

Draft Minutes for the regular National Finance Committee meeting October 24, 2023.

Meeting convened at 8:37 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Kamau Harris, Kim Kaufman, R. Paul Martin (Secretary), James McFadden, James Sagurton (Chair), Elizabeth von Gunten also attending were Pacifica Executive Director Stephanie D. Wells and KPFK interim General Manager Michael Novick.

Agenda:

1. Convene Meeting
 2. Roll Call
 3. Adopt Agenda
 4. Minutes (5 minutes)
 5. Report from the Executive Director with Q & A (30 minutes)
 6. Review the FY24 KPFK Draft Budget (KPFK iGM Michael Novick presenting with Q&A) (60 minutes)
 7. Review of the July financials (15 minutes)
 8. Adjourn no later than 10:15 PM (ET)
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Motion: (James Sagurton) “To adopt the agenda.” (Passed without objection as amended)

Amendment: (Kim Kaufman) “To add ‘Review of the July financials (15 minutes),’ after ‘Review the FY24 KPFK Draft Budget.’” (Passed without objection)

Minutes 8:44 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the September 26, 2023, NFC meeting.” (Passed without objection and then postponed)

The Committee discussed the motion.

Motion: (R. Paul Martin) “To reconsider the motion just passed to approve the minutes of the September 26, 2023, NFC meeting.” (Postponed)

Motion: (R. Paul Martin) “To postpone both the motion to reconsider the motion approving the minutes of the September 26, 2023, NFC meeting and the consideration of the September 26, 2023, NFC meeting minutes.” (Passed without objection)

Review the FY24 KPFK Draft Budget (KPFK iGM Michael Novick presenting with Q&A) 8:54 PM (ET)

The KPFK interim General Manager told the committee that the KPFK draft FY24 budget that he

was presenting was conservative on the revenue side, showing about \$850,000 in Listener Support based on the past fiscal year. He said the draft budget came up short of covering past expenses. He said that KPFK's membership was in about the 5,000 range, which was about half of what it had been in 2021. He said that there had been no drastic drop in membership this year. He said that they were trying to get membership back up to what it had been two or three years ago. He said that the station had a working group looking at underwriting based on the PNB enabling motion authorizing underwriting. He said they couldn't estimate what it might bring in. He said that expenses were quite a bit lower than they had been and that personnel is still roughly half of the total expense. He said that Total Expenses, including Central Services, were about \$1.4 million, and Total Personnel Expenses were over \$700,000. He said that there are some severances that are being paid out and that there might be some additional ones. He said that the station was operating with bare bones. He said that big ticket premiums were not being used. He said that they're still getting complaints because they have a problem with fulfilling a water filter premium from 2022, because the station can't pay vendor for the premium. He said that they were going with no-cost and low-cost premiums now and fewer preemptions. He said that the station was putting out a one sheet newsletter. He said that KPFK had a lot of volunteer support but there was only so much you can do with volunteers and the station has the same Membership Department that they've had for quite a long time. He said that the station is doing community events, such as monthly film screenings in the station's parking lot that brings in about \$500 to \$600 a month.

The committee discussed the KPFK interim General Manager's presentation. There was a discussion with regard to getting all of the volunteers to sign the liability waivers. The Chair asked the Executive Director if she could provide a Central Services breakdown for KPFK and she said she would.

The KPFK Treasurer noted that the revenue on line 18, Sustainers, went into Listener Support and she had put that line in to keep track of that revenue item. She went over some other lines in the draft FY24 KPFK budget. She said that line 59 was for a legal settlement that the station's been paying and she'd put it into the budget. She said that line 86, Maintenance Technical, was about \$25,000 but was really about \$150,000 because KPFK needs a new transmitter. She said that even if KPFK doubled its membership at the \$25 a year rate that would only add about \$125,000 of revenue a year, so the station needs more than just a membership increase it needs listeners who want to support their programs. She said there were issues with the parking lot events because of the lack of liability insurance. The KPFK Director asked how much longer it would be before KPFK was out from under the burden of the monthly payments that the station's been making for retiring the debt to Southern California Edison she was told that it would be done in March. It was suggested that when that arrearage is paid off that KPFK should start paying the current station's water bill owed to the Los Angeles Department of Water and Power utility.

