

Minutes for the regular National Finance Committee meeting December 27, 2016.

Meeting convened at 8:35 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Ken Aaron, Ahmad Anderson, Nick Arena, Adriana Casenave, Nick Economidis, R. Paul Martin (Secretary), Tony Norman, Michael Novick (Chair), Cerene Roberts, also attending were Jerry Paris, WPFW General Manager, WBAI General Manager Berthold Reimers, KPFK General Manager Leslie Radford and Director Nancy Sorden as an observer.

Agenda:

1. Call to Order
2. Roll Call
3. Agenda approval (10 minutes)
4. Audit Update (5 minutes)
5. WPFW budget proposal and action (45 minutes total)
6. WBAI budget proposal and action: (45 minutes total)
 - A. presentation (10 minutes)
 - B. Q & A (10 minutes)
 - C. NFC discussion and action (25 minutes)
7. KPFK budget proposal and action (45 minutes total)
 - A. presentation (10 minutes)
 - B. Q & A (10 minutes)
 - C. NFC discussion and action (25 minutes)
8. Scheduling next meeting (5 minutes)
9. Adjournment 11:00 PM (ET)

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

Amendment: (R. Paul Martin) “To replace ‘Minutes Approval’ with ‘Audit Update.’” (Passed without objection)

The committee discussed the amendment.

Amendment: (Ken Aaron) “To add ‘Motion to ask PNB to rescind SCA motion.’ after budgets, for 10 minutes.” (Fails 4 for, 4 against, 1 abstention)

The committee discussed the amendment.

Amendment: (Adriana Casenave) “To adjourn at 11:00 PM (ET).” (Passed without objection)

Audit Update 8:52 PM (ET)

The Chair told the committee that the FY14 audit has been completed and approved. It is not posted on the Pacifica Web site yet. The committee discussed the topic of the FY14 audit; it was suggested that the National Office is having problems with the Pacifica Web site.

WPFW budget proposal and action 8:55 PM (ET)

The WPFW Treasurer said that for the WPFW draft FY17 budget, for expenses associated with the LSB elections, they will add a line item for LSB expenses with the same amount as FY16, \$1,600. He said that WPFW was waiting for repairs to be completed on their transmitter, when they will know the final cost and that they have over budgeted for this in case of unforeseen expenses. WPFW has signed an agreement with their landlord to reduce their rent to \$10,000 a month through December 2017, this agreement will be signed next week. He said that they have questions about budgeting salaries at a higher rate than they think they'll be, he thinks they'll probably be lower by about 20%, and other personnel expenses will be lower. They have some Listener Support revenue in November 2016, that is the result of carry over from September 2016, which is just the timing of the receipt of the funds. They still have some questions for the National Office Financial Planning and Analysis Manager.

The WPFW General Manager said that he was in agreement with the WPFW Treasurer. He said that this is a pessimistic budget proposal and therefore safe, he said it looks conservative on the income side and pessimistic on the expenses side. He said that with regard to maintenance costs \$60,000 is mostly for antenna repairs, and should actually come in at \$20,000 or less, and that will swing over whole total for the year.

The committee discussed the WPFW draft FY17 budget proposal.

In answer to questions the WPFW General Manager said that they plan to have a number of off-air fund raisers during the year, one is scheduled for February. He said that they do bring in sizeable income and the station will do many more. He said that being at low power caused the station to lose a lot of audience, they're at low power now, but he expects that when they go back to full power it will be better and that WPFW's signal can reach Baltimore, Maryland and Richmond, Virginia at full power. He said that the station's December on-air fund raiser did not do well due to reduced power, and that the December on-air fund raiser was not well executed in terms of staffing. He said that they have volunteers who are not computer literate, so they had to use paper entry, and they are still processing the December pledges. He said that their Winter on-air fund raiser is scheduled to start on January 18, 2017.

Motion: (Michael Novick) "The NFC recommends to the PNB the adoption of the FY2017 budget for WPFW approved by their LSB with the provisos that revenue from other sources be broken out of listener support, that November actuals be included as soon as available, that Central Services payments to the National Office be adjusted when the PNB revises its formula, and that if future fund drives do not meet expectations that further economies be sought in station expenditures." (Passed without objection)

The Committee discussed the motion.

WBAI budget proposal and action 9:24 PM (ET)

The WBAI General Manager said that the highlights of the draft FY17 budget are that the station is looking to increase revenue by about \$300,000 by increasing Listener Support by 14%, which is \$170,000, and also increasing Community Events revenue by \$54,000 and the inclusion of SCA income which is another \$90,000. He said that SCA is a wash. He said that this draft FY17 budget proposes raising about \$260,000 more this year than last year. He said that the goal is to raise money from more events. He said that the station is organizing more events at the downstairs café. He said that the “Programming Manager” is doing things with those events. He said that those projections aren’t even in the FY17 draft budget proposal. He said that he is projecting making about \$12,500 a day pitching, which has not been realistic in the past. He said that in October the station raised \$10,400 a day, and in December the station raised \$12,260 per day. He said that he is pretty certain that with some new producers he expects to meet the on-air fund raiser goal. He said that he’s reducing expenses by about \$60,000.

