

Minutes for the regular National Finance Committee meeting December 11, 2018.

Meeting convened at 8:34 PM (ET) a quorum being present, the Chair being vacant and the Secretary being present.

Attending: Ken Aaron, Nick Arena, Chris Cory (Chair), Joseph Davis, William Heerwagen, Tony Leon, Maxie C. Jackson III, R. Paul Martin (Secretary), Mansoor Sabbagh, also attending were Pacifica Foundation Executive Director Maxie C. Jackson III and the Executive Vice President of NETA (National Educational Telecommunications Association) Anita Sims.

Agenda:

1. Roll Call
2. Approve Agenda
3. Elect a new Chair for the rest of this term (10 minutes)
4. Minutes approval (5 minutes)
5. Report from the Executive Director/interim CFO (20 minutes)
6. Motion from R. Paul Martin to obtain information from the PNB about the loan (15 minutes)
7. Report from the Executive Vice President of NETA (30 minutes)
8. Q&A with the Executive Vice President of NETA (15 minutes)
9. Reports on budgets from each unit
 - A. KPFA (5 minutes)
 - B. KPFK (5 minutes)
 - C. KPFT (5 minutes)
 - D. WBAI (5 minutes)
 - E. WPFW (5 minutes)
10. New Business
11. Adjourn no later than 10:30 PM (ET)

In the absence of a Chair the Secretary convened the meeting.

The committee discussed ideas for the agenda.

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

The Committee discussed the motion.

Elect a new Chair for the rest of this term 9:03 PM (ET)

Nominations were opened

Mansoor Sabbagh nominated R. Paul Martin. R. Paul Martin declined the nomination because the Chair of the NFC must be a Director.

Ken Aaron nominated Chris Cory. Chris Cory accepted the nomination.

There were no further nominations for Chair. There being no objections Chris Cory became Chair.

Chris Cory took the Chair 9:06 PM (ET)

Minutes approval 9:06 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the November 13, 2018, NFC meeting.” (Passed without objection)

Report from the Executive Director/interim CFO 9:07 PM (ET)

The Executive Director said that Juhandryn Dessames is the one accountant working in the National Office; she is assisting with NETA’s acquisition of financial materials and the transition of Larry Dankner into the interim CFO position. He said that the National Office and NETA are meeting weekly on Mondays at noon to move the audit process, and the interim CFO, along with the promotion of Juhandryn Dessames to the title of Operational Controller. The specifics of the interim CFO title are being worked out with NETA. The Executive Director said that meetings with the Pacifica Business Managers are held every Wednesday from 3:00 PM to 4:30 PM. The meetings are attend by the Executive Director , NETA personnel and Juhandryn Dessames. Juhandryn Dessames has offered to travel to WPFW and WBAI to assist with NETA’s transition, and the Executive Director will be available for such visits as well. He said that with NETA taking over financial management and accounting for all of Pacifica the pressing matters include: reevaluating Central Services fees to make sure that the formula that has been used is not outdated, they are also considering group buy membership opportunities with the National Association of Community Broadcasters and also considering affiliation with the Greater Public Organization, which is the foremost authority on revenue generation in the public service media industry. The Greater Public Organization will be making a presentation to Pacifica in January. The National Office is finalizing the National Office FY19 budget and working on an end of year National Office campaign.

The Committee discussed the Executive Director’s report. In answer to a question the Executive Director confirmed that he is no longer the interim CFO but that Larry Dankner of NETA is getting his role defined formally and that the Executive Vice President of NETA would address that.

The Executive Director said that KPFK is a member of the NFCB, but if Pacifica does a group buy then membership in the NFCB goes from \$4,500 a year to about \$2,500 a year for each station. He said that if all five stations get membership Pacifica is eligible for a drastically reduced fee structure for Sound Exchange for playing music and we would save substantial money. He said he could give a detailed breakdown at a later date, but that it would be about \$250 per station for Sound Exchange fees whereas now it’s \$2,000 to \$2,500 per station. A member noted that any change in the Central Services formula would have to be approved by the NFC and the Executive Director agreed. The WBAI Treasurer told the Executive Director that the WBAI General Manager has told the local Finance Committee that he would like for Pacifica to finally sign the lease for 388 Atlantic Ave. The Executive Director said it was the first he’d heard of it and that he’d investigate the issue.