There was a discussion of the need for the new transmitter, and it was noted that the power supplies for it needed to be replaced as well. The interim General Manager said that he wanted to develop a three phased Major Donor capital campaign.

There was a discussion of the draft FY24 KPFK budget showing an end of year deficit of

about \$277,000 which is about \$84,000 larger than what was being shown in the simplified FY24 budget from the National Office. The difference might be in the legal fees, BMI royalties and maintenance issues related to plumbing problems in the building.

There was a discussion of the impact of any further personnel cuts at the station. The interim General Manager said that nobody is currently paid for doing programs. He said that there was one paid production person.

The committee discussed raising the membership fee from the current \$25 a year. The KPFK interim General Manager said that it would be better to upsell people after they become members at the \$25 rate. He said that KPFK was winning people back and getting new members but not enough new members.

The committee discussed the possibility of KPFK finding a way to get some funding from the local government, and about putting the programs on YOUTUBE.

Motion: (McFadden) To extend the time for this item by 5 minutes.” (Passed without objection) 10:00 PM (ET)

There was a discussion of pitching.

Motion: (Kim Kaufman) “The NFC informs the PNB that it has reviewed the KPFK FY24 budget along with ‘Addendum to the FY24 Budget’ submitted by interim General Manager Michael Novick. The budget is a reasonable estimate of revenue, based on historical numbers, and expenses. It is a deficit budget, and we cannot approve it. We forward it to the PNB for their review.”

Motion: (R. Paul Martin) “To extend the time for this item and the meeting by 15 minutes .” (Passed without objection) 10:22 PM (ET)

The Committee discussed the motion.

Amendment: (R. Paul Martin) “To strike, ‘It is a deficit budget, and we cannot approve it. We forward it to the PNB for their review.’ and replace it with, ‘It is a deficit budget, and we forward it to the PNB for their review.’” (Passed 5 for, 0 against, 1 abstention)

The committee discussed the amendment.

Motion as amended: “The NFC informs the PNB that it has reviewed the KPFK FY24 budget along with ‘Addendum to the FY24 Budget’ submitted by interim General Manager Michael Novick. The budget is a reasonable estimate of revenue, based on historical numbers, and expenses. It is a deficit budget, and we forward it to the PNB for their review.” (Passed without objection)

The Committee discussed the motion.

Motion: (R. Paul Martin) “To extend the time for this item by five minutes.” (Passed without objection) 10:41 PM (ET)

It was agreed to add the KPFK interim General Manager’s addendum to the KPFK draft FY24 budget to the minutes of this meeting.

The Committee discussed the motion.

Adjourned 10:48 PM (ET)

Submitted by R. Paul Martin, Secretary.

Addendum to the KPFK Draft FY24 Budget by KPFK interim General Manager Michael Novick

“The budget is a working/planning document. It is our goal to balance the budget through two efforts:

“1) Rebuilding the membership, listenership and donor base through concerted promotional and outreach efforts with a goal of doubling our current number of subscribers back to what they were before the steep decline in 2021 after the pandemic, and the contentious Bylaws and delegate elections that have resulted in litigation.

“2) Beginning to add underwriting from small businesses and community and cultural organizations, bookstores, theaters, restaurants, bakeries, etc that abide by the PNB and FCC guidelines. I estimate that we could raise \$6400 a month by this means. Others have much high expectations, but the project will be getting off the ground by November and we should quickly have a clearer and more grounded idea of its efficacy and how much money we can raise that way.

“On the expense side of the ledger, I am waiting to hear back from the national business manager about when a couple of severances we are paying will wind down, but I believe that there will be further reductions in the payroll costs before the end of the fiscal year as a result.

“Longer term, I am working with the ED and a non-profit development person who is volunteering her time on a major-donor and capital campaign, with a short-term goal of \$800,000 to cover payments on the two loans Pacifica has, some vital repairs/replacements on transmitter tech at Mount Wilson, and the overdue audit. Phase 2 would be an effort to raise enough to pay off the FJC and EIDL loans, and upgrade our tech.

“--Michael Novick, interim General Manager “