

**Pacifica National Board
Finance Committee Meeting – December 10, 2007**

MINUTES

A meeting of the PNB Finance Committee was convened at 5:50 pm PST by Chair LaVarn Williams on December 10, 2007 with Terry Goodman serving as Secretary. Minutes were approved for the meetings of 12-22-2003, 01-09-2004, 04-21-2004, 09-10-2004, 12-17-2004, 12-28-2004, 08-02-2005, and 11-29-2007.

Attendance

Present: Dave Adelson (left at 7:20 pm), Baruti Bediako (arrived at 6:13 pm), Brian Edwards-Tiekert, Jane Gatewood, Terry Goodman, Lonnie Hicks, Sandra Rawline, LaVarn Williams.
Absent: Mike Martin, Berthold Reimers.

Agenda

- 1) Roll Call (5 minutes)
 - 2) Approval of Minutes (15 minutes)
 - a. 12-22-2003, 01-09-2004, 04-21-2004, 09-10-2004, 12-17-2004, 12-28-2004, 08-02-2005, 11-29-2007
 - 3) Next Meeting (5 minutes)
 - 4) CFO Report (20 minutes)
 - a. Status of Continuing Resolutions
 - b. Income & Expenses, YTD Actual vs. Budget - All Units
 - c. WBAI Recovery Plan
 - i. WBAI Work Group Report
 - d. Finance-Related Issues
 - e. National Office Mail Drops
 - 5) Financial Policies & Procedures Manual (10 minutes)
 - 6) New Business (10 minutes)
 - a. Resolution to Increase Annual Membership Fee
 - b. Resolution on Staffing Reductions
 - 7) Adjournment
- ** Times are for guidance only **

1. Roll Call & Approval of Agenda

The agenda (as amended on the motions of several members) was **approved** without objection on the motion of Goodman at 5:58 pm.

2. Approval of Minutes

The minutes of the PNB Finance Committee meetings of 12-22-2003, 01-09-2004, 04-21-2004, 09-10-2004, 12-17-2004, 12-28-2004, 08-02-2005, and 11-29-2007 were **approved** without objection on the motion of Goodman at 6:02 pm. Edwards-Tiekert, Gatewood, and Hicks abstained.

3 Next Meeting

Committee meetings were **scheduled** for Tuesday, January 8, 2008 at 8:30 pm EST and Thursday, January 17, 2008 at 8:30 pm EST on the motion of Williams (as amended on the motion of Hicks) with no objection. *LaVarn Williams will contact Rob Robinson with respect to the apparent calendar conflict with a meeting of the PNB Governance Committee on January 8, 2008.* A closed session was **scheduled** for inclusion in the meeting of January 8, 2008 for approval of closed session minutes on the motion of Goodman with no objections.

4. CFO Report

Hicks updated the information provided to the committee at its previous meeting.

4a. Status of Continuing Resolutions

The status of WBAI recovery planning and monitoring was discussed during the WBAI Workgroup report.

4b. Income & Expenses, YTD Actual vs. Budget - All Units

FY'07 was a bad year and could show a deficit, depending upon whether CPB grant income for transmitter upgrades is booked in FY'07 or FY'08. KPFA, KPFK, WPFW met goals on their last fund drives. KPFT and WBAI did not meet their drive goals. We are \$40,000 over-budget on the delegate elections. FY'08 budgets must be updated to include a portion of this expense, a \$159,000 decrease in CPB grant income, and additional anticipated legal expenses. A preliminary audit report for FY'07 will be presented with the October and November financial reports.

4c. WBAI Workgroup

Hicks, Williams, and Bediako reported on the activities of the WBAI Workgroup beginning at 6:16 pm. Workgroup members have included FCC Attorney John Crigler, Pacifica CFO Lonnie Hicks, Pacifica Special Projects Director Phil Osegueda, PNB Finance Chair LaVarn Williams, WBAI interim General Manager Robert Scott Adams, WBAI Program Director Bernard White, and WBAI LSB Treasurer Baruti Bediako. Hicks indicated that Pacifica General Counsel Dan Siegel would be invited to join an upcoming meeting. Bediako suggested adding representation from WBAI staff. Williams indicated that adding one paid and one unpaid staff member should be possible as long as the appropriate confidentiality of workgroup planning discussions could be assured.

The initial workgroup focus is to come up with a 90-day plan to address a projected payroll crisis in April, but progress is continuing on longer term solutions, exploring options for a line of credit and the financing and coordination of studio relocation. The workgroup will meet frequently to share updated information on multiple items in progress, including some outsourcing of premium fulfillment, evaluations of legal exposures, contracting of a nonprofit operational audit, and program grid redesign for sustainability and new audience building. John Crigler will probably be invited to brief programmers on FCC regulations including indecency, payola, and plugola. A "New WBAI" campaign is being designed around the programming changes, which should make the station more interactive, moving away from music-only programming but attempting to draw young people. The workgroup anticipates using surveys to guide portions of the campaign. Rawline suggested an online survey service previously used by the KPFT LSB.

Implementation of the PNB resolution directing a 5% reduction in salaries and related expenses at WBAI was delayed pursuant to a subsequent PNB resolution directing consultation with unpaid staff, which has been scheduled. Salary reductions will not trigger a major expense for severance.

