

Minutes for the regular National Finance Committee meeting February 24, 2015.

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

Attending: Lydia Brazon, Adriana Casenave, Bill Crosier, Brian Edwards-Tiekert (Chair), R. Paul Martin (Secretary), Tony Norman, Michael Novick, Cerene Roberts, Raul Salvador (CFO), Barbara Whipperman, also attending was KPFT General Manager Duane Bradley.

Agenda:

1. Call to Order (5 minutes)
2. Agenda Approval (5 minutes)
3. Election of officers (10 minutes)
 - A. Secretary
 - B. Chair
4. Minutes Approval (5 minutes)
5. CFO Report (30 minutes)
6. Discussion of Fundraising and Financing Options re: KPFT Transmitter Replacement - special order 9:00 PM (ET) (20 minutes)
7. New Business (10 minutes)
 - A. 2015 Meeting Schedule
 - B. Motion on Pension Plans
8. Adjourn - 10:00 PM (ET)

The Chair announced that Cerene Roberts is now the Director from WBAI on the NFC.

Motion: (Barbara Whipperman) "To approve the agenda." (Passed as amended without objection)

Amendment: (Adriana Casenave) "To add a motion on pension plans, under new business." (Passed without objection)

Amendment: (Bill Crosier) "To make the KPFT transmitter item a special order at 9:00 PM (ET)." (Passed without objection)

Election of officers 8:44 PM (ET)

Secretary 8:44 PM (ET)

Barbara Whipperman nominated R. Paul Martin for Secretary. There were no other nominations. R. Paul Martin was elected Secretary of the NFC.

Chair 8:45 PM (ET)

The Chair stepped down, the Secretary took the chair.

Adriana Casenave nominated Brian Edwards-Tiekert for Chair. There were no other nominations. Brian Edwards-Tiekert was elected Chair of the NFC.

The newly elected Chair assumed the chair.

Minutes Approval 8:46 PM (ET)

There were no new minutes available.

CFO Report 8:46 PM (ET)

The CFO said that the FY13 audit was still on target to be completed on March 1, 2015. With regard to FY14, he's gotten information that the Annual Financial Report and report for the CPB is due at end of the month. There is a 45 day extension that can be asked for and it would be automatically approved. The CFO said that this would make April 14, 2015, the deadline for the FY14 audit. If we need a second extension Pacifica can request an additional 30 day extension and the CPB will consider it. The CFO said that the goal is to target the April deadline. The National Office has hired the first temporary accounting professional to help complete the audit schedules. The CFO said that maybe they can start on the FY14 audit before the completion of the FY13 audit. At its most recent meeting the PNB approved a revision of the Anagnos Trust loan to WBAI. Payment terms of the loan now postpone the start of the repayment to after September 30, 2015, subject to discussions. The PNB approved the WPFW FY15 budget. The CFO said that he is in the process of loading the budget into the *Great Plains* software and hopes that by the next meeting he will be able to provide the NFC with FY15 Q1 P&L statements. The CFO said that regarding pension funding from FY12 and FY13, third party administrators have told us that we have three options. Pacifica was not in violation of not funding the profit sharing plan, the compliance issues are with the Union contract. Management will talk to the Unions. The first option is to pay everybody, including employees no longer employed by Pacifica anymore, this makes them whole. The second option is to amend the current retirement plan to include the amount in arrears to the current plan year and modify the plan to say what that amount is. Only current employees who were there for FY12 and FY13 would get it, those not there now would not be entitled. The third option would involve a big revision where Pacifica would do a voluntary correction procedure, this is not recommended, and it would take more than a year to get approved. The CFO said he's sent out an on-air fund raiser report. Two stations have completed their Winter on-air fund raisers. WBAI, WPFW and KPDK have extended their on-air fund raisers by five days each. Currently the stations' percentage of their goals are about 67% for

WBAI, about 78% for WPFW and about 49% for KPFK. The CFO said that WBAI and WPFW should come close to their goals, KPFK may looking into doing another extension. KPFK has had some technical issues with their phones.

The committee discussed the report. Regarding pension funding, the 403b is funded; the profit sharing plan is behind. The PNB approved the KPFK FY15 budget with the proviso that \$250,000 be cut, the CFO said that he is putting the NFC approved budget into the *Great Plains* software, and he will correct it after the first quarter is done, but he's not sure about changing the budget in *Great Plains*. The KPFK FY15 budget approval was based on the original budget and with the proviso that Management will look into cutting costs. There was a discussion of diminishing returns as a result of extending on-air fund raisers too much.

Discussion of Fundraising and Financing Options re: KPFT Transmitter Replacement 9:02 PM (ET)

The KPFT General Manager told the committee that KPFT has been operating under a special authority from the FCC for 3 years to operate at one half to one third of KPFT's full power. The KPFT General Manager said that the station had struggled to get to 100% of full power, which is 100 kW eight years ago. They can't get to that wattage with this transmitter. They have had a capital campaign on their books for about 15 months now. The KPFT General Manager said he felt hamstrung by Pacifica as a whole perceiving KPFT as "troubled." He has approached major donors, gone to loan organizations, including a group in Capistrano called Pacifica Capital. KPFK reached a road block with them and other organizations because of Pacifica's inability to produce a FY13 audit. Till that gets done KPFT can't move on a loan. Their transmitter is old and unreliable, they can't push it past its current operating power. The operating power is now at a higher level than it was in the late '90s, but it's still sub-optimal. KPFT runs the risk of an interested party filing a complaint with the FCC and when KPFT goes to get another renewal of the special authority the FCC could permanently reduce KPFT to 50 kW. The solution is to replace the current Armstrong transmitter with a Nautel solid state unit. The KPFT General Manager said that the Nautel transmitter would cost just under \$200,000 as a package, and it could be done immediately if the station had the money. The KPFT General Manager said that cash flow and Realpolitik in Pacifica has made KPFT drain funds from the capital campaign from \$52,000 down to about \$13,000. The KPFT General Manager said that there was a precedent for all of Pacifica doing a fund raiser for a station and said that a similar on-air fund raiser was done for KPFK.

