

Dated: Oct 12, 2017

PNB and NFC Members

Sub: Crisis at Pacifica

The Pacifica Foundation is facing it's most serious financial challenge to date. There are many reasons why and how we got in this financial mess, and there will be time for that discussion on another occasion. Pacifica's current financial crisis must be acted on now.

The undersigned General Managers, Program Directors and Business Managers feel strongly that of the solutions before us, there is only one that solves the immediate problem and our future goals.

In our National Leadership call yesterday, CFO Sam Agarwal outlined three options that the PNB had been considering this past Tuesday to remedy our current financial crisis. 1. Sell The KPFK, KPFA (including the adjoining Pacifica National office property), and KPFT properties, 2. take a loan out on the KPFK building, 3. Chapter 11 bankruptcy. If these are our three options then it is clear this is most serious. Let's examine these options briefly.

The Sale of the three Pacifica properties. This is the worst of the three options.

Financially: KPFA, KPFK and KPFT are currently paying no mortgage on these buildings. Real Estate is not something anyone would want to do in a pressure situation. Pacifica is at a disadvantage on the selling price and at a disadvantage on securing space to relocate. A decision to sell these buildings would also add new monthly mortgages, leases, rents etc and would essentially be an incredible stress on our fundraising and budgets. KPFA and KPFK are the two best fundraising stations in the network. To disrupt both of these at the same time would place an incredible financial and logistical burden on the stations and Pacifica.

Logistically: KPFA and KPFK are the two best fundraising stations in the network. To disrupt even one of these station's operations to move would be a logistical nightmare. Especially when there is a better option.

Take a loan on the KPFK building. For every 2 million dollars that is borrowed, there will be at least \$200,000.00 in interest plus the principal payment. This essentially puts us back about where we are today with the Empire State building expense except now the KPFK building would be in jeopardy. There is a better option.

Bankruptcy. This is a big X factor. One thing is clear. We have to be prepared for this BEFORE any assets or bank accounts are seized. This should be ready to go and from what Sam told us he is going through all the steps necessary to have this in place.

Signal Swap. This is not an option we consider lightly. This requires that one of our stations changes it's frequency. Which station should it be..? Pacifica has two stations on the commercial FM spectrum. KPFA and WBAI. It's clear that it has to be the station that is currently underperforming in fundraising and it's financial obligations to the foundation. This option has been on the table before in the early 2000's at a time when we weren't looking to do this and it was rejected. I've heard rumors that the amount offered was anywhere from 50 million to 150 million. I'm sure there are people around at that time including John Crigler who can clarify that offer. The number today is closer to 50 million. The point is that as difficult as this option would be, it's the one that solves our current financial problems absolutely.

The Pacifica Foundation is at a crossroads that could mean the end of this Legacy Foundation. There are a few choices before you to deal with the critical financial challenges that Pacifica faces at this moment. You are in the position to guide Pacifica into a financially healthy state, or you can make a choice that continues to stress the foundation and the stations financially. This choice has to be made quickly and we the undersigned urge you to choose the signal swap option and bankruptcy, if necessary, as we proceed to resolve our debt with a signal swap. This is a moment when the Pacifica National Board needs to be united to do what is best for this legacy foundation that has survived countless obstacles since it was founded in 1949. You are the body that can save Pacifica at this critical moment and we want you to know that we will hold you accountable for the decision you make. We are all available for consultation if you wish. We see to the day to day operations of each unit and may have some valuable information for you to consider. We are a little surprised that you haven't asked us for our opinion up to this point but we are hopeful that you will.

Thank you for your consideration on this most important matter.

Signatories page is attached who have all agreed.

SHAILENDRA AGARWAL - Chief Financial Officer

Pacifica Radio Archives:

MARK TORRES - Interim Director

MARIANA BERKOVICH - Business Manager

Pacifica Foundation - KPFA

QUINCY McCOY - General Manager

MARIA NEGRET - Business Manager

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Pacifica Foundation - KPFK

CHRISTINE BLOSDALE - Interim General Manager

BARRY BROOKS - Business Manager

ALAN MINSKY - Program Director

Pacifica Foundation – WPFW

GERALD PARIS - General Manager

KATEA STITT - Interim Program Director

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LARRY WINTERS - General Manager

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