Williams requested monthly cash position reports from the WBAI iGM and Business Manager, in light of a fund drive scheduled to begin on January 9, 2008. An updated quote is expected tomorrow from the fulfillment house, and prior drive premium fulfillment was recognized as essential to new drive success.

Hicks confirmed that Finance Committee and Board approval would be sought before any significantly large Bank line of credit agreement was entered into by the Foundation. The donor responsible for the \$169,000 seed capital in the WBAI building fund has indicated that this money is not restricted as previously characterized, but the Foundation is awaiting final word on this from its independent auditor.

Bediako suggested that the Committee re-consider the need at WBAI for a Development Director and there was discussion on this subject. Goodman suggested that this was an aspect of WBAI recovery planning appropriate for workgroup discussion and recommendation, particularly if examined as part of the proposed nonprofit operational audit.

Motion from Lonnie Hicks that the Finance Committee's WBAI workgroup shall review WBAI's overall situation and produce a 90-day plan for presentation to the Finance Committee that will include recommendations for best use of available funds in a sustainable manner.

Motion passed at 7:05 pm with no objections.

4d. Finance-Related Issues

Williams and Hicks reported to the committee on the finance briefing given to the incoming Executive Director. The Pacifica FY'08 budget must be revamped in consideration of the issues previously mentioned in the CFO report. KPFA is hardest hit by the loss of CPB funding, as indicated in the station breakdown distributed to the committee via email. PRA has a hole in its budget, the National Office budget has its issues, the WBAI Workgroup is looking at the WBAI budget, and the CFO is working with unit General Managers and Business Managers on budget revisions. The CFO will have preliminary revised budgets for committee review at its first January meeting and a final look at the meeting on January 17, 2008.

4e. National Office Mail Drops

Details on National Office mail drops was included in the CFO's written report, distributed by email in advance of the committee's meeting on November 29, 2007.

5. Financial Policies & Procedures Manual

Motion from Lonnie Hicks that the Finance Committee approves the draft Policies and Procedures Manual and supports Audit Committee referral to the Board.

Motion passed with no objections at 7:22 pm.

6. New Business

The first item of New Business was an item postponed from the committee meeting of June 7, 2007. The second item of New Business was from the closed committee meeting of September 28, 2007, eventually ruled out of order in that meeting as requiring open meeting discussion.

6a. Resolution to Increase Annual Membership Fee

Motion from Terry Goodman that the National Finance Committee recommends that the Pacifica National Board, pursuant to its authority under Article Three, Section 1(A) of the Foundation Bylaws, vote to adjust the minimum contribution for Listener-Sponsorship membership in the Foundation from \$25 to \$30 annually.

Motion postponed to the next meeting without objection at 7:29 pm.

Point of order from Goodman that discussion of various station membership practices is beyond the scope of a motion to postpone consideration.

Well taken.

6b. Resolution on Staffing Reductions

Motion from Terry Goodman (as amended by inclusion of a motion from Brian Edwards-Tiekert and further amended on the motions of Sandra Rawline and LaVarn Williams):

The NFC advises the National Board and national executives that it finds the Pacifica network's financial situation precarious, that the Pacifica National Office's budget is based on optimistic income assumptions in several local station budgets, that there is a significant probability the Pacifica National leadership will have to make significant expense reductions in multiple network divisions in the near future, and that they should plan accordingly.

With due consideration of the financial and operational realities and governance challenges that have confronted the Foundation in recent years and are expected to continue, the PNB Finance Committee recommends PNB adoption of the following resolution.

Whereas, the Pacifica Foundation is a non-profit corporation which depends for its survival and the fulfilment of its Mission primarily upon the donation of funds from Pacifica listeners and upon the voluntary contribution of labor from Pacifica's unpaid workers,

And Whereas, the Pacifica Foundation's usable income has declined while its expenses have increased, seriously threatening its financial reserves,

And Whereas, the employees at several Pacifica units have not been reduced in sufficient number to compensate for revenue shortfalls,

Be It Resolved, that the Pacifica National Board gives specific authorization to its permanent Executive Director to effect such staffing reductions at any Pacifica unit as he or she deems necessary for the financial health of the Foundation, pursuant to the normal authorities and responsibilities of a chief executive officer and in compliance with established Foundation policies and procedures.

Motion passed at 7:53 pm.

Y: 5 (Bediako, Edwards-Tiekert, Gatewood, Goodman, Rawline)
N: 1 (Hicks)

CFO Lonnie Hicks disavows the above motion.

Point of order from Hicks that the motion is illegal in delegating authority to the ED beyond that specified in the bylaws, is dilatory in allocating authority to the ED already specified in the bylaws, and is beyond the purview of the Finance Committee in addressing personnel issues. **Not well taken.** The motion does not conflict with the bylaws and limits its consideration of personnel to issues of finance.

Without objection, the rules were **suspended** for two minutes on the motion of Williams to allow for general discussion at 7:50 pm.

7 Adjournment

The meeting was **adjourned** without objection at 7:54 pm PST on the motion of Edwards-Tiekert.

Terry Goodman, Secretary

These minutes were approved on 1/23/08.