Meeting called to order 12:40 pm Pacific Time by Chair Mark Roberts.

Present: Lonnie Hicks, Mark Roberts, Alice Shields, Paul Surovell, Donna Warren, Sandy Weinmann, LaVarn Williams, Simone Wyatt

Also present: Executive Director Dan Coughlin

Minutes of the July 9, 2004 meeting were approved.

TREASURERS’ REPORTS

Paul reported that the WBAI Finance Committee has created a budget review process that will employ a line-item grid in which Committee members can register their approval of the proposed FYR05 budget line-item or make a recommendation. There will also be a provision for "notes" in which Committee members can express concerns about various line items.

Mark reported that the WPFW Finance Committee is meeting with station department heads to go over line-by-line items.

Sandy reported that the KPFT LSB is meeting as a committee of the whole to review the budget. He reported that station GM Duane Bradley has told the LSB that it doesn’t have line-item "veto power."

Simone reported that the KPFK Finance Committee reviewed the budget, asking questions of the GM and BM. The Committee has provisionally approved the budget and will recommend no adjustments.

LaVarn reported that the KPFA Finance Committee has made a "Budgeting 101" presentation and is working on a timeline for approval. The Committee needs the head-count plan for FYR05.

Lonnie commented that he allows the head-count issue -- planned employees for the rest of the year -- to be handled at the station level.

CFO REPORT

Lonnie responded to the station reports on the budget review process. He expressed a preference for "bottom line" budgeting rather than "line-item" budgeting.

Lonnie stated that he saw three financial priorities for the Foundation:
(1) Sees a possible budget crunch over the next 3-4 months. Notes there is $2.2 million in cash in the network, but we spend $1.6 million a month. Notes the summer months are the worst time of year for cash. By mid-August we may have cash flow problems.

(2) Elections. We’re way over budget.

(3) Governance expenses. Legal -- PNB is doing well in reducing legal expenses to $311,000.

Sees possible "nightmare" that new legal expenses will come in. Notes N.O. is doing mail drops to raise $250,000.

Says FYR05 budget does not have enough for the elections.

In response to question by LaVarn, Lonnie says we must put the 1-month operating reserve in the operating budget rather than in the balance sheet.

Lonnie notes we want to show operating results per year, and the 1-month reserve is an operating result.

LEGAL BILLING

Lonnie discusses the Professional Services Legal Fees spreadsheet.

Points out the data covers all legal accounts beginning FYR03 for the PNB, the stations and the N.O. Notes we have the ending balance for FYR02 but we are missing data for FYR02 and FYR01.

Mark says Carol Spooner has said bills from only two firms from FYR02 have not been determined. Lonnie says final numbers for FYR01 are available but what is missing are amounts per firm.

STATION ASSESSMENTS

Lonnie reviews spreadsheet summary and goes over formula used to assess legal bills for larger stations (25%) and smaller stations (12.5%).

However, notes an exception is when a station has bad fund-drives and doesn’t have the funds to cover assessments.

Also, when the legal costs can be attributed to a particular station, then the station can be billed for the cost. Gives example if bad management at a station causes legal bills, then that station will get extra legal bills.

Dan noted that in 2002 we had to take steps to deal with the crisis. We had to:
(1) reduce costs at the national level
(2) rely on stations as revenue sources or insurance
(3) N.O. tried to absorb as much as possible.

Says for the last three years, Pacifica has been practicing "national solidarity" where stations, the network, rally around stations in need. Says the formula for legal assessments is "an inexact science" rather than an exact formula.

Mark asks Lonnie about inter-station transfers in addition to legal payments by stations. Dan says these payments are about "mutual solidarity and support." Gives example of LA transmitter that collapsed and the network rallied around to support LA.

Mark notes Carol has cited a $400,000 outlay by KPFA in 1999.

Alice asks Lonnie for a print-out of inter-division transfer accounts. Mark asks Lonnie if he can check that.

Lonnie says OK, but says "I have a different perspective over who owes who." Says we have to think of ourselves as a network rather than individual units.

GOVERNANCE EXPENSES

Mark asks Lonnie whether he’s made progress on a break-out section on Governance Expenses. Lonnie says he was too busy with the work on Legal Expenses, which took much time.

Lonnie says June actuals will show we’re about $500,000 off targeted budget.

FYR05 BUDGET

Mark says the National Finance Committee meeting will look at Revenue and Salary line-items for the National Office and PRA.

Next meetings of the National Finance Committee are:

August 6
August 20
September 3
September 17
October 1

Lonnie and Dan urge Committee members to remember the N.O. has limited resources, "please don’t overburden us."
Dan agrees to contact Memsys about how to generate reports on subscriber numbers for the stations including current and prior numbers, and will report back to Mark on this.

Dan responds to questions about the First Voices Training Program. Says he’s trying to get the program funded at a national level, but it is primarily up to local stations to use the program.

Alice asks how many First Voices trainees are working at KPFA.

Mark asks Dan if he can send the Committee a note on why First Voices is a good program for Pacifica.

Mark lists items to be provided by August 6 meeting:

-- Financial procedures manual by consultant
-- Interstation transfers
-- June actuals
-- Income and Salaries of N.O. and PRA
-- (Lonnie) Cashflow issues.

LaVarn asks for Cashflow projections.

The meeting was adjourned at 5:30 pm

Respectfully submitted,

Paul Surovell
Secretary
Pacifica National Finance Committee

These minutes were approved on 8/13/04.