

Minutes for the regular National Finance Committee meeting February 13, 2018.

Meeting convened at 8:35 PM (ET) a quorum being present, the Chair being absent and the Secretary being present.

Attending: Ken Aaron, Sam Agarwal (CFO), Nick Arena, Bill Crosier, R. Paul Martin (Secretary), Mansoor Sabbagh.

Agenda:

1. Approve minutes (5 minutes)
 2. CFO report (10 minutes)
 3. Questions and answers after the CFO report (15 minutes)
 4. Set next meeting date (5 minutes)
 5. How to bring in revenue and cut expenses (30 minutes)
 6. Motion postponed from last meeting (15 minutes)
 7. New business
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Mansoor Sabbagh nominated R. Paul Martin for Chair *pro tem*.

There were no other nominations, so R. Paul Martin was declared Chair *pro tem*.

Motion: (R. Paul Martin) “To approve the agenda.” (Passed without objection)

The Committee discussed the motion.

Amendment: (Ken Aaron) “To move the motion from the last meeting to right after ‘Set next meeting date.’” (Fails 3 for, 3 against)

The committee discussed the amendment.

Approve minutes 8:55 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the January 23, 2018, meeting.” (Passed without objection)

CFO report 8:56 PM (ET)

The CFO told the committee that he was limited in what he could say in an open session meeting. He said that the work on the FY16 audit had begun two weeks ago. He said that the National Office has filed for an extension of the California Attorney General’s office February 14, 2018, deadline for the

FY16 audit; they have not received an official letter from the Attorney General to date. The CFO said that WBAI, WPFW, the National Office, the Pacifica radio Archives and KPFT were ready to start preparing their audits, but KPFA and KPFK had not been able to get their information together for the auditors yet, and that a full consolidation couldn't be done yet. The auditors have started to make information requests and those are being worked on. He said that the audits for the retirement plan for FY16, and the 403(b) audit are being worked on, and the National Office will have to hire a lawyer to deal with some of the details of the pension funds because the collective bargaining agreements are not consistent with the retirement plan documents, so even if Pacifica had the money to fund the plans they can't do it yet. He said that Pacifica may not be obligated to fund pension plans for some stations, but financial statements have accrued that money, so it is a liability that Pacifica has acknowledged. He said that Pacifica will go on the assumption that all of the pension funds must be paid. He said that the Unions have to agree on common language. The CFO referred the committee to his written report.

The CFO said that he couldn't provide much on the Empire State Realty Trust (ESRT) judgement, and that the PNB needs to get a loan. He said that the ESRT has not seized assets, but they have the right to do so. He said that trends were not encouraging with the amount of late fees and interest that are accruing.

The CFO said that he had done the tentative WBAI FY18 budget, and had sent it out. He said he was accruing the monthly Empire State Building tower rental at the usual \$60,000 per month rate but he got a calculation from the ESRT with late fees and interest and he doesn't know how to account for that. He said that if it's an accrued amount it's pretty bad. He said that in a month or so he may be able to figure it out in discussions with the ESRT. He suggested putting the WBAI FY18 budget on hold and also the accounting for the ESRT judgement on hold because the National Office needs to account for late fees and interest. He said that he didn't know what the future outcome will be and what should be done. He said that the monthly statements are in difficulty because they don't reflect these charges, so he will postpone them for a month or so till he can find an outcome.

Questions and answers after the CFO report 9:07 PM (ET)

In answer to a question regarding the cash flow projection for WBAI, the CFO said that the cash flow should be treated as the WBAI FY18 budget. The WBAI Treasurer and the CFO discussed whether the cash flow projection could be treated as a budget, and the CFO said that he didn't want to put out a budget that showed such a huge deficit. The committee discussed the National Office Staffing necessary to get the audits done. The CFO said that hiring new accounting Staff was very expensive, and skilled people don't want part time or temporary work. The CFO said that there is more than \$600,000 in outstanding Central Services fees, mostly from two stations, and that makes it hard to be able to tell people that they can be more than temporary hires. Hiring people from a temp agency would result in Pacifica wasting money on training the temp agency's people who will then leave Pacifica. The National Office has also had to have accounting people doing Human Resources work, which is not a good plan. The CFO said that hiring a more qualified Human Resources person or hiring more accounting Staff is a choice that is difficult. The CFO said that he'd send out an update on Central Services payments. In answer to a question regarding the California Attorney General's deadline of February 14, 2018, for the FY16 audit, which if not met could result in Pacifica's tax-

exempt status being revoked, CFO said that the auditors had made the latest extension request for Pacifica and had documented the steps Pacifica has taken to get the audit done in an exhaustive letter to the California Attorney General's office. The CFO said that he hoped we'd know about the granting of the extension within days. The CFO said that he has submitted a plan to get current with the audits for FY19 so that Pacifica could resume getting Corporation for Public Broadcasting grants again. The CFO said that the National Office also needs to get the IRS form 990s done and get the pension plan forms done.

