

Minutes for the special National Finance Committee meeting May 4, 2016.

Meeting convened at 8:31 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sam Agarwal (CFO), Fred Blair, Adriana Casenave, Joseph Davis, Brian Edwards-Tiekert (Chair), R. Paul Martin (Secretary), Michael Novick, Cerene Roberts, Eileen Rosin, Barbara Whipperman, also attending were KPFT General Manager, Duane Bradley and KPFT Business Manager Markisha Venzant Sampson.

Agenda:

Roll Call (5 minutes)

Agenda Review and Approval (5 minutes)

State of KPFT

Report by KPFT General Manager and Business Manager (10 minutes)

Questions (20 minutes)

Discussion and/or Action (20 minutes)

Election Expenses (10 minutes)

Adjourn 9:30 PM (ET)

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

Amendment: (Adriana Casenave) “To add item 4 ‘Election Expenses’ for 10 minutes.” (Passed without objection)

State of KPFT 8:37 PM (ET)

Report by KPFT General Manager and Business Manager 8:37 PM (ET)

The KPFT General Manager said that they are trying to model best practices. He said that KPFT has been badly impacted by the loss of CPB grant revenue for the past three years, and he hoped that Pacifica would stabilize and resume getting the CPB grants soon. He said that the station has been expanding its HD service for community connections and formalizing community partnerships for revenue. They will also be leasing out one HD channel. He said that they have been doing a number of community events, a recent event with Amy Goodman had netted the station about \$6,500. He said that he sees a growth potential for KPFT in community events and lease income. He said that the CFO had visited them recently and they used his time to do some restructuring at KPFT, which the KPFT General Manager said he hopes will result in positive outcomes both in terms of the auditors’

Management letter and to affect changes in business operations at KPFT. He said they will utilize the Business Manager in better ways and will have their Development Director more actively pursuing grant opportunities.

Questions 8:44 PM (ET)

The committee asked questions of the KPFT General Manager and Business Manager. The KPFT General Manager explained the HD channels and their difference from the SCA channels. He also said that since KPFT upgraded their transmitter last year they'd leveraged government grants to upgrade their HD channels, they can have up to three HD channels. He is negotiating leasing one out. Since negotiations are in progress the amount listed in the KPFT documents that had been sent to the committee was not discussed. It was noted that there is a revenue shortfall of about \$91,000 for KPFT, while expenses were reduced by \$24,000 and Community Events expenses are higher. The KPFT General Manager said that there were large expenses related to the Richard Wolfe community event, which were offset by one of the event's sponsors. KPFT has not been repaying the loan to KPFA lately due to KPFT's financial situation. In answer to a question the KPFT Business Manager said that she'd add the pension catch-up payments to the operating budget. The KPFT General Manager said that the lower than budgeted daily averages were the result of how Pacifica does programming and how people use media these days. He said that there is no advertising budget; he said that long term restructuring of Staff will allow the Development Director and the station, working with LSB members, to get some effective grants. The station is looking at its schedule and making changes. The KPFT General Manager said that on that morning's National Leadership Call they spoke of building a new morning network offering that all five stations could use to tie us together better and which would give Pacifica something to share which would be a new effective product that we own. The KPFT Business Manager said that they are calling expired members. In answer to a question about the HD negotiations the KPFT General Manager said that he has been in touch with Pacifica's FCC lawyer Crigler, and that the figure in the documents sent to the NFC is a minimal figure, and he expects the final lease to be orders of magnitude larger than that. In answer to a question about CPB funding loss around minority programming grants the KPFT General Manager said that the CPB changed the rules on that a couple of years ago and they no longer do those grants.

Discussion and/or Action 9:16 PM (ET)

The CFO noted that KPFT was only running a deficit of about \$4,000 and he wished the other stations were doing as well. He said that he'd gone to Houston and that the changes in job responsibilities will allow the Business Manager to do other things and he expects that in the next six months we'll see KPFT in the black. He said that some of the questions asked about KPFT's 20% shortfall in Listener Support and the 14% shortfall in overall revenue should be asked for all Pacifica stations. He said that the NFC and PNB need to ask what to do to bring Listener Support up again.

A member said that the reduction in expenses looks like it's \$24,000 but it's only \$20,000. She said she'd asked about the loan for the transmitter at a meeting and it was clear that it'd make a big difference, she said that even cash flow doesn't reflect specific obligations. She said that the salary

reduction changed just one employee and resulted in about a \$3,000 reduction in salary which doesn't make a big difference.

A member said that when the loan to KPFT was approved for the new transmitter there was a proviso to develop a plan to build membership to repay the loan, not simply rely on the improved signal.

The KPFT General Manager said that KPFT has a stagnant strategy plan that they invested in a couple of years ago that is still lacking full implementation. He said that the demographics of Houston are changing and represent what America will look like in years ahead. He said that KPFT has created alliances with the Houston school district, and had students on the air. He said that KPFT has incorporated a number of initiatives and brought in minority groups. He said it's only little over half a year since KPFT upgraded its signal. A member asked if he would write that up and share it with the NFC.

Election Expenses 9:30 PM (ET)

The committee discussed the election expenses and the effect of the timing of the elections on those expenses. The Chair noted that the budgeting was done eight months ago based on different situations from now.

Adjourned 9:37 PM (ET)

Submitted by R. Paul Martin, Secretary.