Motion from R. Paul Martin to obtain information from the PNB about the loan 9:19 PM (ET)

Motion: (R. Paul Martin) “Whereas the National Finance Committee (NFC) is established in the bylaws of the Pacifica Foundation which state that the NFC, ‘shall review and recommend the annual budget for

board approval and shall monitor and report Foundation financial activities at least quarterly;’

And whereas the Pacifica National Board (PNB) has taken out a loan which will have to be paid back on a schedule;

And whereas neither the full cost of the loan nor the schedule of payments are known to the NFC;

And whereas the PNB has not formally given the NFC information regarding this loan or the plans to repay it;

And whereas the NFC cannot be reasonably expected to approve and recommend to the PNB budgets without knowing the full extent of the Pacifica Foundation's indebtedness, and the amount of revenue that each station will need to budget for the repayment of the loan;

And whereas the NFC cannot reasonably be expected to monitor and report Foundation financial activities without full knowledge of this loan;

Therefore the NFC requests that the PNB give the NFC the full information regarding the loans that have been taken out, including but not limited to the full terms of the loan and what the current plans are to repay both the interest on the loan and the principal including efforts to investigate the potential of refinancing the loan.”

The Committee discussed the motion.

Amendment: (Ken Aaron) “To add at end, “including efforts to investigate the potential of refinancing the loan.” (Passed 4 for, 3 against)

The committee discussed the amendment.

Motion as amended: “Whereas the National Finance Committee (NFC) is established in the bylaws of the Pacifica Foundation which state that the NFC, ‘shall review and recommend the annual budget for board approval and shall monitor and report Foundation financial activities at least quarterly;’

And whereas the Pacifica National Board (PNB) has taken out a loan which will have to be paid back on a schedule;

And whereas neither the full cost of the loan nor the schedule of payments are known to the NFC;

And whereas the PNB has not formally given the NFC information regarding this loan or the plans to repay it;

And whereas the NFC cannot be reasonably expected to approve and recommend to the PNB budgets without knowing the full extent of the Pacifica Foundation's indebtedness, and the amount of revenue that each station will need to budget for the repayment of the loan;

And whereas the NFC cannot reasonably be expected to monitor and report Foundation financial activities without full knowledge of this loan;

Therefore the NFC requests that the PNB give the NFC the full information regarding the loans that have been taken out, including but not limited to the full terms of the loan and what the current plans are to repay both the interest on the loan and the principal including efforts to investigate the potential of refinancing the loan including efforts to investigate the potential of refinancing the loan.” (Passed without objection)

Report from the Executive Vice President of NETA 9:37 PM (ET)

The Executive Vice President of NETA told the committee that NETA’s primary focus is on getting the FY17 audit done. She said that a couple of weeks ago they changed their strategy of how they’re polling Staff to get some of the information that they don’t have access to. She said that she’s feeling confident that they’re making progress. She said that they have an internal date and external date for the audit and that date is January 31, 2019. They have added more Staff to meet that goal. She said that they did not have any concerns at this time. She said that NETA did have issues with not tying to the general ledger regarding cash but that had been resolved as of the time of this meeting. She said that NETA’s role is providing oversight for stations and developing processes and procedures, as part of their oversight they’ve ordered scanners which will let them view any checks, not to approve them but to provide oversight of the work that’s being done. She said that she has another team of individuals working on the FY18 audit, so as soon as they get the FY17 audit done they’ll go to the FY18 audit. She said that Larry Dankner will be interim CFO for short period of time; she has taken away some of his other work so that he can devote time to Pacifica. She said that she felt that they have made progress and they’re working very well with the Executive Director and the Operational Controller and with some of the other Staff. She then called for questions. She said that in the future she’d provide reports in advance of the call.

Q&A with the Executive Vice President of NETA 9:40 PM (ET)