The committee discussed the KPFT General Manager's report. The KPFT General Manager said that about \$160,000 would be the cost of the actual transmitter itself, there would be extra work to modify the engineering space at the transmitter site and labor is probably another \$20,000. This would bring the cost close to being \$180,000. He said that the KPFT Chief Operator and the transmitter company would need six to eight weeks to get the equipment and get it operational after at least a down payment. The current special authority expires in the third week in May. It was noted that by operating at the current lower power KPFT is unable to reach many listeners and potential listeners and that lowers their revenue. The funding of a new transmitter was discussed. The prospect of taking out a mortgage on KPFT's real estate to pay for a new

transmitter was discussed. A network-wide on-air fund raiser or a capital campaign to raise money for a new transmitter was discussed.

Motion: (Cerene Roberts) “That KPFT Management working with the National Office explore the terms of a loan against their property for the amount needed to cover the cost of the purchase and installation of a new transmitter and report to the NFC by its next meeting.”

The committee discussed the motion.

Amendment: (Brian Edwards-Tiekert) “The National Finance Committee recommends that the PNB:

1. Direct Pacifica management to plan a coordinated network-wide capital campaign to finance the replacement of KPFT’s transmitter within three months, with the goal of increasing increasing KPFT's effective power to 100,000 watts and widening the reach of Pacifica’s network. The campaign should take an off-air first approach: that is, attempt to secure seed funds and matching grants from major donors, foundations, and direct mail campaigns prior to resorting to on-air fundraising.

2. Direct Pacifica and KPFT management to simultaneously explore the options for securing a loan against KPFT’s real estate to make up any fundraising gap that would prevent the timely replacement of KPFT’s transmitter.

3. Prioritize any windfall income, such as restored CPB funding, to finance the replacement of KPFT's transmitter though an inter-divisional loan.”

Amendment: (Michael Novick) “To include after paragraph 1, ‘The campaign should include a Texas-based campaign and a plan for the growth of audience for and community service by KPFT commensurate with its full signal strength’; and after paragraph 2, ‘Any such plan for a loan secured by the KPFT property must include a plan for repayment of the loan’.” (Passed without objection)

Amendment as amended: “The National Finance Committee recommends that the PNB:

1. Direct Pacifica Management to plan a coordinated network-wide capital campaign to finance the replacement of KPFT’s transmitter within three months, with the goal of increasing KPFT’s effective power to 100,000 Watts and widening the reach of Pacifica’s network. The campaign should take an off-air first approach: that is, attempt to secure seed funds and matching grants from major donors, foundations, and direct mail campaigns prior to resorting to on-air fundraising. The campaign should include a Texas-based campaign and a plan for the growth of audience for and community service by KPFT commensurate with its full signal strength

2. Direct Pacifica and KPFT Management to simultaneously explore the options for securing a loan against KPFT’s real estate to make up any fundraising gap that would prevent the timely replacement of KPFT’s transmitter. Any such plan for a loan secured by the KPFT property must

include a plan for repayment of the loan.

3. Prioritize any windfall income, such as restored CPB funding, to finance the replacement of KPFT's transmitter through an inter-divisional loan." (Amendment passed without objection)

Motion as amended: "The National Finance Committee recommends that the PNB:

1. Direct Pacifica Management to plan a coordinated network-wide capital campaign to finance the replacement of KPFT's transmitter within three months, with the goal of increasing KPFT's effective power to 100,000 Watts and widening the reach of Pacifica's network. The campaign should take an off-air first approach: that is, attempt to secure seed funds and matching grants from major donors, foundations, and direct mail campaigns prior to resorting to on-air fundraising. The campaign should include a Texas-based campaign and a plan for the growth of audience for and community service by KPFT commensurate with its full signal strength

2. Direct Pacifica and KPFT Management to simultaneously explore the options for securing a loan against KPFT's real estate to make up any fundraising gap that would prevent the timely replacement of KPFT's transmitter. Any such plan for a loan secured by the KPFT property must include a plan for repayment of the loan.

3. Prioritize any windfall income, such as restored CPB funding, to finance the replacement of KPFT's transmitter through an inter-divisional loan." (passed 9 for, 0 against, 1 abstention)

New Business 10:17 PM (ET)

2015 Meeting Schedule 10:17 PM (ET)

Motion: (Brian Edwards-Tiekert) "To meet the second and fourth Tuesdays starting with March 24, 2015." (Passed without objection)

The CFO said that he would still provide financial statements to the NFC, including the FY13 audit, in the meantime.

Motion: (Adriana Casenave) "To create a Work Group to look into the Health Care Policies that are in place at every unit of the Foundation. The objective of the Work Group will be to compare the benefits and cost, in order to see if we can come up with a way to save money to the employees and to Pacifica."

The committee discussed the motion.

Amendment: (Cerene Roberts) "To substitute 'health care plans' for 'health care policies,'" (Passed without objection)

Amendment: (Cerene Roberts) "To substitute 'in effect' for 'in place.'" (Passed without objection)

Motion as amended: “To create a Work Group to look into the Health Care Plans that are in effect at every unit of the Foundation. The objective of the Work Group will be to compare the benefits and cost, in order to see if we can come up with a way to save money to the employees and to Pacifica.” (Passed 8 for, 0 against, 2 abstentions)

Adjourned 10:42 PM (ET)

Submitted by R. Paul Martin, Secretary.