

Minutes for the regular National Finance Committee meeting December 13, 2022.

Meeting convened at 8:33 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Grace Aaron, Chris Cory, Elizabeth von Gunten, Kamau Harris, Julie Hewitt, R. Paul Martin (Secretary), James McFadden, Sean Kelly McPherson, James Sagurton (Chair), Susan Young also attending was Pacifica Executive Director Stephanie D. Wells.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt Agenda
4. Chair's Announcements (2 minutes)
5. Minutes (3 minutes)
6. Report from the Executive Director with Q & A (30 minutes)
7. Discuss about how proceeds from sale of KPFK real estate should be spent (20 minutes)
8. Zero out Central Services arrearages for all stations (30 minutes)
9. Central Services formula (30 minutes)
10. Adjourn to Executive Session

Motion: (James Sagurton) "To adopt the agenda." (Passed without objection as amended)

The Committee discussed the motion.

Amendment: (Grace Aaron) "To add #7 'Discuss about how proceeds from the sale of KPFK real estate should be spent (20 minutes)'" (Passed without objection)

The committee discussed the amendment.

Chair's Announcements 8:52 PM (ET)

"Tonight we will hear a report from the Executive Director and review and discuss the continuing cash flow and payroll situation.

"We will also review Pacifica the Central Services Formula and a proposal to zero out Central Services arrearages."

Minutes 8:52 PM (ET)

The Secretary said that there were no public session minutes to be considered, but he raised the question of who was going to do the minutes of the August 30, 2022, NFC meeting since he was

not at that meeting.

The Chair said that this could be discussed at the next meeting.

Report from the Executive Director with Q & A 8:53 PM (ET)

The Executive Director told the committee that not much had changed since the previous week so there was not a lot to report. She said that Pacifica would make payroll that period. She said that Pacifica still had the same Aged Payables and the ones of most concern to us. She said that she was working with vendors, particularly the insurance related ones. She said that she wanted a grace period before the cancellation dates and she was negotiating on this. She said that she still had some concerns. She said that the KPFK electric payment had been made. She said that she was working on on-air fund raisers and letting people know where their outstanding bills are and that that was about it.

In answer to a question the Executive Director said that the FJC loan interest was the number one Aged Payable. She said that no funds were set aside for it and it was due on December 31. She said she'd told the General Counsel a few weeks previously that we might not be able to make the payment. She said that he was calling FJC and was asking for a few grace days or to be able to pay what we can and then extend that out. She said that he'd been discussing the idea of selling property and using some of that money to pay the principal down. She said that she'd keep the committee informed.

Motion: (Grace Aaron) "Disposition of proceeds from the sale of the KPFK real estate:

1. Negotiations shall include the possibility of having The sale of the building will have a contingency clause stipulating that the buyer will lease the building back to current tenants at a reasonable monthly rate (suggested \$6,000 per month) for a period of 1 year with a renewal option for an additional year at the same rate if the tenant(s) choose to continue occupancy.
2. All KPFK and Pacifica Archive payables will be completely retired or forgiven including all personnel financial obligations, all legal settlements, all Central Service debt, etc. This debt retirement shall take place prior to any other payment of debt or spending of the proceeds, except for escrow and realtor fees and payment of the principal balance of the FJC loan related to the KPFK building.
3. An escrow account will be opened to include enough money to cover rental for KPFK and the Archives for a period of 4 years at current rental market rates, but not less than \$10,000 per month. In other words, a minimum of \$480,000 will be set aside in an escrow account exclusively for the payment of rent/housing for KPFK and the Pacifica Archives.
4. A separate escrow account shall be opened for payment of salary and benefits for at least 1 year for a full time General Manager to be chosen by the ED from the pool of candidates from the most recent KPFK GM Search. This expense shall take precedence over the payment of any other debt outside of the payments stipulated above.

5. Funds of \$150,000 shall be set aside for the rebuilding of KPFK to be used at the discretion of the GM and ED for market research, program improvement, streamlining of financial and membership management, etc. Before all or part of these funds can be used, a plan for how any expenditure will result in increased revenue and/or audience shall be sent to the LSB, NFC and PNB for review.

