

Minutes for the regular National Finance Committee meeting May 26, 2020.

Meeting convened at 8:45 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending:

Sharon Adams, Nick Arena, Teresa J. Allen, Fred Blair, Chris Cory, DeWayne Lark, R. Paul Martin (Secretary), James Sagurton (Chair), Nancy Sorden, Polina Vasiliev, also attending were Pacifica interim Executive Director Lydia Blazon and Audit Committee Chair Eileen Rosin.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll call
3. Approve Agenda
4. Minutes Approval (5 minutes)
5. Guest Speaker: Eileen Rosin, PNB Audit Committee Chair (5 minutes for Report, 10 minutes Q&A)
6. Referred Motion from the PNB on Relief of Central Services for KPFT (DeWayne Lark) (30 minutes)
7. \$80,000 Transfer from KPFA (10 minutes, if needed)
8. Referred Motion from PNB on Sideband Revenues (10 minutes)
9. Discussion of Central Services formula (15 minutes)
10. Discussion of Budgeting Process (10 minutes) to include returning to a functioning network wide Budget process which we have not had for at least four years
11. New Business
12. Adjourn no later than 10:15 PM (ET)

The Chair asked for a time keeper. Nancy Sorden agreed to be time keeper.

Motion: (James Sagurton) “To approve the agenda.” (Passed without objection)

The Committee discussed the motion.

Amendment: (Teresa J. Allen) “To remove the item. ‘Referred Motion from the PNB on Relief of Central Services for KPFT’ from the agenda,” (ruled out of order)

The Chair ruled the amendment out of order because the item had been referred to the committee by the PNB.

Motion: (R. Paul Martin) “To appeal the ruling of the Chair” (Chair’s ruling upheld 5 for, 5 against)

The Committee discussed the motion.

Minutes Approval 9:00 PM (ET)

Motion: (Polina Vasiliev) “To approve the minutes of the April 28, 2020, meeting.” (Passed without objection)

Progress of the Audits 9:02 PM (ET)

The Audit Committee Chair told the committee that the FY18 audit was nearly done. She said that the Audit Committee had scheduled a meeting for the next Monday in hopes to review a draft of the FY18 audit. She said that she was not sure they would have it ready to give out before that meeting. She said that they may push that meeting back one week to June 8, she is asking the Audit Committee about it. She said that the FY18 audit had been delayed by open items from some stations, but they have all of that information now. She said that there were also disputes on how to show some expenses, including WBAI’s Tower Rent and the interest on the loan which was being carried on WBAI’s books. She said those items have now been moved to the National Office’s books. She said that booking the sale of the Nakopon office and who it belongs to and who should show gain or loss from the sale were issues, along with questions of how money for Nakopon had been raised, etc. She said that she’d looked at old audits and saw different things on different audits. She said that the auditor said that the building and its ancillary costs and depreciation was shown on KPFA’s books in the FY17 audit. She said that if we want to move the gain or loss from the sale of the building we’ll have to move everything. She told the NFC that NETA will give auditors a disclosure that it’s the PNB’s preference to move it all to the National Office’s books. She said that Pacifica needs to make a general rule on how to treat assets like land, etc. because they are not defined so far. She said that they want to get the FY18 audit done so they can get to FY19. She said NETA expects the FY19 audit to be easier. She said that she wanted to appeal to the NFC regarding if they do have problems with getting information from stations for the audits maybe the NFC can help out. She said that she had to call General Managers or Business Managers at stations and send them what the open items still were. She said it’d be better if the NFC were involved.

Questions 9:09 PM (ET)

There was a question about a PNB meeting of August 2, 2018, when a motion was made regarding the remaining funds from the Nakopon building and that those funds were to be restricted to paying for pension related costs and for the FY17 and FY18 audits. The Audit Committee Chair said that the resolution was that everything belongs to Pacifica. In response to another question the Audit Committee Chair said that she wasn’t sure if the proceeds from the sale of the Nakopon building had been applied to the pension funds, but the pension arrears have mostly been paid out. She said that most of that money had been collected but had not been paid out. She said that pension funds are not the purview of the Audit Committee, and that regarding the retirement plan they have now paid most of those people in it but they can’t find some people who are owed money from the retirement plan. She said that the third party administrator, and the costs of the plan come out of the plan, but that Pacifica has had to pay the ERISA lawyers. She

