

Minutes for the regular National Finance Committee meeting January 5, 2015.

Meeting convened at 8:37 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Lydia Brazon, Adriana Casenave, Brian Edwards-Tiekert (Chair), Marcus Jetter, R. Paul Martin (Secretary), Tony Norman, Michael Novick, Raul Salvador (CFO), Barbara Whipperman.

Agenda:

1. Call to Order (5 minutes)
2. Agenda Approval (5 minutes)
3. Minutes Approval (5 minutes)
 - A. Minutes of October 23, 2014 public session
 - B. Minutes of October 28, 2014 public session
 - C. Minutes of November 11, 2014 public session
 - D. Minutes of November 19, 2014 public session
 - E. Minutes of December 9, 2014 public session
4. Compliance with California Attorney General Audit (10 minutes)
5. Crisis Management
 - A. WBAI (15 minutes)
 - B. KPFK (15 minutes)
 - C. KPFA (15 minutes)
 - D. National Office (15 minutes)
 - E. PRA (15 minutes)
6. New Business

Motion: (Barbara Whipperman) “To adopt the agenda.” (Passed without objection as amended)

Amendment: (rpm) “To add approval of the minutes of the October 23, 2014, and October 28, 2014, public sessions” (Passed without objection)

Minutes Approval 8:41 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the October 23, 2014, public session meeting.” (Passed without objection)

Motion: (Tony Norman) “To approve the minutes of the October 28, 2014, meeting.” (Passed without objection)

Motion: (Tony Norman) “To approve the minutes of the November 11, 2014, meeting.” (Passed without objection)

Motion: (R. Paul Martin) “To approve the minutes of the November 19, 2014, meeting.” (Passed without objection)

Motion: (Tony Norman) “To approve the minutes of the December 9, 2014, meeting.” (Passed without objection)

Compliance with California Attorney General Audit 8:43 PM (ET)

The Chair explained that the California Attorney General’s office has requested the complete minutes of all of the PNB committees from January 1, 2010, as a part of their audit of Pacifica Foundation Radio. The Secretary said that the NFC could probably provide all of those minutes for the NFC.

The committee discussed some of the details of how this would be done.

The CFO said that the National Office has created a checklist and that he and the interim Executive Director have determined where they could get each item requested and who’s going to be responsible for which records. He said he would E-mail that checklist to the committee. He asked for feedback. The CFO said that he’d be sending a letter to the Attorney General’s office explaining how he’s handled the 990s and donor data.

Crisis Management 8:53 PM (ET)

The Chair said that partial and deferred Central Services payments were compromising the National Office’s ability to pay for the audits which could delay renewed funding from the CPB. He said these partial and deferred Central Services payments were caused by different problems at each station.

WBAI 8:55 PM (ET)

The WBAI Treasurer reported that he and the local Finance Committee have not been able to get financial information about the station. He has sent E-mails to the WBAI General Manager for more than a month asking for dates when he can attend a local Finance Committee meeting. In a phone call earlier today the General Manager said that he would give an answer. The General Manager has not done so yet. The WBAI Treasurer said that WBAI has a cash flow problem owing to having to use any money raised to pay off past bills. The Fall on-air fund raiser missed its goal by about \$84,000, much of this shortfall may have been made up by the soft pitching of a hypnosis premium, but there is no confirmation of this from WBAI Management. WBAI was budgeted to have spent nine days doing an on-air fund raiser in December, but this was cut back

to one day. There have been off-air fund raisers, but there has been no report yet of their results. WBAI is currently behind on its tower rent to the Empire State Building (ESB) by three months at the presumed lower rate of \$12,000 a month.

The CFO said that WBAI is about five to eight on-air fund raisers behind with fulfilling its outstanding premiums. He said that this was losing future supporters and donors, and that WBAI has about \$50,000 to \$60,000 of premiums that it needs to fulfill to about 5,000 donors. He said that WBAI is continuously accumulating more debt rather than reducing it. The CFO said that WBAI got grants worth about \$25,000 which the General Manager was setting aside for a studio build-out. The CFO advised the General Manager that if the grant money is not restricted to the build-out that it should be used to make payments to ESB and other obligations. There is no formal lease approved for WBAI's office space at this time. The CFO noted that WBAI had not paid the first installment on the \$156,000 loan it had received, that payment had been due at the end of October. The CFO said that the WBAI General Manager was hoping to get a significant cash influx in the next two to three months. The CFO noted that WBAI is behind on its health premiums.

The committee discussed the situation at WBAI.

