

Minutes for the regular National Finance Committee meeting August 27, 2019.

Meeting convened at 8:34 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Nick Arena, Fred Blair, Chris Cory (Chair), Bill Crosier, Lynden Foley, R. Paul Martin (Secretary), Mansoor Sabbagh, James Sagurton, Nancy Sorden, Tamra Swiderski (interim CFO), also attending were Pacifica Foundation interim Executive Director John Vernile and Pacifica National Board Chair Grace Aaron.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll call
3. Approve Agenda
4. Minutes approval (5 minutes)
5. Discussion of possible strategies for allocation of payments among divisions (45 minutes)
6. Interim CFO update: March financials, audit progress, and accounting system updates (15 minutes)
7. Statement on status of loan documents from the Chair and a motion to circumvent an impasse (25 minutes)
8. New Business
9. Adjourn no later than 10:15 PM (ET)

Motion: (Chris Cory) "To approve the agenda." (Passed without objection)

Minutes approval 8:37 PM (ET)

Motion: (Chris Cory) "To approve the minutes for the July 23, 2019, meeting." (Passed without objection)

Discussion of possible strategies for allocation of payments among divisions 8:38 PM (ET)

The Chair told the committee that he saw three ways of allocating the interest payments on the loan:

1. Full payments starting in September, the first of which is covered by the endowment. After that the interest payments would be about \$70,000 per quarter.
2. Reduced payments using the \$200,000 remaining from the endowment, and spreading that out for the remainder of the loan. He said that would cut the quarterly payment amount by about a third leaving the quarterly payments in the \$40,000 to \$50,000 range.
3. Wait till the interest funds run out and start making the full payments in June of 2020.

The Committee discussed the Chair's proposals. During the discussion it was established that

there is a bequest of about \$574,000 of which about \$200,000 is earmarked for interest payments, and there is about \$50,000 left in the escrow fund. The approximately \$200,000 and the approximately \$50,000 are in two separate accounts. No one on the call knew what the interest rates were on the accounts. The possibility of investing some of the funds in a certificate of deposit in order to gain more interest on it was suggested. The possibility of a real estate loan amortized over a much longer time was brought up. The possibility of refinancing the loan now instead of in the future was discussed; in that case it might be best to wait until the FY18 audit was done in order to secure lower rates. The PNB Chair said that she had searched for loans before the current loan was secured and that Pacifica's credit rating is terrible, so it might be best to wait until Pacifica has an FY19 audit in hand to try to refinance the loan because that might improve our credit rating. There were further discussions on loan rates. The possibility of a recession coming soon was brought up. The interim Executive Director said that the general trend in public media is that recession causes a major hit to fund raising; he said that some stations have gotten hit by shortfalls of about 30% during recessions.

In the course of the discussion it was agreed that only the first two proposals that the Chair had made would be considered. The committee agreed to handle the two proposals in the manner of filling in a blank, the first of the proposals to receive a majority of votes would be passed.

Motion: (Chris Cory) "The NFC recommends the following strategy for paying the interest: full payments starting in December with it in mind to not use the escrow account for the remainder of the term of the loan." (Passed 7 for, 3 against, 1 abstention)

Motion: (Chris Cory)" To extend the time for this item by 15 minutes" (Passed without objection) 9:34 PM (ET)

The Chair said that there were four proposals for how to do this: first to divide the interest payments evenly by all stations which would result in 20% of the interest paid per station, second doing it by membership size, three by station revenue, as Central Services fees work, with some minor deviations, and four following the Central Services formula for the stations:

KPFA - 34-37%
KPFK - 29-31%
KPFT - 10-11%
WBAI 9-15%
WPFW 8-12%.

The committee discussed the proposals. It was noted that we still need to come up with a Central Services formula. It was noted that the election rolls show the size of the membership of each station.

Motion: (Chris Cory)" To extend the time for this item by 15 minutes" (Passed without objection) 9:54 PM (ET)

The committee continued the discussion.

Call for the orders of the day (R. Paul Martin) 10:07 PM (ET).

Interim CFO update: March financials, audit progress, and accounting system updates 10:07 PM (ET)

The interim CFO told the committee that the FY17 audit is done, she said that the FY18 audit is done but it needs to be amended. She said the NETA person working on the audit is in contact with all of the General Managers and the audit is getting wrapped up as soon as possible. She said they're still working with current year data. She has sent budget templates to all of the Treasurers, and has spoken to all briefly. She said that more meetings are needed. She said that cash flow information is coming and we can make decisions then. She has sent out the March financials, which she said were not that different from the February financials.

The Chair said that in the financials through March the revenue numbers are down about 8% year to date, which is in line with what public media's seeing across the board. He said we should look at cutting measures as well. In answer to a question the interim Executive Director said they are working on campaigns at a staff level, they're still in progress and it's too early to talk about them.

Statement on status of loan documents from the Chair and a motion to circumvent an impasse 10:13 PM (ET)

Motion: (Chris Cory) "GIVEN that the loan is a massive, technical, and unwieldy document and

GIVEN that the lender has no desire to have the details of this document made public and

GIVEN that certain members of the board already have copies of the document and

GIVEN that the NFC is charged with certain duties which require knowledge of the loan provisions and

GIVEN that proposals of the NFC may be asserted in direct conflict with loan provisions and

GIVEN the need for all members to not waste their time on such proposals

THEREFORE it is proposed that a 'loan review subcommittee' be established in the NFC which will ascertain whether or not certain proposals entertained by the NFC are in conflict with the loan or not. The loan review subcommittee shall consist of the interim Executive Director, Bill Crosier, Chris Cory, and anyone else with knowledge of the loan, who is capable of researching and answering questions brought by the NFC."

The Committee discussed the motion. After some discussion the motion was changed.

Motion: "To create a 'loan review subcommittee' of the NFC which shall ascertain whether or not certain proposals entertained by the NFC are in conflict with the loan or not. The loan review

subcommittee shall consist of the interim Executive Director, Bill Crosier, Chris Cory and Nancy Sorden.” (Passed 10 for, 1 against)

Motion: (Nancy Sorden) “To adjourn.” (Passed without objection)

Adjourned 10:23 PM (ET)

Submitted by R. Paul Martin, Secretary.