

**DRAFT MINUTES OF THE INTERIM DIRECTORS MEETING
OF THE
PACIFICA FOUNDATION**

HELD MARCH 8-10, 2002 IN LOS ANGELES, CALIFORNIA

Friday, March 8, 2002 7:00 pm

Interim directors who were present, representing a quorum of the board:

Leslie Cagan, Chairperson
Jabari Zakiya, Treasurer
Carol Spooner, Secretary
Teresa Allen
George Barnstone
Pete Bramson
Janice K. Bryant
David Fertig
Ray LaForest
Marion Barry

and absent: James Ferguson, Dick Gregory, Bert Lee, Rob Robinson

Also present: _____

The meeting was called to order by Leslie Cagan, Chairperson, at approximately 7:00 p.m. All were welcomed, including those who were able to listen in on WBIX Internet broadcasts. Following board member introductions, Ms. Cagan explained that because the absence of board members James Ferguson and Bert Lee was determined shortly before the meeting, there was insufficient time to establish a teleconferencing link with them.

Ms. Cagan then reviewed the revised agenda.

MOTION:

Ms. Allen moved that the revised agenda be accepted. Mr. Barnstone seconded.

A vote by show of hands was taken. The motion carried unanimously.

Ms. Cagan offered general comments including a brief explanation of the balanced majority or two-thirds voting criteria as mandated by the settlement agreement. The parliamentarian, Ted Weisgall was introduced and his function was explained. Thanks were offered to David Fertig and others for making local arrangements for this meeting and to the local school board for the use of the school facility where the meeting took place.

Ms. Cagan briefly reviewed progress made by the board and Pacifica communities over the preceding two months following the lawsuit settlement, as well as the work yet to be done.

REVIEW OF MINUTES

Because Ms. Spooner received the transcript of the meeting only one week before the current meeting, she was unable to complete the minutes of the January board meeting for presentation today. She explained that creation of the minutes was underway and would come to board members in a short time.

INTERIM EXECUTIVE DIRECTOR REPORT

Mr. Coughlin introduced Yasmin Bryant - Pacifica's interim comptroller, along with Joyce Snowden - human resources director, and Verna Avery Brown – assistant interim executive director.

Current Priorities:

Include getting a handle on the current financial situation and to begin rebuilding the five stations. The process will include reconciliation between the Local Advisory Boards and stations as local elections and the bylaws revision process are approached.

Financial Picture:

The Pacifica Network is in worse financial condition than had been feared. Pacifica is currently living "hand to mouth," and will remain in a state of crisis until at least the end of the 2002. The current board inherited a \$1.5 million budget gap for this year, and a \$5 million working capital deficit. It also inherited a national office and professional relationships that are in total chaos.

Although an interim comptroller is now in place, and an independent audit has been completed, no formal accounting procedures or policies are currently in place, and basic systems such as accounting software, are not yet functional.

Three-pronged strategy that has been adopted:

1. Negotiating the existing \$2 million dollar debt owed to eight legal and professional firms.

Based on the board's February 15, 2002, conference call, a law firm was hired to help order the process. Mr. Coughlin invited Ms. Brown to update the board, as she has been charged with national office oversight of this. Ms. Brown explained that the foundation's recent overall \$5 million deficit came mainly from legal fees incurred under the previous executive director, Bessie Wash. During the summer of 2001, Pacifica employed a total of five major Washington D.C. law-firms simultaneously, along with PR firms, etc.

The current attorney, working under \$50,000 capped retainer, James Mieworm of Squire and Sanders, is now in the process of evaluating and resolving claims of Pacifica's creditors - including Ebstein, Becker and Green (\$557,000), Williams & Connolly (\$466,477.28), Mitchell, Silverberg & Kennupft (\$296,000), Fullbright & Jawarski (\$228,000), Garvy, Shubert & Barreth (\$53,000), Wendell, Rosen, Black & Dean (\$34,000), Paul Kleven (\$13,000), Hinton, Sussman, Baily & Davidson (\$10,000), Littman, Ash & Gioelli (\$8,500), along with the PR firm Westhill (\$285,000). The most troubling is an invoice from Decisions Strategy (\$230,000) - an intelligence gathering firm (later discussed by Mr. Coughlin.)

