

Minutes for the regular National Finance Committee meeting March 15, 2016.

Meeting convened at 8:33 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sam Agarwal (CFO), Fred Blair, Adriana Casenave, Joseph Davis, Brian Edwards-Tiekert (Chair), R. Paul Martin (Secretary), Tony Norman, Michael Novick, Cerene Roberts, Michael Washington, Barbara Whipperman, also attending was WPFW General Manager Gerald Paris.

Agenda:

Roll Call (5 minutes)

Agenda Approval (5 minutes)

Minutes Approval (5 minutes)

CFO Report (30 minutes)

 Report (10 minutes)

 Questions (10 minutes)

 Motions / Actions (10 minutes)

2016 Meeting Schedule (5 minutes)

Motion re: Staffing Level Review [Joseph Davis] (10 minutes)

Motion re: Advertising [Joseph Davis] (10 minutes)

Motion re: Broadcast Equipment Replacement Funds [Joseph Davis] (10 minutes)

Motion referred from PNB for NFC review (15 minutes)

Policy motion re: allocating ambiguous donations [Edwards-Tiekert] (15 minutes)

Adjourn 8:30

Motion: (Joseph Davis) "To approve the agenda." (Passed without objection)

Minutes Approval 8:36 PM (ET)

Motion: (Michael Novick) "To approve the minutes of the February 23, 2016, NFC meeting."
(Passed without objection)

CFO Report 8:36 PM (ET)

The CFO told the committee that WPFW and WBAI are going through troubling times. He said that WPFW is three months behind in its Central Services payments and two months behind in paying its health insurance premiums. He said that the National Office has to pay the health insurance premiums or there would be no health insurance for anyone in the Pacifica network, except for KPFA; this is draining the National Office's funds. He said that he sees trends at WPFW that are very disturbing. He said that they are showing a \$40,000 to \$50,000 deficit every month. He said that even if WPFW cuts payroll by 50% they won't be able to pay Central Services and other payments. The CFO said that WPFW's on-air fund raiser is falling short and that immediate action is required. He recommended that the NFC discuss what to do in the short term and that the NFC should recommend some action to the PNB over a two month time frame. He said that if WPFW can't come up with a plan to turn its finances around then some more extreme steps may be required, including maybe sale or liquidation. He said that he hopes that a turn around plan will tell the WPFW LSB and Management that business as usual can't continue and that there must be change quickly.

The CFO said that WBAI has cash flow problems, and that the big issue is the tower rent at the Empire State Building (ESB). He said that ESB Management has called for a meeting with Pacifica, they have not specified an agenda. He said that the tower rent was about \$43,000 and WBAI has been paying only \$12,000 a month. He said that WBAI has not been paying its full rent to ESB for three years or so and that Pacifica can't pay the accumulated difference. WBAI is behind in Central Services payments by two months and behind in paying health insurance premiums one month. He said that he has looked at WBAI's cash flow projection for the next two months and there is no possibility that WBAI can meet its operational expenses or pay Central Services. He said that because the tower rent is exorbitant and can't be met by the station's income, and because the station is already in a big hole in terms of meeting operational needs, that he suggests that the time has come that we need to look into all possible options, including sale, liquidation, Local Marketing Agreements, or whatever. He said that time has possibly passed even for those options. He said that for all of WBAI's debts, including payroll, the Pacifica Foundation is responsible, so the entire network is held liable to pay. He said that the sooner we can act the better it can be for everybody. He said that the NFC should recommend to the PNB that action is needed on WBAI in the next month or so. He said that he and Tony Norman will be in New York for the meeting with the ESB during the week of March 21, and they will know how the ESB is going to press the issue of the payments which are in arrears. He said that he would provide an update at the next NFC meeting. The CFO said it would be more efficient if the NFC met every 10 or 15 days because the financial issues are critical. He said that the NFC should also discuss the finances of other stations that are doing well. He proposed doing one NFC meeting per station so that the NFC can make positive recommendations or changes to the operations of those stations. He said that even the stations that are doing well are not cash rich and that if anything goes wrong they are in trouble.

