

Minutes for the regular National Finance Committee meeting September 20, 2016.

Meeting convened at 8:36 PM (ET) a quorum being present, the Chair being vacant and the Secretary being present.

Attending: Nick Arena, Fred Blair, Adriana Casenave, R. Paul Martin (Secretary), Tony Norman, Michael Novick, Cerene Roberts, Barbara Whipperman, also attending were Leslie Radford, KPFK General Manager and Directors Vinisha Patel-Adams (KPFT) and Nancy Sorden (WPFW) as observers.

Agenda:

1. Call to order & roll call (2 minutes)
2. Election of chair pro tem (2 minutes)
3. Approval of agenda (5 minutes)
4. Approval of minutes (5 minutes)
5. To give notice of the election of a Chair at the next meeting (5 minutes)
6. Schedule a special meeting for September 27, 2016.
7. Removal of Brian Edwards-Tiekert and Sam Agarwal from committee lists (2 minutes)
8. Possible additional meetings (15 minutes)
9. Consideration of motion on emergency financial team (15 minutes)
10. Consideration of KPFK budget proposal (45 minutes)
11. Consideration of WPFW budget proposal (special order at 9:35 PM (ET) 45 minutes)
12. Adjournment 11:00 PM (ET)

The Secretary convened the meeting.

Election of chair pro tem 8:37 PM (ET)

Nominations for Chair *pro tem* were opened.

Barbara Whipperman nominated Michael Novick.

There were no other nominations. There was no objection to accepting Michael Novick as chair *pro tem*.

Michael Novick took the chair. 8:38 PM (ET)

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

The Committee discussed the motion.

Amendment: (R. Paul Martin) “To make item #5 ‘To give notice of the election of a Chair at the next meeting.’” (Passed without objection)

The Committee discussed the amendment.

Amendment: (Barbara Whipperman) “To make ‘To schedule a special meeting for September 27, 2016’ #6.” (Passed without objection)

The Committee discussed the amendment.

Amendment: (Nick Arena) “To swap ‘Consideration of KPFK budget proposal’ with ‘Consideration of WPFW budget proposal’ in the agenda.” (Passed as amended without objection)

The Committee discussed the amendment.

Amendment: (Cerene Roberts) “To approve the agenda but agree to do other business till the KPFK General Manager can join us.” (Ruled out of order)

Point of Order: (R. Paul Martin) “The amendment is out of order, the goal can be accomplished in other ways.”

The Chair ruled the amendment from Roberts out of order.

Point of Personal Privilege (Adriana Casenave) “Can’t hear the speakers.”

Amendment: (Cerene Roberts) “To deal with the WPFW budget at 9:35 PM (ET), and leave the KPFK budget where it is and move all other items before those.” (Passed without objection)

The Committee discussed the amendment.

Amendment: (R. Paul Martin) “To add ‘Adjournment 11:00 PM (ET)’ at the end.” (Passed without objection)

Approval of minutes 9:02 PM (ET)

Motion: (Fred Blair) “To approve the minutes of the August 16, 2016, meeting.” (Passed 4 for, 0 against, 3 abstentions)

Motion: (Barbara Whipperman) “To approve the minutes of the August 31, 2016, meeting.” (Passed 4 for, 0 against, 3 abstentions)

To give notice of the election of a Chair at the next meeting 9:08 PM (ET)

Motion: (R. Paul Martin) “To hold an election for Chair of the committee at the September 27, 2016, meeting.” (Passed without objection)

Motion: (R. Paul Martin) “That the Chair *pro tem* persist until the new Chair is elected.” (Passed without objection)

Removal of Brian Edwards-Tiekert and Sam Agarwal from committee lists 9:11 PM (ET)

Motion: (Barbara Whipperman) “To remove Brian Edwards-Tiekert and Sam Agarwal from the NFC mailing list and take them off the KPFTX.ORG list.” (Passed without objection)

Possible additional meetings 9:11 PM (ET)

The committee discussed holding an executive session on September 27, 2016.

Motion: (R. Paul Martin) “At the September 27, 2016, meeting to start an executive session at 9:30 PM (ET) to consider confidential personnel matters.” (Passed without objection)

The Committee discussed the motion.

Motion: (Cerene Roberts) “To take up the KPFK budget now.” (Passed without objection) 9:19 PM (ET)

Consideration of KPFK budget proposal 9:20 PM (ET)

The Chair noted that the KPFK draft FY17 budget presented to the committee was not approved by KPFK LSB.