Ms. Brown indicated that the foundation would honor all debts legally incurred. Mr. Meiworm is currently investigating the following issues: what was claimed, who did the firm in question purport to represent, what was done and when, was proper authorization obtained, were activities undertaken properly authorized, and is the cost of the claim covered by insurance. In addition Mr. Meiworm is investigating which debts should be completely forgiven (which may include over-billing). He is also investigating possible conflict of interest in the services rendered by EBG (where Mr. Mudoch, a prior board member and defendant in the lawsuits, was/is a partner.)

Pacifica hired attorneys at rates near \$400/hr, yet the insurance company has stated their understanding that Pacifica agreed to pay anything above \$200/hr - present investigations include searching for proper written documentation of that understanding. If none exists, negotiations will work toward the carrier paying something closer to the actual rate charged.

2. Cost cutting measures.

Mr. Coughlin discussed that this is ongoing. Steps taken include closing down PNN (2/15/02), reorganized the KU satellite system, and cutting back management salaries.

3. Raising additional Revenue:

The most successful winter fundraising drive in Pacifica's history was just concluded - over \$3 million was pledged (four stations). All five stations took part in the one-day solidarity drive in support of the KPFK transmitter project, raising approximately \$180 thousand.

A comprehensive fundraising drive including mailings, events, etc. is being explored. Mr. Meiworm is also looking into obtaining loans against property held at kpft, kpfk, and kpfa.

Pacifica must raise \$1.5 million before May 15, 2002, and another \$2 million between May 15 and Oct 15 - over and above expected fund-drive revenues.

The independent financial review has revealed that the previous administration went on a \$6 million spending spree over a 15month period. In addition to the legal expenditures, senior managers treated the network "like a trough." Examples include one top manager who spent over \$120,000 on travel expenses in the first six months of 2001, and several managers who provided 20 exorbitant severance packages totaling over \$500,000 to themselves and staff, etc. As these appear to be improper, they have been halted pending review and renegotiation.

Mr. Coughlin then related that former administration apparently committed hundreds of thousands of dollars to an undercover intelligence operation targeting Pacifica staff and listeners. Secret dossiers were apparently created and undercover agents were reportedly dispatched to spy on local advisory board meetings and events. Internet newsgroups and web-sites were closely monitored, and police liaisons were established. An independent review of the files generated is imperative, and appropriate measures must be undertaken to deal with the information contained therein.

Mission Commission:

Key developments within the foundation include the reintegration of the LABs, and ongoing discussions regarding Pacifica programming and programming processes. To evaluate the latter, Mr. Coughlin announced that he and Ms. Brown are establishing a "mission commission," to be

coordinated – on a voluntary basis - by long-time KPFA programmer, Robbie Osman. It that will be empowered to establish a network wide discussion of network wide structure and programming issues. It is expected that the ideas generated will aid the foundation as it transition to a democratic system.

It was noted that affiliate stations are returning, now that the settlement has been signed and DN! has returned to Pacifica's air.

Top priorities include:

1) The KPFA transmitter project, which will remain at low power until May or June 2002. This will require a third FCC extension, 2) reestablish the subcarrier licenses – which, following inattention by the national office, generated no revenue between June and December 2001. (It is expected that when fully leased, the subcarrier bands will generate approximately \$900,000 per year.)

Board Discussion:

Mr. Barnstone asked whether breach of good faith duty by the board or the prior executive director could be addressed via the insurance carrier, etc. Mr. Fertig answered: "it depends," but that his understanding is that the directors were released from their responsibilities via the settlement. Ms. Spooner stated that this issue is being investigated currently, that further coverage claims may be forthcoming, and that legal fees incurred by individual directors may fall outside of foundation responsibility. She further answered that the insurance carrier has agreed to pay \$400,000 for damages to the foundation for any negligent acts of the directors. This does not include the acts of any employee of the foundation.

Ms. Cagan noted that Marion Barry joined the proceedings at that time.

Ms. Bryant asked whether any of the severance packages had been paid as yet. Mr. Coughlin answered that some have been paid, but that most had not.

Ms. Bryant also asked about the subcarriers. Jim Bennett was asked to answer that technical question: The subcarriers are two frequencies associated with the center, licensed frequency and can be leased for income. He noted that given current alternative technologies, these frequencies are less attractive than in the past.

Mr. LaForest asked whether the intelligence firm that had been hired had released any information to Pacifica that had been gathered. Mr. Coughlin answered that payment to that company would not be considered -- at least until that information is released and reviewed. Mr. Fertig suggested that if that firm refuses to release their information, the board should consider suing them for their actions.

