

Draft Minutes for the regular National Finance Committee meeting July 23, 2019.

Meeting convened at 8:37 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, also attending was Pacifica Foundation interim Executive Director Grace Aaron.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll call
3. Approve Agenda
4. Minutes approval (5 minutes)
5. The loan
 - A. Discussion of interest payment schedule & approximate amounts (15 minutes)
 - B. Discussion of possible strategies for allocation of payments among divisions (25 minutes)
 - C. Next steps: inviting managers to next meeting, etc. (10 minutes)
6. 2020 Budget Timelines: update from divisions - setting budget priorities at LSB's per guidelines (5 minutes each)
 - A. KPFA
 - B. KPFK
 - C. KPFT
 - D. WPFW
 - E. WBAI
7. Quick update on financials by Chair (5 minutes)
8. New Business
9. Adjourn no later than 10:00 PM (ET)

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

Minutes approval 8:42 PM (ET)

Motion: (R. Paul Martin) "To approve the minutes of the July 9, 2019, meeting." (Passed without objection)

The loan 8:44 PM (ET)

Discussion of interest payment schedule & approximate amounts 8:44 PM (ET)

The committee discussed the interest payments due on the loan, based on what members knew at the time of the meeting. The Chair said that a third of the large bequest that Pacifica has recently received is earmarked for paying the interest. He said he'd send the committee a spreadsheet with details about it. He said that the quarterly interest payments would come to about \$68,500, and that the money is in an escrow account.

The Committee discussed the issue. The Chair, based on information received during the meeting, revised his estimate of the interest payments to about \$70,000 per quarter. There was further discussion about the interest rate. Members asked to see the details of the loan. The committee discussed what could and could not be revealed about the loan details and why there were such restrictions. The Chair said that the loan details may frighten some people because of the default language, he said that lot of the details have to do with recording, etc. and that Pacifica is not close to being in compliance yet but we're closer than when the loan started. He said that the lender wanted to see progress on this, but that they don't seem like the type of lender who would yank the loan, and they've been friendly so far. He said he didn't see why the loan details can't be given to the NFC.

The interim Executive Director told the committee that she'd gone over the loan details with the interim CFO and that a significant portion of the \$585,600 bequest Pacifica had gotten was used to pay outstanding payables. She said that the rest went to about \$200,000 for a reserve fund for interest and about \$100,000 for the principal of the loan. She said that expenses included about \$50,000 to NETA, about \$53,000 to a law firm that's helping to get Pacifica's CPB status rectified, about \$11,000 into the pension, the auditors had to be paid, also other expenses were paid that would have negatively impacted Pacifica's credit ratings, and election expenses were also paid.

Discussion of possible strategies for allocation of payments among divisions 9:06 PM (ET)

The way that the payments might be allocated was discussed. It was suggested that windfalls be allocated in full or in part to pay the principal of the loan or other outstanding debts. The renegotiation or refinancing of the loan was discussed. The interim Executive Director said that we'll improve our credit rating once our audits are done and we get our CPB status restored, and that the FY18 audit should be ready at the end of August so we'll have some solid basis for showing the lender that we're straightening things out. The committee continued discussing the apportionment of the debt. In answer to a suggestion that some stations become repeater stations for other Pacifica stations the interim Executive Director noted that the FCC would be very unlikely to allow that and in any event much of the overhead for those stations would remain the same.

Next steps: inviting managers to next meeting, etc. 9:32 PM (ET)

The need for a plan to pay off the loan was discussed and the idea of having station General Managers on the next call was discussed. It was suggested that summaries of the loan documents be sent to the NFC.

Motion: (Chris Cory) "To extend both this agenda item and the adjournment time by 15 minutes."
(Passed without objection) 9:50 PM (ET)

The committee continued the discussion of the loan. The need to raise Pacifica's revenue was discussed, and celebrity support for Pacifica was discussed.

2020 Budget Timelines: update from divisions- setting budget priorities at LSB's per guidelines 9:57 PM (ET)

KPFK - The KPFK Treasurer said that the General Manager will let the local Finance Committee go over draft FY20 budget.

KPFT - The KPFT Treasurer said that the last LSB meeting had been cancelled, they'll meet tomorrow night with local Finance Committee.

WPFW - The WPFW Treasurer said that they'd set their meeting for the end of the month but postponed it till August because of their on-air fund raiser.

WBAI - The WBAI Treasurer said he'd brought the issues of the budget and the timeline up to the WBAI LSB. At the local Finance Committee meeting he'd urged the General Manager to produce the revised FY19 budget and start working on the FY20 budget. The General Manager was given the FY20 budget timeline.

KPFA - The KPFA Director said that they haven't had a meeting yet. The KPFA Treasurer said she'd send out an E-mail to the KPFA LSB to start them thinking about the budget priorities.

Quick update on financials by Chair 10:02

The Chair told the committee that the interim CFO has nothing new for us. She told the Chair that she'll have something in late August.

New Business 10:03 PM (ET)

Motion: (R. Paul Martin) "The NFC strongly requests that the interim Executive Director ask the lender if the NFC could be sent the details of the loan."

The Committee discussed the motion.

Amendment: (Nick Arena) "To substitute 'loan documents' for 'details of the loan'." (Passed without objection)

The committee discussed the amendment.

Motion as amended: "The NFC strongly requests that the interim Executive Director ask the lender if the NFC could be sent the loan documents." (Passed without objection)

Motion: (Fred Blair) "To adjourn." (Passed without objection)

Adjourned 10:16 PM (ET)

Submitted by R. Paul Martin, Secretary.