The committee discussed the CFO's report.

The Chair asked the committee members to ask only questions at this point. The CFO was asked if he knew that the ESB rent is more than \$43,000 a month, if the CFO was familiar with the Pacifica bylaws regarding sale of stations, and if the CFO was aware of the status of WBAI's license. The CFO said they were valid questions and that he'd arrived at the \$43,000 figure by adding up the terms

of the agreement, but that maybe there were separate riders or addenda that he's not aware of. He said that the other questions were premature at this time, and that when the time comes Pacifica will have to act responsibly and these issues will need to be looked at more deeply then. In response to a question the CFO said that he had not been in communication with the WPFW LSB except for Tony Norman, nor has he been in communication with the WBAI LSB, but he has been in contact with the WBAI General Manager with whom he has been raising these concerns. The CFO said that he was surprised to find that the numbers are not being taken into account by WBAI Management and that no action or suggestions are coming forward. He said that this cannot continue. In response to a question the CFO said that he recommended that he wanted WPFW to come up with a plan in two months, but that at the same time it should be made clear to Management that something has to change. He said that the LSB must work with the Management team to meet the station's cash flow, otherwise WPFW will face the same situation as at WBAI. In response to a question the CFO said that the National Office would send out the financial statements through February by the end of this week. The CFO clarified that he and Tony Norman would be going to New York to meet with the ESB about the lease terms from March 21, to 23, and then to WPFW for two days. The KPFT Treasurer brought up the problem of getting accurate financial information from that station's General Manager. He asked the CFO if he had gotten access to all of the bank accounts in the Pacifica Foundation, if he can transfer funds among accounts and what's being done to get things under control. The CFO said he is concerned and that personnel issues would have to be discussed in closed session. The CFO said that WPFW and WBAI do not have Business Managers and that this is making getting access more difficult to achieve. He said he is working to get full access. In response to a question the CFO said that he is strongly opposed to borrowing from one station for another, that it is unethical, and problematic, but by default this is happening. He said that this shows up in the FY13 audit and he wants to stop that practice. The CFO said that when he approaches a station about getting access to the bank accounts they tell him they don't know who's authorized to make changes, etc. and he has to do all of the groundwork. He said that after that the banks take time to open an account and give him the codes. He said that he told the PNB that he should have signing authority because the banks wouldn't talk to him without it, but he's now getting it. He said he's not devoting that much time to this issue now because it's not as urgent as other issues. He said that KPFA, KPFK and WBAI have given him access and he has a password and user name and user ID, WPFW has given him an E-mail and password and he has to establish account access himself.

Motion: (Adriana Casenave) "To extend the time for this question period by five minutes." (Passed without objection) 9:03 PM (ET)

The committee continued asking questions. The CFO was asked about the WPFW Business Manager having trouble getting numbers to put into the station's budget projections. The CFO said that the WPFW Business Manager had been taking a broader view and the CFO had told him that he needs to focus on cash flow at this time, and that the National Office will send out actual financial statements for all stations. The committee members requested that the monthly financial statement sent out at the end of the week also be sent to the NFC, the CFO agreed to this.

Later in the meeting the CFO said that the audits are going smoothly, but on the FY14 audit a sticking

point is a cash plan for the going concern issue, the cash flow plan depends on all of the stations being afloat, if they're not then we can't submit a cash flow plan to auditors, which is another reason why this is an urgent issue.

Motions / Actions 9:10 PM (ET)

Motion: (Tony Norman) "The PNB directs WPFW Management and its LSB to produce, within 60 days, a plan for stabilizing WPFW's finances and restoring WPFW's ability to stay current on all operating expenses, including Central Services. (This directive shall not prevent WPFW or National management from implementing any cost-cutting or fundraising measures they deem necessary while the plan is under development)."

The committee discussed the motion.

Motion: (Brian Edwards-Tiekert) "To extend the time for this item by 10 minutes." (Passed without objection) 9:19 PM (ET)

The committee continued discussing the motion.