Motion: (Brian Edwards-Tiekert) "The National Finance Committee recommends the Pacifica National Board pass the following resolutions regarding WBAI:

WBAI's General Manager shall be required to attend the next meeting of either the WBAI Finance Committee or Local Station Board to give a First Quarter Financial Report.

For the next six months, WBAI Management shall require approval from either Pacifica's CFO or interim Executive Director prior to making any disbursement greater than \$500.

The PNB directs Management at WBAI and Pacifica to prepare a plan for winding down operations at WBAI in the event that the station's deficits cannot be stabilized. The plan shall forecast the expense of contractually-required severances and lease and contract terminations."

The committee discussed the motion.

Amendment: (Lydia Brazon) "In the second paragraph to change 'either' to 'both' and substitute 'and' for 'or.'" (Passed without objection)

Amendment: (Brian Edwards-Tiekert) "To append to paragraph three, '. . . other than for rent, utilities, payroll and other regular, recurring expenses.'" (Passed without objection)

Amendment: (R. Paul Martin) "To change \$500 to \$2,000." (Fails 1 for, 7 against, 1 abstention)

Amendment: (Lydia Brazon) "To substitute the following for paragraph four, 'The PNB directs WBAI Management and LSB to prepare a recommended contingency plan to the PNB in the event that the station's deficits cannot be stabilized.'" (Passed without objection)

Amendment: (Lydia Brazon) “To insert after ‘LSB’ ‘within 45 days.’” (Passed without objection)

Amendment: (Michael Novick) “To change ‘WBAI's General Manager shall be required’ to ‘The interim ED shall require the WBAI General Manager.’” (Passed without objection)

Motion as amended: “The National Finance Committee recommends the Pacifica National Board pass the following resolutions regarding WBAI:

The interim Executive Director shall require the WBAI General Manager to attend the next meeting of both the WBAI Finance Committee and Local Station Board to give a First Quarter Financial Report.

For the next six months, WBAI Management shall require approval from either Pacifica’s CFO or interim Executive Director prior to making any disbursement greater than \$500 other than for rent, utilities, payroll and other regular, recurring expenses.

The PNB directs WBAI Management and LSB to prepare within 45 days a recommended contingency plan to the PNB in the event that the station’s deficits cannot be stabilized.” (Passed without objection)

KPFK 10:15 PM (ET)

The KPFK Treasurer reported that the station had planned to combine an 11 day on-air fund raiser with a quiet drive in December. He was not sure if the quiet drive had happened. The on-air fund raiser was more or less successful, but it took 14 or 15 days instead of 11. There was a fund raising concert for a restricted Studio A project. The revenue is not coming in at the budgeted rate and the KPFK Treasurer thinks there must be some reduction of expenses. He was concerned about meeting payroll at the end of January.

The CFO said that KPFK may have a Cash shortage by the end of January. He was not aware that the fund raising concert was for a specific purpose. He said that KPFK has almost \$200,000 cash in bank, their payroll is about \$65,000. They made their December 31, payroll and are projected to pay half of their Central Services fee and a full month of health care bill backs for January and about \$80,000 to \$90,000 of other expenses. He said that KPFK is in a tight cash situation. He said that KPFK is about 1½ on-air fund raisers behind in fulfilling its premiums. They are trying to catch up on these bills, and the station is living month by month. The CFO said that there was a difference between what the bank accounts are showing and what MEMSYS is showing as revenue. He is researching why this is happening.

The committee discussed the reports. The CFO said that KPFK is about \$36,000 behind on Central Services payments; in terms of cash KPFK is about \$66,000 worse than budget for the first quarter of FY15. KPFK’s fulfillment rate is looking like it’s about 10% less than budgeted. There is a KPFK local Finance Committee meeting set for later this month where these problems are to be discussed. The CFO and interim Executive Director have discussed alternatives for

KPFFK with the station's General Manager. They will be meeting with the Union at KPFFK to discuss procedures to address economic alternatives.

Motion: (Brian Edwards-Tiekert) "The NFC recommends the PNB adopt the following resolution regarding KPFFK:

For the next six months, KPFFK Management shall require approval from either Pacifica's CFO or interim Executive Director prior to making any disbursement greater than \$1,000 for other than for rent, utilities, payroll, and other regular, recurring expenses

The PNB directs the Interim Executive Director to direct Management at KPFFK to prepare within 30 days a plan for reducing expenses by at least \$250,000 per year in order to bring KPFFK's operating deficit under control."

The committee discussed the motion.

