

Finance Committee Adjourned Meeting – September 26, 2007

MINUTES

An adjourned meeting of the PNB Finance Committee was called to order at 5:10 pm PDT by Chair LaVarn Williams on September 26, 2007 with Terry Goodman serving as Secretary, this meeting having been scheduled pursuant to a motion adopted on September 19, 2007. The minutes of 9/19/07 were approved.

Attendance

Present: Dave Adelson (left early), Baruti Bediako, Brian Edwards-Tiekert, Jane Gatewood, Terry Goodman, Lonnie Hicks, Berthold Reimers, Sandra Rawline (left early, returned at 8:05 pm), and LaVarn Williams.

Absent: Mike Martin.

Revised Agenda

- 1) Roll Call (5 minutes)
 - 2) Approval of Minutes (2 minutes)
 - 3) Next Meeting (5 minutes)
 - 4) CFO Report and Approved 2008 Budgets (50 minutes)
 - a) National Office Budget Consideration
 - i) PRA
 - ii) Affiliates
 - iii) Fiscal 2007 Forecast and YTD Actuals
 - b) WBAI Budget Consideration
 - c) WPFW Budget Consideration
 - 5) Financial Policies & Procedures Manual
 - 8) New Business (2 minutes)
 - 10) Adjournment
- ** Times are for guidance only **

1. Roll Call and Approval of Agenda

The agenda was revised and approved without objection on the motion of LaVarn Williams as amended by Dave Adelson at 5:20 pm.

2. Approval of Minutes

The minutes of September 19, 2007 were approved without objection on the motion of Terry Goodman at 5:24 pm.

3. Next Meeting

Motion from LaVarn Williams that the Finance Committee schedule a regular meeting for

Thursday, October 25, 2007 at 8:00 pm EDT.

Motion passed without objection at 5:23 pm.

An adjourned meeting was later scheduled for 9/28/07.

4. CFO Report & 2008 Budget Status

Unit budget discussions continued from the previous meeting at 5:24 pm.

4a. National Office Budget Consideration

There was discussion of the National Office budget, including the FY'07 forecast and YTD actuals distributed by the CFO by email prior to the meeting.

Motion from Dave Adelson that the PNB Finance Committee approves the proposed National Office FY'08 budget and refers it to the PNB for adoption, with the proviso that the Executive Director shall work with the CFO to reduce National Office spending by 5% in a spending plan to be presented to the PNB as a budget adjustment at its January meeting.

Motion failed by substitution

Substitute Motion from Terry Goodman that the PNB Finance Committee approves the National Office FY'08 budget and refers it to the PNB for adoption.

Motion passed by a roll call vote.

Y: 5 (Edwards-Tiekert, Goodman, Hicks, Reimers, Willaims)

N: 3 (Adelson, Bediako, Gatewood, Rawline)

(This tally is on the motion to substitute rather than on the substituted motion, as Adelson left the call about this time. The final vote is probably 5 to 2, but was not noted by the Secretary.)

Request from Dave Adelson (as interpreted by Terry Goodman) that the minutes of the meeting include sufficient detail regarding amendments by substitution that the original intent of the makers is preserved for the record.

Request granted by the Secretary without objection as a routine courtesy to the Member in the first draft of the meeting minutes, which are subject to approval by the Committee.

Motion to amend from LaVarn Williams (as amended on the motion of Terry Goodman) that the PNB shall engage the services of a non-profit management consulting firm to provide an organizational audit of the Pacifica Foundation.

Motion withdrawn or postponed without objection.

Motion to amend from Jane Gatewood that the National Finance Committee further recommends that the PNB request that the incoming Executive Director work with the CFO to develop the initial installment of a strategic plan, involving the Pacifica community to the greatest degree feasible, for presentation at the January meeting of the PNB. This strategic plan shall focus upon but not be limited to areas of cost containment, listenership increase, and revenue increase.

Motion withdrawn or postponed without objection.

Motion to amend by Brian Edwards-Tiekert (as amended on the motion of Terry Goodman) that the NFC advises the National Board and national executives that it finds the Pacifica network's financial situation precarious, that the Pacifica National Office's budget is based on optimistic income assumptions in several local station budgets, that there is a significant probability the Pacifica National leadership will have to make significant expense reductions in multiple network divisions in the near future, and that they should plan accordingly.

Motion withdrawn or postponed without objection.

4a(i) PRA

Discussion of the Pacifica Radio Archives was included in the discussion of the National Office budget.

4a(i) Affiliates

The CFO will have details of the Affiliates program portion of the National Office Budget and a financial impact statement related to the proposed restructuring of this department ready for the September PNB meeting. Discussion of personnel details is postponed to closed session.

4a(iii) Fiscal 2007 Forecast and YTD Actuals

A CFO report reviewing the FY'07 forecast and year-to-date actuals was incorporated into the discussion of the National Office budget.

4b WBAI Budget Consideration

Baruti Bediako reported LSB approval of WBAI management's FY'08 proposed budget, with stipulations (see Appendix A).

Point of order from Terry Goodman that detailed consideration of the WBAI LSB's budget stipulations is beyond the proper scope of the PNB Finance Committee.

Well taken.

Motion from Baruti Bediako (as amended on the motion of Terry Goodman) that the PNB Finance Committee approves the WBAI FY'08 budget with the financial changes resulting from application of the stipulations outlined by the WBAI LSB approval of the revised management budget.

Motion failed by substitution.

Motion from Berthold Reimers that the PNB Finance Committee recommends rejection of the budget approved by the WBAI LSB and recommends a \$200,000 reduction in projected income and a matching reduction in authorized expenses.

Motion failed by substitution.

Motion from Lonnie Hicks that the PNB Finance Committee recommends that WBAI management prepare a recovery plan for approval by the WBAI LSB and subsequent review by the PNB Finance Committee and PNB by December 1, 2007.

