

Minutes for the regular National Finance Committee meeting May 14, 2019.

Meeting convened at 8:38 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Nick Arena, Fred Blair, Chris Cory (Chair), Bill Crosier, Lynden Foley, R. Paul Martin (Secretary), Mansoor Sabbagh, James Sagurton, Nancy Sorden, also attending was Pacifica Foundation Executive Director Maxie C. Jackson III.

Agenda:

1. Approve Agenda
2. Minutes approval (5 minutes)
3. Election of 2019 NFC officers (10 minutes)
4. Report from the Executive Director (10 minutes)
5. Consideration of draft FY19 budgets
 - A. KPFA (30 minutes)
 - B. WBAI (30 minutes)
6. Discussion of the NFC being hindered by lack of information
7. Set meeting dates for the year (20 minutes)
8. New Business
9. Adjourn no later than 10:30 PM (ET)

Motion: (Bill Crosier) “To approve the agenda.” (Passed without objection as amended)

The Committee discussed the motion.

Amendment: (Bill Crosier) “To strike, ‘from the PNB’ from item ‘Discussion of the NFC being hindered by lack of information from the PNB.’” (Passed without objection)

Minutes approval 8:42 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the March 12, 2019, NFC meeting.” (Passed without objection)

Motion: (R. Paul Martin) “To approve the minutes of the April 9, 2019, NFC meeting.” (Passed without objection)

Election of 2019 NFC officers 8:43 PM (ET)

Chair

Mansoor Sabbagh nominated Chris Cory for Chair. Mr. Cory accepted the nomination.

There were no other nominations. Chris Cory was declared Chair.

Secretary

Mansoor Sabbagh nominated R. Paul Martin for Secretary. Mr. Martin accepted the nomination.

There were no other nominations. R. Paul Martin was declared Secretary.

Report from the Executive Director 8:45 PM (ET)

The Executive Director said he gave a pretty exhaustive understanding on the audit and other financial details to the PNB at their most recent meeting. He recommended that NFC members who want the intimate details of that understanding request a written copy from himself or Bill Crosier.

The Executive Director told the committee that the PNB has approved the termination of the lease of the National Office offices and the official termination date of the lease is August 13, 2019. He said that Pacifica has been paying about \$4,500 a month for space that no one is occupying. He said that the plan is to move into KPFA, and the Executive Director is working out the exact location of the space the National Office will occupy with the KPFA General Manager.

The Executive Director said that he'd visited with NETA last month, when they boxed up over 25 boxes of material, which they shipped to their South Carolina headquarters. He said that it was mostly key financial and employment documents that they need to do their work. They also scanned and discarded a significant amount of obsolete material. The Executive Director said that the savings per month will be over \$5,000 with utilities and other expenses. He said he has to get the furniture and equipment removed from the space.

The Executive Director told the committee that the PNB had approved the appointment of Tamra Swiderski as interim CFO for Pacifica. She will start on June 1. She will be a part time employee of Pacifica, she is also a part time employee of NETA. The interim CFO's agreement goes to the end of 2019, but if a permanent CFO is hired in the next 90 days Pacifica can plug that permanent CFO into the position. He said that the PNB is responsible for conducting and concluding a search for a permanent CFO. He said that the interim CFO will complement the work of other NETA people and the auditors, and that she will produce important financial information after May 30.

The Executive Director said that we are still on target to get the field work for the FY18 audit done by the end of this month, despite delaying some of the field work by a week or two. He said that the FY17 audit was coming to a close and that the FY18 audit ought to be ready by the end of June. He said that once this is all done the interim CFO will be able to provide reliable financial information.

The Executive Director read a press release that the National Office had put out regarding the hiring of the new interim CFO.

The committee discussed the report.

In answer to a question the Executive Director said that NETA has been acting as the Business

Manager for Pacifica and that it is a group effort at NETA and that they are doing a lot of the work around making sure accounts payable and receivable are current with the stations. He said that he wasn't sure when the stations would learn what their obligations would be in paying the interest on the loan. He said that talks were ongoing with public media companies to explore options to refinance the loan. He said it was not clear how the loan will be addressed going forward. He said he would work to give the NFC an estimate of a worst case scenario where we deal with the loan as it is currently. He asked the NFC to be patient. A member noted that the information the NFC has gotten has been disjointed and lacking in detail and so the NFC can't offer advice. The Executive Director said that the NFC should have the information available so that we can give advice. There may be some terms of the loan that cannot be made public. A desire for a larger dialogue was brought up. More concerns about paying back the loan were raised. The need was raised for current income statements, cash flow projections for the rest of FY19, and balance sheets that will be critical for planning for the loan and budgets, and this would help to assure donors and grantors. It was expressed that it would be good if the interim CFO could be at the next NFC meeting.

Consideration of draft FY19 budgets 9:14 PM (ET)

KPFA - The KPFA Treasurer said that they do have a Business Manager at KPFA but there have been some issues with the software change from MEMSYS and they haven't been able to get totally up to date numbers. She said that KPFA has been paying all of its bills, and paying their Central Services payments. They are in their Spring on-air fund raiser now. She said that their General Manager came to the LSB meeting and gave a report and had plans to raise more for KPFA through grant writing and through more direct outreach to donors. She said that she wanted to quash a rumor that KPFA is planning on taking corporate underwriting, they are not doing that. She said that the preliminary projection for KPFA's FY19 total revenue is about \$3,600,000, and total expenses are about \$3,500,000 for a net surplus of about \$111,000.

