.
- **Adoption of November 2011 Governance Committee Report, including the Protocol for Release of Material from Closed Board Meetings.**
 - The Committee considered the report from the November 17, 2011 Governance Committee meeting, noting that it also includes the Governance Committee report of the September 14, 2011 meeting. The plenary Board has already adopted a

number of recommendations in the September 2011 Committee report individually at its September 15, 2011 Board meeting.

- The Committee received an updated proposed protocol for the release of materials from closed meetings to account for retention and disposition of Board recordings or transcripts at the February 2011 Committee meeting.
- The Committee deferred adopting the November 2011 Governance Committee report pending further discussion on the updated proposal for the protocol for release of material from closed board meetings.

- **Protocol for Providing Notice of Board Resolutions**

- That the plenary Board should continue its current practice regarding notice of Board resolutions, recognizing the need to provide as much notice as practicable to individual Governors on the proposed wording of resolutions under consideration by the Board.

- **Formalizing Board Committee Roster**

- The Committee discussed the current membership of BBG Committees and deferred adoption of a BBG Committee roster to a later date.
- The Committee recommends that the plenary Board note membership of BBG committees requires a decision of the plenary Board.

- **Use of Proxies at Committee Meetings**

- That the plenary Board note that the Governance Committee considered permitting voting by proxy at its September 2011 Committee meeting and informally decided that proxy voting would be inappropriate for meetings of the plenary Board.
- That the plenary Board note that there is scope for the use of proxy voting at the Committee-level of the BBG Board because Committees make recommendations to the Board, rather than decisions, per the BBG By-Laws.
- That the plenary Board note that the Governance Committee may revisit the use of proxy voting at the Committee-level at a future meeting.

ATTACHMENT 1

MEETING OF THE BBG GOVERNANCE COMMITTEE

February 9, 2012

2:00 – 5:00

BBG Conference Room

Members
Governor Dennis Mulhaupt, Committee Chair
Governor Victor Ashe, Committee Member
Governor Michael Lynton, Committee Member
Governor Susan McCue, Committee Member

AGENDA

- Preliminary Topic*** **Discussion to Frame Issues Concerning Use of Human Capital within BBG-Funded United States International Broadcasting**
- Employee Morale and Other Issues Raised in the Federal Employee Viewpoint Survey
 - Use of Contractors (including payment)
- Agenda Topic 1*** **Future Structure of United States International Broadcasting: Grantee Consolidation**
- Status Update on Grantee Consolidation Transaction Plan
 - Status Update on Grantee Consolidation Planning for Future Operations of Consolidated Entity
- Agenda Topic 2*** **Future Structure of United States International Broadcasting: International Broadcasting Innovation Act**
- Status Update on Planning to Date for International Broadcasting Innovation Act
 - Proposed Models of Executive Leadership (relationship among Board & CEO) for International Broadcasting Innovation Act
- Agenda Topic 3*** **Governance Committee Housekeeping Matters**
- Discussion of the Role of the BBG Chair
 - Adoption of November 2011 Governance Committee Report, including the Protocol for Release of Material from Closed Board Meetings
 - Protocol for Providing Notice of Board Resolutions
 - Formalizing Board Committee Roster
 - Use of Proxies at Committee Meetings
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ATTACHMENT 2

PROPOSED PROTOCOL FOR THE MARCH 2012 GOVERNANCE COMMITTEE DISCUSSION CONCERNING BBG EMPLOYEE MORALE AND RELATED ISSUES AND THE USE OF CONTRACTORS AT BBG

- The Governance Committee plans to hold a Committee meeting on March 7, 2012, from 9 a.m. to 11:30 a.m.
- At the meeting, Committee members will consider and discuss issues relating to employee morale and to the use of contractors at BBG.
- The Committee recommends the following proposed manner for organizing and facilitating the discussion of these issues:
 - The discussion on employee morale should begin with a statement by the IBB Director about the factors that contribute to low morale as well as Agency actions being taken to address the issue.
 - After this statement, representatives from the Agency's three (3) Unions should submit oral or written statements about their views on employee morale issues. A question and answer period should follow during which the Governors can ask questions.
 - The IBB Director should be prepared to address the questions or concerns raised by the Unions and have staff available to provide more details on steps the Agency is taking to address particular problems.
 - Upon the conclusion of the discussion on employee morale, three (3) contractors should be invited for a discussion of contractor-specific issues. The IBB Director should determine an appropriate method for allowing Agency contractors to select representative contractors to speak to the Governance Committee about their experiences at the Agency.
 - This discussion on the use of contractors should also begin with a brief opening statement from the IBB Director summarizing the Agency's knowledge and efforts thus far regarding contractors. At this point, the contractors should be invited to speak and a question and answer period with the Governors should follow.
 - The IBB Director should be prepared to offer additional information on how the Agency plans to address the problems raised.
 - Union representatives and contractors will be invited to remain to listen to each other's respective presentations and question-and-answer sessions with the Committee members.