

Minutes for the regular National Finance Committee meeting March 22, 2022.

Meeting convened at 8:38 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Chris Cory, Elizabeth von Gunten, Julie Hewitt, Kim Kaufman, Julia Kennard (CFO), R. Paul Martin (Secretary), James McFadden, Sean Kelly McPherson, James Sagurton (Chair), Susan Young also attending were Pacifica Executive Director Stephanie D. Wells and KPFT General Manager Robert Franklyn and KPFT Business Manager Markisha Vensant-Sampson.

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. Review KPFT FY22 Budget (General Manager Robert Franklyn and Business Manager Markisha Vensant-Sampson presenting, 70 minutes)
7. Motion Updating Pacifica Transaction Limits (15 minutes)
8. Budget Timelines and schedule for NFC review of budgets for FY22 KPFT Budget (5 minutes)
9. Adjourn no later than 10:15 PM (ET)

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

Chair's Announcements 8:41 PM (ET)

"Tonight we will review the KPFT FY22 Draft Budget.

Corporation for Public Broadcasting grant applications will soon be open. Pacifica's position for applying is under review."

Minutes 8:42 PM (ET)

Motion: (R. Paul Martin) "To approve the minutes of the March 8, 2022, NFC meeting." (Passed without objection)

Review KPFT FY22 Budget 8:43 PM (ET)

The KPFT General Manager said that their draft FY22 budget was not the strongest but they were trying to shore it up on many fronts. He said that they were aggressively looking for external grant funding. He said that he was glad to hear that there is the possibility of resurrecting

CPB funding. He said that in terms of an external grant initiative the station has been in negotiations with a foundation that might be willing to help them with their signal expansion initiative as well as for new equipment, he said that these negotiations have been going on for the last three to four months. He said that they were going to initiate aggressive micro-events which he said will generate significant funding. He said that Amy Goodman would be doing a fund raiser for them next month and that they hope to have other Zoom fund raisers going forward. He said that the station has not over the years done any underwriting, but that they were seeking to initiate underwriting to augment what they get on the air. He said that presently they do on-air fund raising and they hope to do more underwriting. He said that they are also looking to do community sponsored events, preferably with a professor at the University of Houston and they hope to do a series of screenings, once they find a large sponsor, using a film of the late Texas Congressman Mickey Leland. He said that these are some of the initiatives they're taking to help augment their budget shortfall.

There was a discussion of the need to get approval from the PNB for any underwriting. The KPFT General Manager said that underwriting was a stream of revenue that KPFT has surely used. He said it was needed. He said that there is language that can be put in underwriting contracts that stipulates to potential underwriters that their support doesn't influence programming. Concern was voiced that underwriters could influence programming despite what a contract might say. The KPFT General Manager said that in his career none have ever tried to influence any music or programming. A member said that people were mostly concerned about influence affecting Public Affairs programming. The KPFT General Manager said that no such issue has ever arisen at any of the stations he's managed. The Chair noted that any proposal for underwriting would have to be brought to the PNB ahead of time. The KPFT General Manager said that he understood.

The Chair said that the KPFT draft FY22 budget had been done by the previous KPFT General Manager.

The KPFT Business Manager told the committee that KPFT's Listener Support revenue has been down drastically and that the station is operating the best they can with the limited finances they have. She said that they are looking for fund-raising opportunities. She noted that with regard to revenue all stations are taking a hit but KPFT has experienced more problems than others because they're not broadcasting live. She said that with regard to number of days spent pitching she said that since they are now broadcasting remotely they do on-air fund raising four times a year for a full month so they're doing about 120 days a year, and they used to do 77 to 80 days. She said that they need to be on the air longer to raise funds because they're not pitching live. She said that KPFT's Central Services fees are about a third of their revenue. There followed a detailed discussion of current and past Central Services formulas and payment experiences.

In answer to a question regarding KPFT getting a building again the CFO said that she hadn't talked to the KPFT General Manager about it yet. She said that she was looking at funds set aside from the sale of the original building. She said that she'd started a very rough outline of the funds and what Pacifica could pay for a building. She said that that would be a separate capital budget, that it was rough, but that she'd send it to the committee.

The CFO said that we have to help KPFT to generate revenue. She said that adjustments were made to the original draft KPFT budget. She said that a specific plan has to be put in place and support given to help them meet their goals. She said that without the Paycheck Protection Plan (PPP) revenue KPFT's deficit last year would have been about \$154,000. She said that the draft FY22 budget is about \$60,000 less than for FY21 without the PPP revenue. She said that the operating expenses were about \$62,000 less than the prior year, most of that was due to reduced personnel costs. She said it's another year of challenging times.

In the course of the discussion it was pointed out that with regard to qualifying for CPB grants a station needs five full time workers, the KPFT Business Manager said that KPFT only had three full time workers and a consultant. There was a question regarding whether a consultant would even count in that total.

In answer to a question the CFO said that this was a realistic budget. She said that Pacifica has a larger, global problem and we have to have actual change. She said that there was a serious cash crunch. She said that everybody needs to understand that KPFT can make payroll because they are not paying something else, and Pacifica has that situation in multiple units, that something is being paid at the expense of something else not being paid, and that we can't do that forever. She said that she was not sure where we're going to go with that.

The Executive Director said that she agreed with the CFO, and that she appreciates the stations doing realistic budgets. She said that we have to treat budgets as living documents. She said that Pacifica Radio Archives (PRA) is struggling to make payroll because they're not getting Central Services payments. She said that we have to look at what must be done in the future so we can stop bleeding.

The committee discussed the possibility of getting grants for Pacifica. The Executive Director said that she'd talked to foundations and on paper we don't look good, Pacifica hasn't had a history of good fiscal management, and she can't tell possible grantors that we will do better. She said that we've gotten audits done but when you read them you can see that Pacifica's not good with our fiscal management. She said that organizations are not comfortable with giving Pacifica money. She said that PRA had an opportunity for two grants of \$50,000 each but they were declined due to the overall fiscal health of Pacifica. There was a discussion regarding turning things around with regard to programming.

Motion: (James Sagurton) "That the NFC recommend to the PNB that they approve the proposed KPFT FY22 budget, recognizing that it remains a deficit budget." (Passed 7 for, 0 against, 3 abstentions)

The Committee discussed the motion.

Motion: (Chris Cory) "To extend the time for this meeting by 15 minutes." (Passed without objection) 10:15 PM (ET)

Motion Updating Pacifica Transaction Limits 10:15 PM (ET)

There was a discussion regarding a modified version of the motion that a member had made at a previous committee meeting. Most NFC members had not received the updated motion.

Budget Timelines and schedule for NFC review of budgets for FY22 KPFT Budget 10:29 PM (ET)

There was a discussion of which draft FY22 budget the committee might take up at the next meeting. The CFO said that she'd let us know in the next week or so.

A question was raised as to when the next meeting was.

Motion: (R. Paul Martin) "To extend the time for this meeting by five minutes." (Passed without objection) 10:35 PM (ET)

Motion: (R. Paul Martin) "To meet on the second and fourth Tuesday of every month through March 2023." (Passed without objection)

The Committee discussed the motion.

Adjourned 10:39 PM (ET)

Submitted by R. Paul Martin, Secretary.