

Minutes for the regular National Finance Committee meeting February 12, 2019.

Meeting convened at 8:39 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Ken Aaron, Nick Arena, Chris Cory (Chair), Joseph Davis, William Heerwagen, R. Paul Martin (Secretary), P.K. McCary, Mansoor Sabbagh, also attending was Pacifica Foundation Executive Director Maxie C. Jackson III.

Agenda:

1. Approve Agenda
2. Minutes approval (5 minutes)
3. Report from the Executive Director (10 minutes)
4. Budget Overdraft Maximum Amount (20 minutes)
5. 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)
6. New Business
7. Adjourn no later than 10:30 PM (ET)

Motion: (Chris Cory) "To approve the agenda." (Passed without objection)

Minutes approval 8:48 PM (ET)

Motion: (R. Paul Martin) "To approve the minutes of the December 11, 2018 meeting." (Passed without objection)

Report from the Executive Director 8:49 PM (ET)

The Executive Director told the committee that the Pacifica Foundation is now a member of the Greater Public Organization after their presentation to Pacifica in January and after the Pacifica General Managers unanimously voted that this membership was a good thing. The membership includes all five stations, Pacifica Radio Archives and the Affiliates Director. The General Managers and Business Managers have full access to those resources.

He said that the Operational Controller has established electronic portals for payroll, Human Resources benefits and pension plans. NETA is maintaining those portals and they are working with the third party people. All staff at all stations will get training from the vendors so they can use the services. The Executive Director said that this will allow us to be more efficient and productive. Each individual Staff member will have his or her own login, etc.

The Executive Director said that two weeks ago he'd had a conversation along with NETA with the CPB. He said he wanted to know what we'd need to do to get in good standing with CPB, since Pacifica lost CPB funding in 2014. They went over the documents from 2014. He said that after we get all of the audits done in May or June we can go to the CPB and show compliance with all areas. He said that he hopes to speed up submission of the audits for FY16, FY17 and FY18. The going concern notation from the auditors will give us a poor grade, and Pacifica's financials were done badly in the past. He said that the auditors suggested we rush these audits to completion so we're eligible for the Fall cycle of CPB Community Service Grants and maybe next year be able to apply on time. He said that the CPB said Pacifica is considered suspended, and that we have to prove that we're compliant. He said that the CPB looks favorably on our relationship with NETA. The CPB also said they wanted to know if we had a strategic plan, and the Executive Director said he shared a vision statement with them. The CPB is reviewing it now, and he said that they're glad to see an Executive Director in place and that there is a plan. The CPB wants to know if we have a board that will follow it.

The Chair noted that the time for this item was expired.

Motion: (Chris Cory) "To add 5 minutes to this agenda item" (Passed without objection) 8:59 PM (ET)

The Committee discussed the Executive Director's report.

The Executive Director said that in terms of compliance with CPB rules Pacifica has not been compliant with regard to Community Advisory Boards (CABs). He said that the LSBs need to see that the CABs are working, and that Pacifica needs to prove that the CABs are in place with regularly scheduled meetings, minutes of meetings, etc. One suggestion the CPB made was to collapse the LSBs and make them the CABs. He said that the CPB feels that Pacifica is over-governed and they think we should consider alleviating some of the governance by making the LSBs into advisory boards with advisory responsibilities instead of governance responsibilities and let that governance play out at the national level.

In answer to a question the Executive Director said that he has managed CABs in New York and Cleveland, and the best way to insure diversity is to have a slotted cab. He said that his recommendation is in his Power Point presentation that he gave the PNB and the stations which he could send to the committee. He said that that kind of diversity almost needs to be mandated for the makeup of the CABs, not by random selection or popular vote or anything like that. He said the CAB should be a complete and total representation of the market with geographic and demographic representation appropriately and if you do that it makes sure your public service truly reflects the community. He also said that only two of the five stations have CABs and he is talking to the General Managers about how to deal with that.

In answer to a question the Executive Director said that membership in the Greater Public Organization costs \$22,500 annually. The stations are paying these fees quarterly and individually.

There was a further discussion of the CABs.

The Executive Director said that KPFT has about 4,000 members and fewer than 50,000 listeners, KPFK ranks 43 out of 48 in their market, which is not good. He said WBAI's numbers

are questionable. He said that'll relate to how much we get in Community Service Grants. He said that things are looking up, that NETA is making headway, and the audit refocus should be done in a more timely manner and they are knocking down barriers every day, but every day they find tragically flawed financial practices.

Budget Overdraft Maximum Amount 9:17 PM (ET)

Motion: (Ken Aaron) "Whereas a major vehicle of management between Pacifica Governance and Pacifica Management is the development, approval and adherence to budgets for each business unit, (reference Pacifica Bylaws Article 5 Section 1 paragraph e, sub paragraph 3.)