Amendment: (Michael Novick) "To insert 'financial commitment or' between 'any' and 'disbursement' and strike first 'for.'" (Passed without objection)

Motion as amended: "The NFC recommends the PNB adopt the following resolution regarding KPFFK:

For the next six months, KPFFK Management shall require approval from either Pacifica's CFO or interim Executive Director prior to making any financial commitment or disbursement greater than \$1,000 other than for rent, utilities, payroll, and other regular, recurring expenses

The PNB directs the Interim Executive Director to direct Management at KPFFK to prepare within 30 days a plan for reducing expenses by at least \$250,000 per year in order to bring KPFFK's operating deficit under control." (Passed without objection)

KPFA 10:54 PM (ET)

The Chair reported that KPFA's on-air fund raiser was \$25,000 short. In the 12 days before the end of 2014, they raised another \$93,000 on the Web site. They had a strong off-air fund raising event. The Crafts Fair raised about \$35,000. KPFA received about \$42,000 in Major Donor money. The Business Manager has drafted a cash flow statement of about \$250,000 and about \$128,000 in outstanding checks, they expect about \$100,000 more in deposits through January 20. KPFA will be able to fund payroll and benefits and be able to pay some bills that are older than 30 days. They have given notice to KPFA's union regarding about \$250,000 in payroll cuts.

The CFO said that KPFA had paid half of December and half of November's Central Services payments, about \$34,000. He said that there will be major payments needed for the FY13 audit. He was looking for KPFA and KPFFK to provide those funds.

The KPFA Treasurer said that the station's on-air fund raiser had raised about \$388,000 against a

goal of \$360,000. There was a discussion regarding the exact date when the KPFA revenue was calculated.

Motion: (Brian Edwards-Tiekert) “The NFC recommends the PNB adopt the following resolution regarding KPFA:

For the next six months, KPFA Management shall require approval from either Pacifica’s CFO or interim Executive Director prior to making any disbursement or incurring any expense greater than \$1,000 for other than for rent, utilities, payroll, and other regular, recurring expenses

The PNB directs the interim Executive Director to direct Management at KPFA to prepare within 30 days a plan for reducing expenses by at least \$250,000 per year in order to bring KPFA's operating deficit under control.” (Passed without objection)

The committee discussed the motion.

National Office 11:07 PM (ET)

The CFO reported that the National Office has been successful in cutting costs with regard to its budget, payroll is less than budgeted due to no Executive Director being paid. They are paying bills from past years. They did a direct mail drop in December, they spent \$8,000 on letters and recouped \$8,000 in donations within days. As of today the National Office has received an additional \$14,000 from that mail drop. The National Office paid \$10,000 to Armanino LLP today and they plan to send \$10,000 to \$15,000 more this week. Getting the \$65,000 payment in before the end of the month would allow the auditing firm to issue an audit report. The total cost of the audit will be about \$90,000.

PRA 11:22 PM (ET)

The CFO reported that the Pacifica Radio Archives (PRA) on-air fund raiser fell short of its goal of \$140,000. They had a tally of about \$75,000 and so only made about 55% of that goal. The CFO and the interim Executive Director met with the PRA Director on the phone and they are discussing the possibility of reducing payroll costs at PRA.

The committee discussed the report; there were various suggestions for helping PRA to realize more revenue.

Motion: (Brian Edwards-Tiekert) “The NFC recommends the PNB adopt the following resolution regarding PRA:

The PNB directs the Interim Executive Director to direct management at PRA to prepare within 30 days a plan for reducing expenses by at least \$100,000 per year in order to bring PRA's operating deficit from fund-raising shortfalls under control.”

The committee discussed the motion.

Amendment: (Michael Novick) “To add ‘increase revenue from other sources or,’ after ‘PRA to.’” (Passed without objection)

Amendment: (Brian Edwards-Tiekert) “To add ‘increase revenue from unbudgeted sources or,’ after ‘PRA to.’ And substitute \$9,000 per month for \$100,000 per year.” (Passed without objection)

Motion as amended: “The NFC recommends the PNB adopt the following resolution regarding PRA:

The PNB directs the interim Executive Director to direct Management at PRA to increase revenue from unbudgeted sources or prepare within 30 days a plan for reducing expenses by at least \$9,000 per month in order to bring PRA's operating deficit from fund-raising shortfalls under control.” (Passed without objection)

New Business 11:51 PM (ET)

The committee discussed when to meet next.

Motion: (Brian Edwards-Tiekert) “To meet on January 27, 2015, at 8:30 PM (ET) and to meet in executive session at 10:00 PM (ET).” (Passed without objection)

Adjourned 11:57 PM (ET)

Submitted by R. Paul Martin, Secretary.