The KPFK General Manager said that this was not a shining hour for KPFK. She said that she has based the income in the draft FY17 budget on KPFK’s income during FY16. She said that she used the income statements she’s received so far as well as projections for August and September to arrive at the figures in the draft budget. She said that she has taken \$50,000 off the revenue total because \$50,000 of revenue in FY16 came from a bequest and the station can’t count on another such bequest in FY17. She said she has kept the expenses the same and lowered them when she could establish that they were being lowered. She said that she has provided notes in the budget spreadsheet, and that she has taken the results of the arbitration settlement into account. She said that she has projected reducing KPFK’s Central Services payments for FY17,

and that if the station can't do that she has prepared a budget with that contingency also.

The committee discussed the KPFFK draft FY17 budget proposal. In answer to a question the KPFFK General Manager said that she would have to reduce Central Services payments by the amount of the settlement agreement, which is about \$200,000. KPFFK would generally be paying about \$450,000 in Central Services. The plan calls for KPFFK to pay \$17,500 per month for the first eight months and \$24,500 per month for the last four months of FY17. She said that KPFFK would pay its Central Services to the Pacifica Radio Archives (PRA). She said that if they can't cut the Central Services fees that KPFFK will have to cut a lot of its programming. It was noted that curtailing Central Services payments was a policy decision that had to be agreed on by the PNB.

The KPFFK LSB Treasurer said that the KPFFK LSB wanted the pledge drive tab corrected. It currently shows for one on-air fund raiser 16 days of pitching, with an average daily tally goal of \$25,000 and a fulfillment rate of 91.4%; if those numbers not correct the on-air fund raiser has to be extended. He said that the number of on-air fund raising days had gone from 134 budgeted days for FY16 to doing about 150 days. The KPFFK General Manager said that she had lowered the revenue estimates by \$60,000 to \$70,000 for FY17 and that she thought the station could make its goals in that amount of time.

There was a discussion of the wisdom of reducing Central Services payments to the National Office at this time. Crediting stations for Central Services fees based on what their SCA operations produce for the National Office was discussed.

In answer to a question the KPFFK General Manager said that the station is projecting a deficit of \$56 at the end of the year in the Cash Flow tab. She also said that the deferred cost of past premiums will amount to about \$72,000 including shipping. She said that Staff are back to full time now, and that buyouts are a part of the arbitration settlement. In answer to a question the KPFFK General Manager said that the National Office had failed to provide necessary documents to the Union and the arbitrator had cited that as a cause for his decision. It was stated that the buyouts amounted to about \$187,000.

The need to increase revenue and make PRA self-sustaining was discussed.

The Chair said that he had to leave the call due to a prior commitment.

Nick Arena took the Chair at 10:01 PM (ET).

Consideration of WPFW budget proposal 10:02 PM (ET)

The WPFW Treasurer said that the draft FY17 WPFW budget was prepared taking into account the station's income over the last year, and budgeting for the same income in FY17. He noted that the WPFW Business Manager is not full time, and that the WPFW General Manager and Business Manager were not on the call. He said that this draft budget shows a significant deficit.

He said that the WPFW LSB had passed a motion directing Management to take all necessary actions to provide a balanced budget by the next LSB meeting in the second week of October. He said Management is working with outside counsel to approach SAG-AFTRA on salary reductions, reducing Staff positions and renegotiating the severance pay in the current Contract, in order to reduce payroll and health insurance expenses as soon as possible. In addition, formal contact has been made with the WPFW landlord and will be made with the tower landlord about the rent, the station will also contact the electric company about similar accommodations regarding payment. The WPFW General Manager discussed at a LSB meeting the current cash flow crunch WPFW has prior to the next on-air fund raiser, which starts on October 9, 2016. The WPFW Treasurer said that there's a lack of cash flow to make the station's next payroll. People from WPFW are approaching major donors to bridge the gap between now and the on-air fund raiser in order to make payroll, etc. He said that WPFW is in a financial crisis, not unlike what the rest of Pacifica is in. The WPFW Treasurer suggested not focusing on line items in the draft budget because the financial gap is so large and trying to focus too much on details might not be productive.

