

Minutes for the regular National Finance Committee meeting May 8, 2018.

Meeting convened at 8:40 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Ken Aaron, Nick Arena, Chris Cory, Joseph Davis (Chair), William Heerwagen, Tony Leon, R. Paul Martin (Secretary), P.K. McCary, Mansoor Sabbagh.

Agenda:

1. Roll Call
2. Agenda Approval
3. Minutes approval (10 minutes)
4. Schedule next NFC meeting
5. Effects of loans on budget planning (30 minutes)
6. Progress reports on station FY19 budget process (60 minutes)
 - A. KPFA (10 minutes)
 - B. KPFK (10 minutes)
 - C. WBAI (10 minutes)
 - D. WPFW (10 minutes)
 - E. KPFT (10 minutes)
 - F. National Office (10 minutes)
7. Adjourn no later than 10:30 ET

Motion: (Joseph Davis) “To approve the agenda” (Passed without objection as amended)

Amendment: (Ken Aaron) “To move ‘Schedule next NFC meeting’ to after ‘Minutes approval.’” (Passed without objection)

The committee discussed the amendment.

Minutes approval 8:49 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the April 10, 2018, meeting.” (Passed without objection)

The next item on the agenda, “Schedule next NFC meeting,” was taken out of order because no one noticed that it had been moved up on the agenda.

Effects of loans on budget planning 8:50 PM (ET)

The Chair told the committee that in about a year and a half Pacifica would have to start paying about \$250,000 a month in interest on the loans, and that the budgets would have to be prepared

for that. He said that folding the first 18 months of interest payments into the \$3.7 million loan brings the total that will need to be paid to about \$4 million. In addition Pacifica also has millions of dollars of pre-existing debt. He asked for comments.

One member said that for the 2016, election about 50,000 ballots were sent out and that indicates what Pacifica's membership is. He said that Pacifica can't survive with only 50,000 members, and needs to immediately go up to 200,000 members. He then spoke of the need for improved programming. The balloon payment of the principal of the loan would have to be paid by about 2021. The idea of refinancing the debt to spread out the payments was discussed. The reliability of the membership lists was discussed. How to market the Pacifica stations' air was discussed. A member said that the monthly payments would only be about \$22,000 a month, and that Pacifica really only needs to add an additional 16,000 members; another member said that the monthly payments would be about \$130,000. It was also noted that we can't predict the economy, and the state of the economy will affect Pacifica, so we need a fall-back plan. The need for benchmarks was discussed.

Progress reports on station FY19 budget process 9:24 PM (ET)

KPFA - The KPFA Director said that he would look into what's happening with KPFA's budgeting process.

KPFB - The KPFB Treasurer said that he didn't have any data on the KPFB FY19 budget process, but he would have information at the next meeting. He said that the station was in good shape.

KPFT - The KPFT Treasurer said that she is trying to get the KPFT local Finance Committee together; the dates she's suggested have not been good for station Management, so she met with Management in the daytime. She noted that KPFT has Internet problems and getting information from the National Office was difficult. She said that KPFT had a FY18 budget but they never went back to it, and they didn't have anything past January because the Business Manager didn't get more information. She said that the station should be able to approve a FY19 budget.

The Chair said that the stations needed to coordinate so that the National Office also got adequate staffing.

WBAI - The WBAI Treasurer said that for FY18 the National Office was going to do the WBAI budget, but they haven't. The WBAI Treasurer said he'd sent the WBAI General Manager the WBAI budgets for the past few years, and the General Manager sent him a short version of a FY18 and a FY19 budget. They are not full budgets. There is no Assumptions spreadsheet and other backup data for the budgets is not there. For FY18 the WBAI General Manager is projecting a deficit of about \$135,000. For FY19 the General Manager is projecting a surplus of about \$328,000. The WBAI Spring on-air fund raiser is ongoing and for the first five days is averaging only about \$6,500 a day. The WBAI Treasurer didn't see how the projected FY19 surplus could be realized. He noted that the FY19 timeline passed by the committee required that the CFO meet with the Treasurers by May 17, and by June 1, the local Finance Committees and

LSBs, in consultation with General Managers/Business Managers are supposed to identify and rank budget priorities in order of importance, and the NFC is supposed to complete its recommendation on a Central Services formula for the upcoming fiscal year; the WBAI Treasurer said didn't see those deadlines being met.

WPFW - The WPFW Treasurer told the committee that based on the draft WPFW FY18 budget that was presented to the NFC last year the station is showing a revenue of about \$164,000 better than budget, and they are about \$73,000 over budget on expenses. Overall they are about \$90,000 better than the draft budget projection. Their local Finance Committee has identified seven initiatives for this year to try and increase revenue, including mailings, peer fund raising, a one day on-air fund raiser event as well as renting out studio space and generating new revenue from programming and off-air fund raisers. He said that the LSB raises money on various off-air fund raisers. He said that WPFW's Spring on-air fund raiser starts on Sunday with a goal of about \$350,000. He said that they'd exceeded their goals in the Fall on-air fund raiser. He said that the station needs more Staff. He said that the station was doing well overall despite having fallen behind on Central Services payments because they had to pay some back rent. He said that they plan to catch up on Central Services payments after this on-air fund raiser. They have not begun to work on their draft FY19 budget proposal, but they expect to start on it in June. He said that they would like to find out more details regarding the loans.

The committee discussed the reports. The fact that the NFC has not been given detailed information about the loans was discussed. The need to get the budgeting process going before payments come due was discussed. The possibility of having an outside firm do some of Pacifica's financial work was brought up.

Schedule next NFC meeting 9:54 PM (ET)

The committee discussed the possibility of meeting again in the month of May. The budget time line adopted at the April 10, 2018, NFC meeting says, June 1 "Local Finance Committees/LSBs, in consultation with General Managers/Business Managers." The committee discussed whether there would be anything it could do before the end of May. The next scheduled meeting of the committee is set for June 12, 2018.

New business 10:01 PM (ET)

Committee members were urged to help the interim Executive Director.

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

Adjourned 10:02 PM (ET)

Submitted by R. Paul Martin, Secretary.