The WBAI LSB Treasurer said that the bottom line of this FY17 draft budget is about \$312,000 in the red, which includes the accrued Empire State Building (ESB) rent. He said that the tab about the on-air fund raiser details shows numbers that are higher than the station is actually getting. The December 2016, on-air fund raiser is budgeted for a tally of \$14,000 a day, it came in under \$11,000 a day, and the Fall 2016, on-air fund raiser had a budgeted tally of \$450,000 which it didn’t make. The WBAI LSB Treasurer said that the General Manager’s tallies differ from the daily tallies that are posted and the General Manager’s numbers are always higher. The WBAI LSB Treasurer said that the station is not doing well in Listener Support and the “Programming Manager” doesn’t look like he’s going to raise \$260,000 more in Listener Support. The WBAI LSB Treasurer said that what’s in this draft FY17 budget is not proven income, and we’re supposed to base the budgets on proven income, so he was not convinced that the station would realize a Listener Support projection of \$1.4 million for FY17.

The committee discussed the WBAI draft FY17 budget proposal. During the discussion the WBAI General Manager quoted revenue numbers for the station through November that were different from the amounts presented by the National Office. The WBAI General Manager said that if necessary he would add more days to the on-air fund raisers. The projected \$312,000 deficit and its relationship to the accrued ESB rent was discussed. The WBAI General Manager said that he could send the LSB a weekly report on the on-air fund raiser.

NFC discussion and action 9:52 PM (ET)

The WBAI LSB Treasurer said that although things seemed to be picking up a little bit lately, he is concerned about over optimism regarding on-air fund raisers and Community Events. The station has had a retreat premium where WBAI netted about \$6,000 but there was a lot of overhead to the premium. The numbers look great if you don’t look at the bottom line of that premium. He said that he’s been asking for accountings of the off-air fund raisers and has not gotten them, so he is not convinced that the off-air fund raisers are going to be as successful as the General Manager projects that they will be.

The WBAI General Manager said that the station is partnering with the café downstairs and would be running monthly comedy nights and he was sure that everything would be fine. In the course of the discussion the WBAI General Manager said that he was no longer using MEMSYS and that he was using a Web-based E-Commerce application called Volusion which he said was better than MEMSYS because it gives you information right away, he said that WBAI had gotten a grant to pay for Volusion. There was a discussion regarding the rest of Pacifica using MEMSYS and the Great Plains software and WBAI not using them.

The WBAI LSB Treasurer said that the General Manager's tally numbers and the numbers previously posted by Management are only about \$2,000 different, so by Management's numbers WBAI is doing better by about \$2,000 but the daily tally is still under \$11,000 which is what the station was doing about two years ago. A tally of \$11,000 a day was not good enough then. He said that regarding off-air fund raisers, the PNB passed a motion in 2012, that required Management to produce a list of projected expenses and revenues from off-air events beforehand and actuals for those events after each event was over, and at WBAI they're not seeing those. There are also issues with other entities being involved with WBAI off-air fund raisers and there is a need to know who the co-beneficiaries of the events are and what the cut of the revenue is with them. In the past some WBAI off-air fund raisers have ended in the red by four figures.

The General Manager said that by next Wednesday (January 4, 2017) he would give all the spreadsheets of all events WBAI has had. He said that it's all easy to do using Volusion.

The sustainability of premiums based on-air fund raising and tax issues related to some premiums which require that the donation be made directly to entities other than WBAI were discussed. The WBAI General Manager said that he has to get Staff to come up with more premiums.

Point of Order: (R. Paul Martin) "Call for the orders of the day." 10:22 PM (ET)

The Chair said that if anyone came up with a motion regarding the WBAI draft FY17 budget before the meeting ended he would entertain it.

KPFK budget proposal and action 10:24 PM (ET)

The KPFK General Manager said that she was very hopeful KPFK will be in good shape by the end of FY17. She said that in this draft FY17 budget KPFK makes its National Office Central Services payments and survives. She said that the station's last on-air fund raiser did extraordinarily well. They had pledges that were \$55,000 over the goal of \$365,000, and that their audience is coming back. She said she has moved the settlement payment to accounts payable, she was advised by the auditors and a financial advisor to accrue it in FY16 so it doesn't show up in the budget page but in cash flow.

The KPFK Treasurer asked why the Central Services payments were \$2,240 less per month than in FY16. The KPFK General Manager said that she had been advised to do that owing to the deduction of the SCA revenue.