Set next meeting date 9:27 PM (ET)

Motion: (Ken Aaron) "To meet next on February 27, 2018." (Passed without objection)

How to bring in revenue and cut expenses 9:28 PM (ET)

The former interim Executive Director said that Pacifica would run through the loan money fast, there are a lot of debts and there is no clear way to pay all expenses going forward. The expenses can't be met with the current cash flow. More revenue must be generated. The PNB has approved selling the building next door to KPFA. The CFO said that doing the same things that have been done in the past can't continue. The idea of having Pacifica speakers going around the nation doing speaking engagements that would be publicized on the air in order to raise money was discussed. The topic of underwriting was discussed. The need to improve the appeal of the programming in order to get more listeners who could then be pitched to was discussed.

Motion: (Bill Crosier) "The NFC recommends to the PNB that they ask the interim Executive Director and CFO to produce a short plan, with appendices if needed, within 3 weeks, for how Pacifica can significantly increase revenue, decrease expenses, and increase listeners, with the goal of becoming and staying current with all financial obligations before the end of FY2018, and paying off Pacifica's debt within a few years." (Passed 5 for, 0 against, 1 abstention)

Motion: (Sam Agarwal) "To extend the time for this item by 10 minutes." (Passed without objection)
10:00 PM (ET)

The Committee discussed the main motion.

Motion postponed from last meeting 10:12 PM (ET)

Motion: (Ken Aaron) "The NFC requests that the PNB adopt the following motion, 'Whereas all assets, liabilities and obligations associated with any of its stations and business units are property of the Pacifica Foundation and

Whereas management of the Foundation and each of its stations and business units are to some degree a collaborative activity

Therefore, be it resolved that

- a) No single station or business unit shall be required to stand alone for repayment of obligations acquired by any other station or business unit and/or the National Office and
 - b) Major loans or similar obligations acquired by the Foundation shall be repaid in an equitable fashion as proscribed and/or approved by the Pacifica National Board and as may be adjusted thereby during the course of the repayment and
 - c) Any funds requisitioned for any reason by the National Office from a station or business unit in excess of those required for payment of regular obligations (such as payroll, taxes, insurance, pension plan and scheduled central services) shall stand as credit on the ledger of the station's or business unit's obligation to the National Office for central services, past, present and/or future and
 - d) The above stated rule in c) applies retroactively to any such funds requisitioned by the National Office since Jan 1 2015, but does not apply to special national fund drives run in the past or future for the benefit of National Office Projects, the Pacifica Foundation or the Pacifica Radio Archives.”
- Amendment:** (Bill Crosier) “To delete part ‘c’ of the motion.”

The committee discussed the amendment.

Amendment: (Bill Crosier) “To add deletion of ‘d’.” (Passed without objection)

The committee discussed the amendment.

Amendment as amended: “To delete parts ‘c’ and ‘d’ of the motion.” (Passed 3 for, 2 against)

Motion as amended: “The NFC requests that the PNB adopt the following motion, ‘Whereas all assets, liabilities and obligations associated with any of its stations and business units are property of the Pacifica Foundation and

Whereas management of the Foundation and each of its stations and business units are to some degree a collaborative activity

Therefore, be it resolved that

- a) No single station or business unit shall be required to stand alone for repayment of obligations acquired by any other station or business unit and/or the National Office and
- b) Major loans or similar obligations acquired by the Foundation shall be repaid in an equitable fashion as proscribed and/or approved by the Pacifica National Board and as may be adjusted thereby during the course of the repayment.” (Fails 1for, 3 against, 1 abstention)

New business 10:42 PM (ET)

Motion: (Nick Arena) "To adjourn." (Passed without objection)

Adjourned 9:51 PM (ET)

Submitted by R. Paul Martin, Secretary.