Ms. Allen asked about actions taken by an accounting firm that had discussed updating the foundation's accounting systems. She asked whether it is true that representatives of the firm entered the archives area and began inventorying the contents. Ms. Cagan stated that this topic would be picked up in the next section regarding the archives. Ms. Allen then asked whether hiring the intelligence firm was beyond the past administration's legal authority. Mr. Coughlin answered that indications are that the action may have been legal.

Mr. Barry stated that in his opinion, the debt to the intelligence firm should not be paid unless they reveal a full record of their work product.

NATIONAL ARCHIVES REPORT (BRIAN DESHASER)

Deterioration of tape stock:

Mr. Deshaser explained that the older tape stock - acetate based is actually better, and that the newer type (changed over in the 1970's) is mylar based as has been found to result in more rapid decay. 50% of tapes thus far examined require up to four times the labor and supplies than would a tape in good condition. Restoration to broadcast quality of a one-hour program tape costs approximately \$75. To restore the entire archive of 40-47,000 tapes would cost \$75.00 x 40-47,000 tapes = \$3 - \$3.5 million.

Mr. Deshaser revealed that two offsite storage areas presently contain over 7,000 tapes sent from WBAI and from WPFW, most of which have not yet been reviewed. In beginning the cataloging process of these tapes, archive staff has discovered jewels from the 50's and 60's.

Archive staffing:

As the archive budget has been cut by thirty-two percent since December 2001, Pacifica currently has neither a cataloger nor an archivist on staff; this must soon be addressed. However, Larry Applebaum (from the Library of Congress), has agreed to informally assess the archives, and look at the current standards applied.

Archive funding:

The archive receives a fixed allocation from the central budget, with donations and tape sales to the public and service to the stations. Grants are only given once the appropriate staff are in place, therefore proper staffing is a priority. Under the new climate at Pacifica, the archives have had more visitors than ever before. Tape sales of DN! has always been an important source of revenue; now that it is back on the air, that income is expected to increase.

New Website:

Launched January, 2002 - up for academic study. Over the past 2 months there have been 2938 visitors.

Board discussion:

Ms. Cagan reminded board members that following the next day's meeting there was an opportunity available to visit the archives.

Questions were invited. Mr. Barnstone asked whether tapes were being digitized. Mr. Deshaser explained that if a tape is found to be damaged, it must first be regenerated and stored on a reel-to-reel tape, then digitized on a computer, then returned to another reel-to-reel tape as the new master.

Mr. Barry asked about the meaning of deterioration. Mr. Deshaser explained that the tape material itself deteriorates. He also explained that original recordings were often sub-optimal and

that to fully restore them, sound quality processing may also be required. Mr. Barry commented on how important the archives were, and that as grants depend on proper staffing, the board must attend to that.

Mr. Bramson asked about the recent national day of broadcasting, during which time several clips from the archives were aired. Mr. Deshaser felt that the archive contents should be aired more frequently given their historic content.

Mr. LaForest asked again about staff cuts, and what exact impact that is having. Mr. Deshaser explained that the staff cuts now equal thirty-two percent (equaling an actual budgetary cut of fourteen percent). Mr. Deshaser stated that the longer the archives remain under-funded, the more chance there will be that an unexamined and important tape would become non-restorable.

Ms. Allan asked her earlier question about people who were found to have gained entrance to the archive vault. Mr. Deshaser explained that in fact there were a group of people who were sent by Pacifica's finance office, who were identified as auditors from the Halloway firm, and who were found to have entered the refrigerated archive vault. Mr. Deshaser was told by another source that they commented on the volume of the vault materials - the total volume was too large for shipping to Washington, D.C.

COMMUNITY COMMENTS

1. David Moore, from Montana, Lew Hill's son: Suggested a town hall meeting to discuss the founding principles; how to avoid a future takeover; suggested full evaluation of new technologies now under development; suggested looking into the process of pacifist dialog to avoid future division.
2. Andrea Fishman, from N.Y.: Asked about the five listener resolutions presented to the board in January. Ms. Cagan answered that this dealt with democratization, and that as the processes are established, these questions and ideas will be addressed.
3. Michael Zinzin, KPFF LAB, Coalition Against Police Abuse: Requested support for mini-stations or remotes to help report local events.
4. Joanne Saliba, former President of Community Action Board, LA: LA needs diverse community voices. Thankful for the board's direction and its work.
5. Joe Linten, LA Eco Village: Provided handouts on local restaurants and invited audience members who needed lodging that help was available.
6. Harriet Arinno, Hollywood-Echo Park chapter of the Freepacifica Neighborhood network: Complimented the board on the nation wide KPFF transmitter project broadcast. Suggested nation-wide programming days for national functions and to build unity. Proposed listener union - supported by the foundation to increase listener involvement.
7. Ian Boal, Berkeley: Thousands of prior Pacifica listeners have turned away. It is important that the true history of the recent near takeover be understood and discussed to avoid its recurrence.
8. David Combs: FSRN sounds too corporate. Suggests Robert Knight's example of excellent news reporting style. Need "hot-line" numbers known to listeners – should be announced on

air so that in the event of a future takeover people can quickly organize. The network should discuss community ethics – a topic needed by the community.