In answer to a question the Executive Vice President of NETA said that the stations could expect to receive balance sheets and income statements specific to each station, she said they don’t have it all balanced yet. They are trying to make sure that the schedules all agree before they send them to the auditors. They then want to provide consolidated reports with the categories used in the budgets. She added that this would all be done in the Great Plains software. In answer to a question the Executive Vice President of NETA said that they had been having problems getting information and she can’t say what’s still missing. She said some of the categories they were missing, like bank reconciliation, have come in and they are making progress, they’re sending information to the auditors daily, and that she’d make a more detailed report at the next meeting. She also said that NETA is able to stay busy with the information they’re getting in, but there were a lot of balance sheet accounts that were not reconciled, so there’s a lot of information that they don’t have but she said she felt that they were making progress. She said that they have changed the way that they’ve been working on the audits by tackling one station at a time instead of trying to work on all of the stations simultaneously, and that they are not using the Paylocity software because it’s not implemented as yet. The procedures for using the scanners that will be installed at all stations, the National Office and the Pacifica Radio Archives was explained, and the Executive Vice President of NETA said that everyone will be trained in how to use them. The scanners will use DocLink software and will work with NETA’s MAC500 software which will store images of checks and invoices and other documents. She said that the scanning would probably be done weekly. She said that this way they could get current and would be able to do a monthly close and be able to stay on top of the work load.

The Chair noted that the Director from KPFT was having trouble getting on the call and the Secretary

was asked to contact the people in charge of access to the call-in numbers and access codes.

Reports on budgets from each unit 9:54 PM (ET)

KPFA - The KPFA Director said that he'd sent the KPFA FY19 draft budget a week ago. He said it doesn't look much different from the previous the year's budget, it shows a small surplus at the end of the year. A lot of the projections are based on personnel changes that have not yet been approved by the KPFA General Manager. He said that the failure to cut some personnel has resulted in under performance by the station in the past and he doesn't see that changing, although there have been some positive developments in the cost structure of KPFA over the past 12 months.

KPFK - The KPFK Treasurer said he'd sent the KPFK draft FY19 budget to the NFC on October 8, 2018. He said that they would have a local Finance Committee meeting the next night, and he could talk to the Business Manager to see if any changes or adjustments need to be made to it. He said that KPFK was on budget so far. He said that there may have been a shortfall on one on-air fund raiser, but it was nothing shocking. He said that if there was an adjustment made to the draft FY19 budget he would E-mail it to the NFC members.

KPFT - The KPFT Director was not on the call yet. He made a report under New Business.

WBAI - The WBAI Treasurer said he'd sent the WBAI draft FY19 budget to the NFC before the November 13, 2018, meeting. There have been no changes in it. The WBAI local Finance Committee has voted to recommend it to the WBAI LSB. He noted that all of the LSBs were supposed to have approved their draft FY19 budgets by July 31, 2018. He said that the WBAI December on-air fund raiser was so far realizing the projected tally of \$7,500 per day.

WPFW - The WPFW Treasurer said he'd sent the WPFW draft FY19 budget to the NFC on December 6, 2018, and he'd be glad to have a discussion about it at the next meeting.

The Chair asked if all of the draft FY19 budgets were in. It was noted that PRA and the National Office draft FY19 budgets needed to get done, but if the Central Services fees formula was changed then those budgets would need to be adjusted too.

There was a discussion of the need for any changes to the Central Services fees formula to be approved by the NFC.

New Business 10:04 PM (ET)

It was requested that the costs for the current Pacifica elections be reported on at the next NFC meeting. The Executive Director said he could report on it at the next meeting, and that he's speaking to vendors on a semi-regular basis as the time line has changed. He said that he and the National Elections Supervisor (NES) should be able to put together a budget for the election for the NFC to review.

At 10:08 PM (ET) the KPFT Director reported that he had been able to get on the call.

The Secretary noted that the CFO is a member of the NFC as per the bylaws. He further noted that the PNB had made the interim Executive Director the interim CFO previously and that this determination by the PNB had been understood to have carried over to the Executive Director who was then the interim

CFO, but with the new interim CFO from NETA that person would be on the NFC and be able to vote at the next meeting. There was no disagreement with the new interim CFO being a voting member of the NFC at the next meeting.

The KPFT Director reported that the KPFT LSB did approve a draft FY19 budget in October or November. The secretary noted that the NFC had not gotten a draft budget from KPFT since May, 2018. The KPFT Director said he'd consult with the KPFT Treasurer about getting it.

The Chair said that it would be good to see an update from the National Office at the next meeting.

There was a short discussion regarding costs of the current election and the NFC never having deliberated on them in the past, and where the responsibility lies for determining those costs. The Executive Director said that there were two vendors and Pacifica Management is looking to reduce costs. He said he was confident that we're saving money and that he'd consult with the NES about it.

Motion: (R. Paul Martin) "To adjourn." (Passed without objection)

Adjourned 10:20 PM (ET)

Submitted by R. Paul Martin, Secretary.