Whereas at various times and at each of the business units, management has incurred expenses that have not been itemized in an approved budget,

Therefore, be it resolved that official approval by roll call vote of the PNB will be required for any expenditures or incurring of obligations in any one business quarter, which accumulated are in excess of a Budget Overdraft Maximum Amount (BOMA).

Separate values of the BOMA will be set by the PNB, for the National Office, the Pacifica Radio Archives, the Affiliates Department, and the Radio Stations. These limits may be updated by the PNB as deemed appropriate and in response to a written request submitted by management and/or the National Finance Committee.

Be it further resolved that Local Station Board committees of the Radio Stations may revise the BOMA set by the PNB for their station to a lower amount if prudence so advises.

Be it further resolved that adherence to this policy will be expected by anyone with authority to make or obligate expenditures or make commitments for outside services, hiring of full time, part-time or temporary staff, contractors or consultants, or the signing of any contracts. This includes The Chief Financial Officer, the Executive Director, General Managers, Business Managers, and anyone else with authority to issues funds or sign contracts of obligations.

Be it further resolved that the initial values for the Budget Overdraft Maximum Amount for the above mentioned business units will be as follows, starting as of the approval of this policy:

National Office:	\$10,000
Pacifica Radio Archives:	5,000
Affiliates Dept:	5,000
KPFA:	5,000
KPFK:	5,000
KPFT:	5,000
WBAI:	5,000
WPFW:	5,000."

The Committee discussed the motion.

Amendment: (R. Paul Martin) “To add at the start, ‘The NFC recommends to the PNB the following motion.’” (Passed without objection)

The committee discussed the amendment.

Motion as amended: “The NFC recommends to the PNB the following motion. Whereas a major vehicle of management between Pacifica Governance and Pacifica Management is the development, approval and adherence to budgets for each business unit, (reference Pacifica Bylaws Article 5 Section 1 paragraph e, sub paragraph 3.)

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KPFK:	5,000
KPFT:	5,000
WBAI:	5,000
WPFW:	5,000.” (Tabled)

Motion: (R. Paul Martin) “To extend the time for this item by five minutes) (Passed without objection) 9:44 PM (ET)

The Committee continued to discuss the motion.

Motion: (Nick Arena) “To table the motion.” (Passed 4 for, 3 against, 1 abstention)

Reports on budgets from each unit 9:48 PM (ET)

KPFA - The KPFA Director told the committee that the last time he had reviewed the KPFA draft FY19 budget with the Business Manager the deficit was at about 7% which is about \$150,000 to \$180,000. He said he’d try to get an update for the next NFC meeting.

KPFF - The KPFF Treasurer said that they had reviewed the KPFF draft FY19 budget. He said that the figures were still positive but were below what their previous draft FY19 budget had projected. He said that the local Finance Committee had voted to have the General Manager and the Business Manager revise the draft FY19 budget by March 1, in consideration of the on-air fund raisers not performing as projected.

KPFT - The KPFT Treasurer said that the KPFT LSB had approved their draft FY19 budget last October with a budget of \$1.155 million. Actuals in FY17 and FY18 were significantly different because the station had eliminated the Summer drives. They put \$250,000 back in the budget along with the drives that were eliminated. She said KPFT has money in the bank. She said that the station has to be bare bones on their expenses. She said that the KPFT LSB has met twice this year with the General Manager and he reported that they’re in the black.

The KPFT Director said that the KPFT draft FY19 budget had already been sent to the NFC and he said that he’d like to see it passed, and would like a motion to pass it.

WBAI - The WBAI Treasurer reported that the WBAI draft FY19 budget had previously been presented to the committee, and it is projecting a deficit of about \$254,000. It’s projecting a daily tally of \$7,500. The station has been able to adhere to that rate for some of the FY19 on-air fund raisers, but the current on-air fund raiser, after eight days, is only averaging about \$6,600 a day, he said that maybe this will pick up.

WPFW - The WPFW Treasurer said that the WPFW LSB has approved their draft FY19 budget in November and submitted it to the NFC. He said that they are currently about 7% ahead of budget due to running ahead of income. They’ve had some extra expenses which included a new HD transmitter. He said that they have gotten about \$50,000 in their on-air fund raiser.

In answer to a question the Executive Director said that he did not have a National Office draft FY19 budget to present because he is still waiting for NETA to aggregate the budgets and determine what the Central Services fees will be for FY19.

Motion: (Chris Cory) “To take up KPFT’s and WPFW’s draft FY19 budgets at the next meeting.” (Passed without objection)

The Committee discussed the motion.

New Business 10:06 PM (ET)

In answer to a question the Executive Director said that Larry Denknar from NETA has been working as Pacifica's interim CFO for three months, and he has asked the PNB to begin a search for a permanent CFO. The Secretary asked for Mr. Denknar's E-mail address so he could be invited to join the NFC mailing list.

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

Adjourned 11:08 PM (ET)

Submitted by R. Paul Martin, Secretary.