Motion ruled out of order.

Point of order from Berthold Reimers that the motion is beyond the scope of the agenda item and not proposed as an amendment or substitute, so requires separate consideration.

Well taken.

Ruling of the Chair that the Committee must dispose of the motion on the floor to approve the WBAI budget as approved by that Local Station Board prior to consideration of a budget not approved by the Local Station Board.

Appeal from Brian Edwards-Tiekert.

Appeal withdrawn without objection.

Substitute Motion from Brian Edwards-Tiekert (as amended on the motions of Lonnie Hicks and Terry Goodman) to provide a detailed committee recommendation regarding the WBAI budget.

Motion passed by a role call vote.

Y: 4 (Edwards-Tiekert, Goodman, Reimers, Williams)

N: 3 (Bediako, Hicks, Rawline)

The actual text of this motion as approved was incorporated as a proviso to the Committee's approval of the WBAI budget, so appears within that motion, immediately below.

Motion from Lonnie Hicks that the PNB Finance Committee approves WBAI management's proposed FY'08 budget and refers it to the PNB for adoption with the proviso that the PNB and Pacifica Management:

1. Require immediate implementation of all cost reductions in the FY 2008 WBAI budget proposed by station management,
2. Impose an immediate hiring freeze at WBAI for employees and contractors,
3. Impose a wage freeze at WBAI, applied only where such a freeze would not violate the terms of any employment contract or collective bargaining agreement,
4. Impose a freeze on all discretionary spending (as identified by Pacifica's CFO) at WBAI, and
5. Require WBAI, as a condition of lifting the freezes enumerated under items 2, 3, and 4 above, produce a contingency/recovery plan that includes the following elements:
 - a) An FY 2008 budget whose revenue forecasts are based on demonstrated ability to raise funds, whose expenses include a payback of at least \$50,000 in outstanding debt to the Pacifica National Office, whose accompanying cash-flow forecast leaves WBAI with at least one-half of one month's operating expenses in unrestricted cash at the end of the fiscal year, and which does not contemplate using restricted grants to fund unrelated operating expenses,
 - b) A contingency plan that identifies an additional \$150,000 in spending cuts that can be implemented if WBAI fails to reach its revenue targets, and

c) Proposals for long-term strategies for increasing revenue and/or reducing expense.

Motion passed by a roll call vote at 10:11 pm.

Y: 4 (Edwards-Tiekert, Goodman, Hicks, Rawline)

N: 2 (Bediako, Reimers)

4c. WPFW Budget Consideration

There was discussion of the budget approved by the WPFW Local Station Board.

Motion from Lonnie Hicks that the PNB Finance Committee approves the WPFW FY'08 budget and refers it to the PNB for adoption.

Motion passed without objection at 10:19 pm.

4d. KPFA Budget Consideration

Item completed in the meeting of 9/13/07 and removed from the revised agenda.

4e. KPFK Budget Consideration

Item completed in the meeting of 9/19/07 and removed from the revised agenda.

4f. KPFT Budget Consideration

Item completed in the meeting of 8/29/07 and removed from the revised agenda.

5. Financial Policies & Procedures Manual

Consideration postponed by meeting adjournment.

6. Motions Approved in July PNB Meeting

7. Motions Referred to NFC by PNB

These items were removed from the revised agenda as approved.

8. New Business

Consideration postponed by meeting adjournment.

9. Adjournment

The meeting was adjourned without objection on the motion of LaVarn Williams at 10:22 pm PDT to a time certain of 7:45 pm EDT on Friday, September 28, 2007, which meeting shall be a closed session primarily regarding personnel and legal matters.

Terry Goodman, Secretary

These minutes were approved on 11/29/07.

Appendix A – WBAI LSB Budget Approval

Motion to Approve Proposed WBAI Fiscal Year 2008 Budget with Stipulations

The LSB approves the WBAI Fiscal Year 2008 budget submitted by management with the following stipulations:

1. Recommends that, working with the Treasurer, the IGM revisit the salary, benefits and pension lines to ensure that the numbers which are presented accurately reflect the contractual amounts, including vacation and other leave time, and that any proposed cuts be in compliance with the AFTRA [paid staff union] contract and in consultation with AFTRA and USOC [Unpaid Staff Organizing Committee] as all staff are affected by internal changes.

2. The board will revisit the budget process in 6 months and again in 9 months with, in addition to its required monitoring, the specific purpose of reviewing income and expenses to determine whether there is any excess income. Such excess shall be returned to the staff as follows: first, restoration of 50% of any rollback or lost positions; second, a 100% increase in the hours of a development professional - there are 10 hours in the current budget draft; third, restoration of the balance of any rollback or lost positions; fourth, a payback of the monies owed due to any rollback; fifth, payback of deferred cost-of-living-adjustment; and last an increase to full-time for the development professional.

Proposed Amendments to Budget Motion

3. The proposed reductions in employee expenses will be deferred until at least December 1, 2007, during which time the National Finance Office will assist the LSB in obtaining long-requested financial information, and the LSB will work with management, staff and the two unions to review budget assumptions and develop proposals for increased revenues and reduced expenses. Based on this information and any such proposals, the LSB and PNB will revisit the budget by January 15, 2008.

4. If general salary cuts are implemented, they shall apply equally to all station employees.

5. The salary for the permanent General Manager position shall be limited to the advertised rate of \$65,000 annually until salary or staff cuts implemented during this fiscal year are reversed.

Above is the motion that the LSB passed in response to management's proposed budget. Items 3 and 5 effect the bottom line by increasing expenses by a net amount of approximately \$7,000 (3 increased expenses by approximately \$12,000 and 5 reduces expense by \$5,000).

Thanks
Baruti