The committee discussed the report. It was noted that the KPFA draft FY19 budget document sent to the NFC is a PDF file, and the NFC needs more information and in a spreadsheet where things can be checked and copied for examination. The KPFA representatives said they'd check on that and get back to the committee. The Executive Director confirmed that there has been no suggestion for any Pacifica station to engage in corporate support, but there are stations in our system that do a form of underwriting and he was concerned that we could be dinged for it by the FCC if not done properly. He said some is done officially by stations and some is done unofficially by producers, which is very dangerous. He said there is discussion ongoing of a policy regarding underwriting, but there would not be corporate underwriting. There was more discussion about an underwriting policy. The promotion on the air of Web sites that collect money for other organizations was discussed.

WBAI - The WBAI Treasurer told the committee that the WBAI draft FY19 budget had been sent to the NFC last year, at which time it was gone over a little. That draft budget projected a deficit of about \$254,000. The WBAI General Manager told the local Finance Committee that there were about \$64,000 in expenses that he had not anticipated when he'd put that first draft budget together. This would raise the deficit to about \$318,000. He said that the draft budget

projected pitching for 143 days in FY19 and would raise a tally of about \$7,500 a day for a total tally for the year of about \$1,000,000 which, at the projected fulfillment rate of 78.3% the General Manager said Listener Support would be about \$840,000. The General Manager is not changing the Listener Support line but there is a significant increase in expenses. At the local Finance Committee meeting the General Manager couldn't give details of those expenses. He said that he would put together a revised draft FY19 budget but he didn't, and he's on vacation right now. There were also some things that looked like they were missing in the budget and the local Finance Committee needs to discuss that with the General Manager. In the current on-air fund raiser the General Manager and the interim Development Director put out different tally figures. The WBAI Treasurer said that we needed to await a revised draft budget.

The committee discussed the report. The WBAI Treasurer said that it would be realistic to have the revised budget in June. The Executive Director said that the model that Pacifica uses for on-air fund raisers is completely antiquated, inefficient and ineffective. He said that since all of Pacifica is now a member of Greater Public each NFC member through their General Manager has access to the information from Greater Public, including industry standards, best practices around on-air fund raisers, revenue generation and ways to do on-air fund raisers more effectively. He said that all committee members have to do is ask their General Manager to sign us up. He said that Greater Public has scripts, and advice on administering on-air fund raisers, how to do major donor support, manage bequests and other financial dealings. The Executive Director encouraged the NFC members to go to their General Managers and make sure that they're taking advantage of this resource and also make sure that the NFC members do the same. He said that Great Public is the industry standard in terms of revenue generation in the non-commercial media field, and that it's a tool that all of us need. A request was made that actuals be presented while draft budgets are presented.

Discussion of the NFC being hindered by lack of information 9:40 PM (ET)

The committee discussed the difficulty it has had in getting financial information from stations and from the PNB regarding the loan. A request was made for current income statements and a cash flow projection for the rest of FY19, as well as showing how the actuals match the draft budgets. The Executive Director said that he would send out a memo about this for next meeting. The issue of the FY20 budgets was raised. The Secretary said he'd send last year's budget timeline to the committee so that a timeline for the draft FY20 budgets could be considered at the next meeting. A member suggested that a reason why many of the on-air fund raisers are not meeting their goals is that there are so many candidates for the Democratic Party nomination and they are all soaking up money that might otherwise go to organizations like Pacifica. It was noted that the PNB did not get a report from the previous interim CFO which had been scheduled for April. A Director on the call said that the interest payments on the loan would be about \$22,000 to \$23,000 a month and then after 18 months almost \$3.3 million would be needed to pay off the principal of the loan. The idea of using bequests to pay off the interest and start paying down the principal was discussed. A desire was stated to see the full loan documents. The Executive Director brought up the idea of creating a premium channel in HD Radio so those who subscribe can listen free of on-air fund raisers. He noted that three of the stations are not solvent.

Set meeting dates for the year 10:11 PM (ET)

The committee discussed meeting dates.

Motion: (Lynden Foley) “To meet in two weeks from tonight.” (Passed 6 for, 3 against, 1 abstention)

The Committee discussed the motion.

Motion: (R. Paul Martin) “That the NFC meet on the second and fourth Tuesdays every month for the next 12 months.”

The Committee discussed the motion.

Amendment: (Bill Crosier) “To add, ‘except for December when the NFC will meet only on the second Tuesday.’” (Passed without objection)

Motion as amended: “That the NFC meet the second and fourth Tuesdays every month for the next 12 months, except for December when the NFC will meet only on the second Tuesday.” (Passed 8 for, 1 against, 1 abstention)

The Chair noted that the time for adjournment had arrived.

Adjourned 10:36 PM (ET)

Submitted by R. Paul Martin, Secretary.