said that the costs of getting the pension straightened out have not been as much as expected. There was a discussion of how much the audit for the pension plan was costing. A Director on the NFC said that the money left over from the sale of the Nakopon building was put into the National Office bank account and it amounted to about \$240,000. One member said that at a March NFC meeting one of the auditors, a Mr. Diaz, said that after the FY18 audit was done it would take a few weeks to get the FY19 audit done. The question was if the FY19 audit was likely to meet the June 30, 2020, deadline and if the auditing firm had signed an engagement letter to do Pacifica's FY19 audit. The Audit Committee Chair said that the PNB would have to approve the audit and that probably wouldn't happen until June 11, after which the audit would be posted immediately. She said she'd have to ask Mr. Diaz about what he'd said about the audit in March and she'd get back to the NFC on it. She said that the last two things needed for the FY18 audit were really hard to get and she'd needed to enlist the interim Executive Director to get stations to cooperate, but she said she didn't want to name names.

There was a discussion of the hypothetical sale of property by KPFT and if the revenues from a sale would belong to KPFT or the National Office. The Audit Committee Chair said that she couldn't give an answer but that the disposition of assets needs to be the subject of a long discussion among everybody. In answer to another question the Audit Committee Chair said that Pacifica owed NETA about \$200,000, which is a lot of money for NETA. She said that there was no engagement letter yet for the FY19 audit.

Referred Motion from the PNB on Relief of Central Services for KPFT 9:32 PM (ET)

The following motion was referred to the NFC by the PNB.

Motion: "Whereas, KPFT-Houston has struggled financially in all phases of finances, however it has dutifully sacrificed to meet its financial commitments to the Foundation's National Office.

Whereas, this has caused KPFT to neglect infrastructure and employee needs, the time has come for special consideration of its neglected status.

Therefore, I move that KPFT be exempted from its National Office Central Services commitments for a period of 12 months. In addition to this, that upon the Foundation receiving the anticipated stimulus funds, that KPFT's infrastructure and equipment deficiencies be given upmost priority in any disbursements to the Foundation subsidiaries (stations)."

The Committee discussed the motion.

During the discussion of the motion the interim Executive Director came on the call. She discussed the motion and then told the committee that she had gotten a notice from the Corporation for Public Broadcasting (CPB) on Friday saying that Pacifica would lose the CPB music licensing service on May 31, 2020. She said that this had been brewing since 2013. She said that she'd previously understood that Pacifica didn't have to pay the \$137,000 owed to the CPB for overpayment of the Community Service Grants (CSG) until Pacifica got new CSG grants from CPB. The letter the interim Executive Director got from the CPB said that the

137,000 payment was due by Friday May 29, 2020.

Motion: (R. Paul Martin) “To extend the time for the meeting by 15 minutes to discuss the CPB music licensing issue.” (Passed 9 for, 0 against) 10:18 PM (ET)

The committee discussed the issues around the loss of the CPB music licensing service.

Point of Order: (Sharon Adams) “The speaker is out of order because discussing the bylaws is off topic.”

The Chair ruled that the point was not well taken and the speaker was not out of order.

Motion: (Sharon Adams) “To appeal the ruling of the Chair.” (Chair’s ruling upheld 5 for, 3 against, 1 abstention)

The Committee discussed the motion.

Motion: (Teresa J. Allen) “To extend the time for the meeting by 15 minutes.” (Passed 7 for, 1 against, 1 abstention) 10:31 PM (ET)

The committee continued discussing the issue of the possible loss of the CPB music licensing service. It was explained that without the CPB taking care of music licensing for the stations that Pacifica would have to pay for every piece of music played on the air at any Pacifica station and would have to keep detailed records so that the payments could be made properly. This would require a lot of clerical effort, which Pacifica may not have, and if any music were played and not paid for large fines could be levied against Pacifica for each piece of music not paid for. The interim Executive Director said that she found it odd that Pacifica was being given such a short period of time to pay off the \$137,000 or lose the CPB music licensing service. She said she would be sending the information and the CPB letter to all of the Business Managers, and that tracking copyrights is an enormous expense and the costs would be prohibitive. Suggestions for how to raise the \$137,000 right away were discussed. It was noted that when Pacifica had lost CPB grants years ago because Pacifica had failed to produce an audit on time that the NFC had been told that the CPB music licensing service would continue anyway, even with Pacifica not qualifying for CPB grants. The impact on Pacifica programming of not being able to play music on the air was discussed. Regarding the wording of the letter from the CPB there was raised the possibility that repaying the \$137,000 would not restore the CPB music licensing service. The interim Executive Director said she’d get on this the next day and let us know what happens.

Adjourned 11:01 PM (ET)

Submitted by R. Paul Martin, Secretary.