

Minutes for the regular National Finance Committee meeting May 2, 2017.

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

Attending: Ken Aaron, Sam Agarwal (CFO), Nick Arena, Bill Crosier, Nick Economidis, Sabrina Jacobs, R. Paul Martin (Secretary), Mansoor Sabbagh, Alex Steinberg (Chair).

Agenda:

1. Convene meeting and roll call (5 minutes)
2. Nominations for permanent Chair (5 minutes)
3. Nominations for permanent Secretary (5 minutes)
4. Report from CFO (45 minutes)
5. Motion on CFO supervision of Business Managers (15 minutes)
6. Motion on SCA (15 minutes)
7. Timeline for 2017 budgets (15 minutes)
8. Adjourn 10:30

Motion: (Mansoor Sabbagh) “To approve the agenda.” (Passed without objection)

Amendment: (R. Paul Martin) “To remove ‘Excused absences (2 minutes).’” (Passed 6 for, 2 against)

The committee discussed the amendment.

Amendment: (Ken Aaron) “To remove the *pro tem* elections.” (Passed without objection)

Nominations for permanent Chair 8:47 PM (ET)

Ken Aaron nominated Alex Steinberg.

Alex Steinberg accepted the nomination.

There were no more nominations, Alex Steinberg is elected Chair.

Nominations for permanent Secretary 8:49 PM (ET)

Ken Aaron nominated R. Paul Martin.

R. Paul Martin accepted the nomination.

There were no more nominations, R. Paul Martin is elected secretary.

Report from CFO 8:50 PM (ET)

The CFO reported that the Audit Committee will meet again to select an auditing firm, he said that it could take a couple of weeks to decide on an auditor for the FY15 audit. He said that Pacifica is

prepping for the auditors, and that the process is going slowly. He said that challenges are that WPFW and WBAI don't have Business Managers so they are getting help from the KPFT and KPFK Business Managers to complete accounts, and the National Office is helping out as much as possible. He said that it was encouraging to know that both stations are coming around nicely and should be able to wrap up their preparations in a reasonable amount of time. He said that KPFT and KPFK are in reasonably good shape and that the National Office has gotten lot of information from them; they have Business Managers and do audit requests. The CFO said that KPFA is the holdout, they've been extremely late in submitting everything for the audit. The CFO is in communication with them, he said that KPFA will definitely cause delays. The CFO said that the stations have to do their preparations and only then can the National Office prepare for the auditors. He said that he couldn't give a firm date for the FY15 audit yet. The CFO said that the other big bottleneck is the staffing issue at National Office. He said that it's difficult to hire skilled personnel because the National Office can't compete with others in terms of wages. The CFO has done interviews with 30 to 40 people, brought in seven or eight and they have left on the first or second day because they didn't have the skills or couldn't do the job. He said that there is a backlog of work, and a lot of work has to be done before the audit can be done. The CFO said that he is getting help from the Business Managers and some part-time help at the National Office, He said that they are working very long hours at National Office. He said that maybe by May 31, they can wrap it up. He said that the California Attorney General has given Pacifica till August 27, 2017, to complete the audits, which is a tight schedule.

The CFO said that to get the FY15 audit done a lot has to happen, and Pacifica has to change the culture of how we manage the whole process.

The CFO said that there's about \$555,000 outstanding for Central Services in the last 15 months or so. He said that WPFW, WBAI and KPFT have outstanding Central Services payments. He said that more than a third of the budgeted Central Services fees have not been paid, and we're seeing the results. He said that that's why we don't have the money to pay for critical services. He said that he needs help from the NFC. He said that unfortunately there are no consequences for non-payment of Central Services, the National Office reminds stations, but it has no authoritative force behind it. Stations are withholding payments and are balancing their books on the back of the National Office. The CFO called for an enforcing mechanism. He said that if a station is in difficulties they can ask for a waiver, but it should not be at their discretion, otherwise this will be the last payment made. The CFO said that when the stations get money they don't pay their Central Services anyway. He said that the National Office needs a motion that stations are bound to make payments or they have to look at their business model. He said that if a station can't pay its rent it can't stay at its location, but if a station doesn't pay its Central Services there is no consequence.

The CFO said that the only thing that can work is holding the General Manager and Business Manager responsible.

The committee discussed the CFO's report. Members discussed whether punishment is the right course, the idea of raising money for the National Office through various means, including a line of credit on real estate owned by Pacifica and a one day fund raiser for the National Office were discussed. Cash flow between the National Office and the stations was discussed. The CFO said that the PNB has already authorized the National Office to seek a mortgage to settle some outstanding debts.

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

Motion: (Mansoor Sabbagh) "To extend the time for this item by 10 minutes" (Passed without objection) 9:40 PM (ET)

The Chair asked for a time keeper for the meeting. Mansoor Sabbagh volunteered to be the time keeper.