The KPFK Treasurer asked if there were any changes in health coverage for any staff or their spouses. The KPFK General Manager said not at this time but Management is talking about it and this budget proposes that KPFK eliminate dependent care, she said that she'd mentioned this to the KPFK LSB as well. The KPFK Treasurer noted that there are strict notification requirements for such changes.

Point of Order: (Adriana Casenave) "We can't discuss personnel issues in open session."

The Chair ruled that we were not discussing individual personnel issues and the discussion is in order.

Point of Order: (Cerene Roberts) "The member asked the Chair to advise the member not to veer into territory where there are legal or contractual issues that have not been agreed upon by Staff."

Point of Order: (Ken Aaron) "Since the discussion has not gone into those issues it is in order."

The Chair ruled that talk about ERISA generally is in order.

There was a discussion of the ERISA rules and the need for legal advice in order to be compliant with them.

Q & A 10:41 PM (ET)

In answer to a question the KPFK General Manager said that the current monthly cost of health care premiums is \$18,752 in October, but they are losing Staff so the amount goes down to about \$11,000 a month in April, so the costs are going down by about \$4,000 a month. In answer to a question the KPFK General Manager said that this draft FY17 budget projects a net surplus of about \$280,000. It was suggested that a Human Resources professional be a part of the decision regarding the cutting of the health benefits.

NFC discussion and action 10:48 PM (ET)

Motion: (Adriana Casenave) "The NFC recommends to the PNB the adoption of the FY2017 budget for KPFK with the provisos that Central Services payments to the National Office be adjusted when the PNB revises its formula, and that if future fund drives do not meet expectations that further economies be sought in station expenditures." (Passed 5 for, 1 against, 2 abstentions)

The Committee discussed the motion.

Motion: (R. Paul Martin) "To postpone the motion to the next meeting." (Fails 3 for, 5 against)

Motion: (Cerene Roberts) "To extend the time for the meeting to 11:15 PM (ET)" (Passed without objection) 10:56 PM (ET)

Scheduling next meeting 11:01 PM (ET)

Motion: (Michael Novick) “To meet next on January 10, 2017.” (Passed without objection)

Motion: (Cerene Roberts) “The NFC recommends to the PNB the adoption of the FY2017 budget for WBAI, with the provisos that revenue from other sources be broken out of listener support, that all actuals be included as soon as available, that Central Service payments to the NATIONAL OFFICE be adjusted when the PNB revises its formula, and we recommend that the budget be approved in spite of and especially because the 2016 LSB has been blocked from a meeting with quorum for its entire life and has not reviewed this budget, but believe it’s important that the 2017 LSB have the benefit of a clear record of expectations.”

Point of Order: (R. Paul Martin) “The Chair should rule the part of the motion after, ‘when the PNB revises its formula,’ out of order.”

The Chair ruled the motion in order.

Motion: (Michael Novick) To divide the motion into two parts with the second part coming after, ‘when the PNB revises its formula.’” (Passed on demand by a single member as per RONR (11TH ED.), p. 110, ll. 24-27)

Motion: (R. Paul Martin) “To appeal the ruling of the Chair” (fails 5 to uphold the ruling, 3 against the ruling)

The Committee discussed the motion to appeal the ruling of the Chair.

Point of Order: (Ken Aaron) “The member is not speaking to the issue of appealing the ruling of chair.”

The Chair ruled that the point was well taken and members should address the motion to appeal.

Motion: (Nick Economidis) “To extend the time for the meeting by five minutes” (passed 5 for, 2 against) (11:15 PM (ET))

Motion: (Ken Aaron) “To adjourn.” (Ruled out of order by the Chair)

Point of Order: (Cerene Roberts) “The motion is dilatory.”

Chair rules that the motion to adjourn is dilatory and out of order.

Motion: (Ken Aaron) “To appeal the ruling of the Chair” (Chair’s ruling upheld 5 to uphold the ruling, 2 against)

Motion: (Nick Economidis) “To table the motion.” (Fails 2 for, 5 against)

Motion: “The NFC recommends to the PNB the adoption of the FY2017 budget for WBAI, with the provisos that revenue from other sources be broken out of listener support, that all actuals be included as soon as available, that Central Services payments to the National Office be adjusted when the PNB revises its formula.” (Passed 4 for, 3 against)

Motion: “And we recommend that the budget be approved in spite of and especially because the 2016 LSB has been blocked from a meeting with quorum for its entire life and has not reviewed this budget, but believe it’s important that the 2017 LSB have the benefit of a clear record of expectations.” (Fails 2 for, 4 against, 1 abstention)

Adjourned 11:25 PM (ET)

Submitted by R. Paul Martin, Secretary.