6. After the above priorities, the next priority for funding from the sale proceeds shall be to set aside enough money to pay for a National Election Supervisor plus any and all expenses related to the long overdue Pacifica LSB elections.”

The Committee discussed the motion.

Amendment: (Chris Cory) **“If the PNB determines that it is necessary to sell the KPFK building and land, the NFC moves that the PNB stipulates and allocate funds from the sale of the KPFK building and land (substitute motion) as suggested below:**

1. KPFK suggests that the sale of the building and land should, if possible, have a contingency clause stipulating that the buyer will lease the building back to KPFK and the PRA at a reasonable monthly rate (suggested \$6,000 per month) for a period of 1 year with a renewal option for an additional year at the same rate if the tenant(s) choose to continue occupancy. A “set aside” for this purpose shall come out of the proceeds of sale, not to exceed \$150,000.

2. All Pacifica current payables (AP) will be paid in full, including all personnel financial obligations, all legal settlements, etc. This payables retirement shall take place prior to any other payment of debt or spending of the proceeds, except for escrow and realtor fees and *payment in full* of the FJC loan.

3. A single purpose account in the amount of \$50,000 shall be set up for the purpose of developing, creating, and annually updating the Pacifica Business Plan. All work will be performed by a neutral third party agreeable to the PNB. If the Pacifica Business Plan is already in place prior to this motion being brought forth, funds from this item shall be placed in item 8.

4. A separate escrow account shall be opened for payment of salary and benefits for at least one year for a full time General Manager to be chosen by the ED from the pool of candidates from the most recent KPFK GM Search. This expense shall take precedence over the payment of any other debt outside of the payments stipulated above.

5. Funds of \$150,000 shall be set aside for the rebuilding of KPFK to be used at the discretion of the GM and ED for market research, program improvement, streamlining of financial and membership management in accordance with the Pacifica Business Plan.

6. After the above obligations, the next priority for funding from the sale proceeds shall be to set aside enough money to pay for a National Election Supervisor plus any and all expenses related to one year’s Pacifica LSB elections.

7. The total of all disposition items listed above shall not exceed \$4,000,000.
8. All remaining funds shall be placed in an emergency reserve escrow account which shall be used exclusively for implementation of the Pacifica Business Plan or any other expense that is deemed an “emergency need” by both the ED and the PNB.
9. The NFC recommends that the PNB directs the ED to renew negotiations with UC Santa Barbara for the digitization and archiving of the Pacifica Radio Archives in conjunction with the Library of Congress and/or the Smithsonian Institute.”

The committee discussed the amendment.

Call for the orders of the day: (R. Paul Martin) 9:30 PM (ET)

Motion: (Grace Aaron) “To extend the time for this item by 10 minutes.” (Fails 4 for, 3 against, 3 abstentions)

Motion: (Susan Young) “To postpone the motion and amendment to the next meeting.” (Passed without objection)

The Executive Director said that the appraisal of the KPFK building by FJC was that it was worth \$4,650,000.

The KPFK Director requested that the Executive Director provide both appraisals to the committee members in writing. The Executive Director said she would.

Zero out Central Services arrearages for all stations 9:37 PM (ET)

The topic of zeroing out Central Services arrearages was discussed. The KPFT Director said that her intent was not to wipe the record, but that we’d keep the records about payables in arrears for FY22, but would not carry them forward. She said that the likelihood of paying them was slim and there were disputes about the amounts. She said that they confuse what the actual payables were, some of which were critical. She said that we needed to look at this in a whole new way and that the way we’ve been budgeting and paying Central Services fees has failed. She said that we needed to revisit it rather than staying moored in arguments over the wreckage of the past. The committee discussed the topic further.

Motion: (James Sagurton) “To extend the time for this meeting by 10 minutes.” (Passed without objection) 10:12 PM (ET)

The committee continued to discuss the topic of Central Services arrearages.

Point of Order: (Susan Young) “Confidential matters are being brought up in open session.

The committee continued to discuss the topic and the discussion broadened into how Central Services fees were credited and the difficulty of explaining Central Services fees to people both inside and outside Pacifica.

Adjourn to Executive Session 10:24 PM (ET)

Adjourned 10:24 PM (ET)

Submitted by R. Paul Martin, Secretary.