9. Eve Mossier, NY: Asked whether every station was broadcasting this meeting, and if not, why not? Ms. Cagan explained that the entire meeting is webcast but not broadcast. These decisions are made by the stations (manager, program committees, etc.).
10. Jerry Rubin, Alliance for Survival: Urged listeners to double and triple their donations to KPFK. Thanked the KPFK news dept. in beginning to provide local coverage recently. Suggested that KPFK become active in community organizing.
11. Randy Rock, Orange County: Requests that the station answer their correspondence regarding news stories that can't be aired. Also asked that on-air debates be provided for local political processes.
12. Uncle Bow: Concerned about transparency within Pacifica. "No more tepid Pacifica." Advises more local programming, more programming from the archives, more phone in programming, and to create events to take down the debt.
13. Adrienne Lauby, KPFA area: Working toward having paid listener organizers. Suggested having \$1.00 check off on subscriber mailers to pay for that position. FSRN work has been wonderful and pleased to see agenda includes settlement of the strike. Concerned that KPFK is the only station providing disability programming and would like that expanded.
14. Deena Colbert, WBAI area: Working toward upcoming Pacifica elections. Suggests creating a paid outreach coordinator position to bring in a diverse community for the eventual vote. Mentioned that their work is on the web. She invited email: deena@wbaiaction.org.
15. David Ecland: Reiterated the archivist comments that backing up the archive is critically important with duplicate copies be held offsite. Requested that local programmers and staff be represented on the LABs and National Board.
16. Mike Dials: The full history of what occurred at Pacifica must be determined and studied. KPFK programming became poor over time. More time needed for call-ins. Keep religious programming off of KPFK. Recommended to non-progressives that they move to another network.
17. Frank Wagner, WPFW LAB member: Stated that WPFW atmosphere recently "poisonous." Needs new manager. WPFW fails to air progressive programming. Suggested providing "Wake-Up Call," "Flashpoints," and other programs to WPFW until rich local programming developed.
18. Diana Varona, KPFK listener: States that KPFK listeners have not been told the details of what has gone on. This information needs to be provided. Specifically spoke to Mark Cooper, that he has played a very destructive roll and yet still has airtime.
19. Joesph Gilbert: Learned about the network via the computer and would like to see the information aired. Stated that the \$6 million spent by the past administration over 15 months was purposeful and meant to bleed out the network. Advised finding out who those people were.

20. John Rodgers, from Los Angeles: Youth in programming is needed. Youth deserves a voice on this progressive network.
21. Jonathon Markowitz, KPFFK listener: Best way to introduce listeners to our recent history is to broadcast it. Thankful that an archive report was offered. Funds need to be established for a continuing archive. Has searched for tapes of past seven years of broadcasts; these are not available. Present and future air-checks should be provided to the archives.
22. Susan Nelson, KPFFK listener and member of the Echo Park listener group: Very pleased about new openness at KPFFK. KPFFK now beginning to transmit “real stuff” although not consistently.
23. Lloyd Cartch: Copy of the Pacifica Accountability Committee’s proposed bylaws for the stations. Stated this was handed the Pacifica board in 1997 and if it had been enacted, the recent history would not have occurred. Mentioned it is available at: www.pacfolio.org.
24. Lynn Flower, from Orange County: Working toward LAB meeting in Orange County. She announced that she could be reached at either fpnnoc@yahoo.com or (714) 826-5363. Stated that there was, at one time, cultural bashing on KPFFKt and that should never happen again.

BOARD BUSINESS

Ms. Cagan passed out a technical report from Don Muscle regarding station issues, and handed out two proposals to be agendized for later in the weekend: 1) resolution on structuring the search for permanent station managers, 2) resolution regarding on-air policy, and 3) proposal for independent commissions to create new bylaws.

Ms. Cagan announced that the meeting will begin at 9:00am the next morning, Saturday.

The meeting was adjourned at _____ pm.