The committee discussed the WPFW draft FY17 budget proposal. It was noted that WPFW had lost about \$250,000 in FY15, the National Office says that for the first 10 months of FY16 WPFW shows a loss of more than \$283,000 and the current WPFW draft FY17 budget proposal included a \$275,000 end-of-year deficit, and that Pacifica did not have the cash to make up for the proposed deficit. The WPFW Treasurer said that the station has to reduce Staff, and combine positions. They are doing it with the assistance of legal counsel, but currently the Contract calls for six months of severance pay for anyone laid off. He said that the station will continue to make Central Services payments. He said that they are seeking short term revenue in order to get to the next on-air fund raiser and balance the budget. In answer to a question the WPFW Treasurer said that the station should be able to enjoy about a 50% to 70% reduction in payroll and health insurance expenses and they also hope to achieve a \$120,000 savings in office rent expenses and about a \$50,000 reduction in their tower rent. Over all they are hoping to achieve about \$220,000 in savings. The WPFW Treasurer said that regarding Central Services payments they would like the opportunity to accrue those expenses and pay them when the station can. He said that the real focus should be on improving the station's revenue generation.

The demographic change in WPFW's listening area and the need to modify Pacifica's business model to adapt to the era of social media was discussed. The pitfalls of reducing Staffing levels too much was discussed. The proposal of WPFW getting an academic partner or partners was discussed. It was suggested that maybe all of Pacifica should try this.

There was a discussion regarding the format of the WPFW draft FY17 budget that was presented to the NFC. The necessity for it to be in the Pacifica template format was emphasized. The WPFW Director said that the WPFW LSB is working together to raise money for the station, is doing off-air fund raisers and that the changing demographics were only a very small part of the station's problem. He said he thought that the WPFW draft FY17 budget was approved unanimously by the WPFW LSB.

There was a short discussion of getting an educational partner to help with the Pacifica Radio

Archives (PRA).

Consideration of motion on emergency financial team 10:48 PM (ET)

Michael Novick resumed the Chair. 10:48 PM (ET)

Motion: (Nick Arena) “That the NFC recommend within the next 2 days, the PNB and staff quickly create a small ‘Emergency Team’ of Pacifica staff, local station fund-raising staff, LSB members and local managers with a turnaround consultant to create and institute a plan of action on income and expenses locally and nationally within 7 days. This will include staff and expense reductions to meet attainable income by station and provide for needed Central Services.”
(Replaced by substitute motion)

The Committee discussed the motion.

Point of Order: (Michael Novick) “Call for the orders of the day” 10:56 PM (ET)

Motion: (Barbara Whipperman) “To extend the time of the meeting by 14 minutes to 11:10 PM (ET).” (Passed without objection)

The Committee resumed discussing the motion.

Amendment: (Michael Novick) “The NFC recommends that the PNB direct the interim Executive Director and the General Managers of all units to constitute a revenue increase planning group including four of their own members and 3 members of the PNB elected by the PNB, to focus on developing a plan for increased revenue generation, including necessary steps to be taken and a timetable for carrying them out, to present to the PNB by its November meeting.”

The Committee discussed the amendment.

Amendment: (Cerene Roberts) “To replace ‘by its November meeting’ with, ‘at a special meeting on or around October 20.’” (Passed without objection)

Motion: (Cerene Roberts) “To extend the time of the meeting by five minutes.” (Passed without objection) 11:12 PM (ET)

The Committee resumed discussing the amendment.

Motion: (Barbara Whipperman) “To extend the time of the meeting by three minutes.” (Passed 3 for, 1 against, 3 abstentions) 11:24 PM (ET)

Amendment as amended: “The NFC recommends that the PNB direct the interim Executive Director and the General Managers of all units to constitute a revenue increase planning group including four of their own members and 3 members of the PNB elected by the PNB, to focus on

developing a plan for increased revenue generation, including necessary steps to be taken and a timetable for carrying them out, to present to the PNB at a special meeting on or around October 20.” Passed 4 for, 2 against, 1 abstention)

Motion as amended: “The NFC recommends that the PNB direct the interim Executive Director and the General Managers of all units to constitute a revenue increase planning group including four of their own members and 3 members of the PNB elected by the PNB, to focus on developing a plan for increased revenue generation, including necessary steps to be taken and a timetable for carrying them out, to present to the PNB at a special meeting on or around October 20.” (Passed 4 for, 3 against)

Adjourned 11:28 PM (ET)

Submitted by R. Paul Martin, Secretary.