Amendment: (Cerene Roberts) "To strike, '(This directive shall not prevent WPFW or National management from implementing any cost-cutting or fundraising measures they deem necessary while the plan is under development)'." (Fails 1 for, 10 against)

The committee discussed the amendment.

Amendment: (Brian Edwards-Tiekert) "To add at the front, 'The National Finance Committee recommends the PNB pass the following resolution:'." (Passed without objection)

Motion as amended: "The NFC recommends that the PNB adopt the following motion: The PNB directs WPFW Management and its LSB to produce, within 60 days, a plan for stabilizing WPFW's finances and restoring WPFW's ability to stay current on all operating expenses, including Central Services. (This directive shall not prevent WPFW or National management from implementing any cost-cutting or fundraising measures they deem necessary while the plan is under development)." (Passed 10 for, 1 against)

Motion: (Brian Edwards-Tiekert) "To extend the time for this item by 10 minutes." (Passed without objection) 9:34 PM (ET)

Motion: (Brian Edwards-Tiekert) "The National Finance Committee recommends the PNB pass the following resolution:

The PNB directs National Management (the interim Executive Director and CFO) to produce a list of options for re-structuring WBAI in a manner that would stabilize the network's finances. The list shall

include an assessment of each option's costs, benefits, risks, implementation time, and impact on the network's overall finances."

The committee discussed the motion.

Amendment: (Michael Novick) "To add 'within 60 days' between 'options' and 'for.'" (Passed without objection)

Amendment: (Michael Novick) "To add, 'stabilize the station's finances and help' between 'would' and 'stabilize.'" (passed 8 for, 1 against, 2 abstentions)

The committee discussed the amendment.

Amendment: (Joseph Davis) "At the end of the first sentence to add, 'by eliminating WBAI's negative cash flow situation.'" (fails 1 for, 7 against, 3 abstentions)

The committee discussed the amendment.

Point of Order: (Brian Edwards-Tiekert) Call for the orders of the day. 9:55 PM (ET)

Motion: (Cerene Roberts) "To extend the time for this item by six minutes." (Passed without objection)

The committee continued to discuss the amendment.

Amendment: (Adriana Casenave) "To substitute for the entire motion, "The PNB directs National Management (the interim Executive Director and CFO) to produce a list of options for re-structuring WBAI in a manner that would bring WBAI's budget into balance." (Fails 2 for, 6 against, 3 abstentions)

The committee discussed the amendment.

Motion: (Cerene Roberts) "To extend the time for this item by five minutes." (Passed without objection) 10:09 PM (ET)

Amendment: (Cerene Roberts) "To strike, 'and help stabilize the network's finances.'" (Fails 3 for, 6 against, 2 abstentions)

The committee discussed the amendment.

Motion as amended: "The National Finance Committee recommends the PNB pass the following resolution:

The PNB directs National Management (the interim Executive Director and CFO) to produce a list of options within 60 days for re-structuring WBAI in a manner that would stabilize the station's finances and help stabilize the network's finances. The list shall include an assessment of each option's costs, benefits, risks, implementation time, and impact on the network's overall finances." (Passed 9 for, 2 against)

Motion: (Brian Edwards-Tiekert) "To extend the time for this item by 10 minutes." (Passed without objection) 10:19 PM (ET)

2016 Meeting Schedule 10:19 PM (ET)

Motion: (Brian Edwards-Tiekert) "To schedule a special meeting of the National Finance Committee devoted exclusively to reviewing the financial performance of KPFA on Tuesday, March 29th, beginning at 8:30 PM Eastern."

The committee discussed the motion.

Amendment: (Cerene Roberts) "To substitute the word, 'primarily' for 'exclusively.'" (passed 7 for, 1 against, 2 abstentions)

Motion as amended: "To schedule a special meeting of the National Finance Committee devoted primarily to reviewing the financial performance of KPFA on Tuesday, March 29th, beginning at 8:30 PM Eastern." (Passed without objection)

Adjourned 10:38 PM (ET)

Submitted by R. Paul Martin, Secretary.