Motion on CFO supervision of Business Managers 9:44 PM (ET)

Motion: (Ken Aaron) “Whereas the Pacifica National Office has an immediate necessity to fund certain staff and contractor expenses for completion of vital tasks,

Therefore be it resolved that the CFO has the authority to utilize existing lines of credit up to the amount of \$100,000 for National Office expenses and

be it further resolved that all 5 stations shall run a day + special fund drive from 6 AM on a Wednesday to 12 midnight of Thursday to raise funds for National Office expenses.

This special fund drive to be coordinated separately from and prior to the upcoming Summer fund drive.”

The Committee discussed the motion.

Amendment: (Ken Aaron) “To strike, ‘the CFO has the authority to utilize existing lines of credit up to the amount of \$100,000 for National Office expenses and

be it further resolved that.’” (Passed without objection)

Motion as amended: “Whereas the Pacifica National Office has an immediate necessity to fund certain staff and contractor expenses for completion of vital tasks,

Therefore be it resolved that all 5 stations shall run a day + special fund drive from 6 AM on a Wednesday to 12 midnight of Thursday to raise funds for National Office expenses.

This special fund drive to be coordinated separately from and prior to the upcoming Summer fund drive.” (Passed without objection)

The Committee discussed the motion.

Motion on CFO supervision of Business Managers 9:50 PM (ET)

Motion: (Ken Aaron) “The National Finance Committee requests that the Pacifica National Board approve the following resolution:

Chief Financial Officer Oversight of Accounting Personnel

Whereas the Chief Financial Officer (CFO) per Pacifica Bylaws Section 9 is tasked with aggregation of financial data from all business units of the Foundation, and

whereas the CFO is also charged with proper financial procedures and accounting for all financial transactions which occur by or within the Foundation, and

whereas recent Audits since 2014, have been delayed and lengthened due to insufficient financial record

keeping and reporting at at least 3 Pacifica stations, leading to a tripling of the cost of outside audits, and
whereas financial reporting deadlines have frequently not been complied with leading to an inability to manage the Foundation's financial activities, and

whereas this situation is threatening our nonprofit status, and

whereas General Managers and Executive Directors, fully appointed or interim, have not remedied these ills,

therefore be it resolved that the CFO shall have direct managerial control of the accounting personnel, if needed, which includes Business Managers and other accounting staff, at each of the business units as regards the methods, protocols, and priorities applicable to their assigned areas of activity, and

be it also resolved that the CFO shall also have the authority to apply disciplinary measures through the General Managers of the business units, including adjustments in salary, termination and awarding of bonuses based on performance of all accounting personnel under the CFO's charge, and

be it also resolved that General Managers will be responsive and cooperative to CFO requests regarding the activities of their accounting personnel and any disciplinary actions required and

be it also resolved that evaluations of General Managers will include ensuring that their business units provide timely financial information as required by the CFO and that they may face disciplinary actions initiated by the CFO and approved by the ED if they fail to comply.

This resolution will be in effect for one year from date of approval at which time it may be amended or dismissed as determined by the PNB in regards to its benefit to the financial health of the Foundation.”
(Passed without objection)

The Committee discussed the motion.

Motion: (Mansoor Sabbagh) “To extend the time for this item by two minutes.” (Passed without objection) 10:09 PM (ET)

Motion on SCA 10:10 PM (ET)

Motion: (Ken Aaron) “Whereas the SCA motion(s) (Subsidiary Communications Authorizations) approved by the PNB in 2016-2017 are basically a decrease in National Office revenue, have been too complex to implement and, if they were implemented, create an inequitable allocation of financial support,

therefore the Finance Committee asks that the PNB vote to rescind any and all policy, resolutions and motions passed in 2016-2017, related to Subsidiary Communications Authorizations accounts and the revenue they generate and that the Foundation reverts to the traditional handling of that activity and that the revenue therein generated be wholly designated as National Office Income and deposited in the National Office account.” (Passed without objection)

The Committee discussed the motion.

Timeline for 2017 budgets 10:15 PM (ET)

The committee briefly discussed what the Timeline for the FY18 budgets should be.

Motion: (Nick Economidis) “To postpone this item to the next meeting.” (Passed without objection)

Schedule next meeting 10:19 PM (ET)

The committee discussed when to meet and the frequency of NFC meetings.

Motion: (Ken Aaron) “To meet on May 23, 2017, and after that on the first and third Tuesday of every month.”

The Committee discussed the motion.

Amendment: (Bill Crosier) “To change it to meet ‘on the second and fourth Tuesdays of every month starting in June.’” (Passed without objection)

Motion as amended: “To meet on the second and fourth Tuesdays of every month starting in June.” (Passed without objection)

Adjourned 10:31 PM (ET)

Submitted by R. Paul Martin, Secretary.