

Subject:
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To: 'Mary Francis Berry', ma@igc.org

Hello Dr. Berry,

I salute your fortitude in scheduling a news conference opportunity in the beloved Bay Area regarding one of the most pressing issues of our time.....

But seriously, I was under the impression there was support in the proper quarters, and a definite majority, for shutting down that unit and re-programming immediately. Has that changed? Is there consensus among the national staff that anything other than that is acceptable/bearable? I recall Cheryl saying that the national staff wanted to know with certitude that they supported 100% by the Board in whatever direction was taken; what direction is being taken?

As an update for you and Lynn I spoke with the only radio broker I know last week and his research shows \$750,000-\$1.25m for KPFB. There would be a very "shallow pool" of buyers for a repeater signal such as this and it would be difficult to do a marketing effort quietly due to the shortage of buyers. So there is no profound latent value to that asset. The primary signal would lend itself to a quiet marketing scenario of discreet presentation to logical and qualified buyers. This is the best radio market in history and while public companies may see a dilutive effect from a sale (due to the approximate 12 month repositioning effort needed), they would still be aggressive for such a signal. Private media companies would be the most aggressive in terms of price, which he thinks could be in the \$65-75m range depending on various aspects of a deal. It would be possible to acquire other signals in the area, possibly more than one, to re-establish operations, but it could take a few years to complete if we want to maximize proceeds from the initial license transfer, or leave only \$10-20m in arbitrage gain when purchase(s) is complete. None of this reflects tax consequences. This broker, just like any other that would undertake such an effort, would need certain agreements in place prior to starting. Mary I think any such transfer we would ever consider requires significant analysis, not so much regarding a decision to go forward, but how to best undertake the effort and to deploy the

resulting capital with the least amount of tax, legal and social disruption. I believe the Finance Committee will undertake a close review of the Audigraphics data provided recently to determine what it is costing us per listener, per subscriber, per market, per hour of programming...in order give the Executive Director and the General Managers benchmarks for improvement. Even with that data my feeling is that a more beneficial disposition would be of the New York signal as there is a smaller subscriber base without the long and emotional history as the Bay Area, far more associated value, a similarly dysfunctional staff though far less effective and an overall better opportunity to redefine Pacifica going forward. It is simply the more strategic asset.

With this in mind I would encourage frank description of the realities of the media environment we operate in and of Pacifica's available resources to participate and have impact in the evolving media world. The Executive Committee, at a minimum, should have access to experts (whether from Wall Street, NPR/CPB, Microsoft or otherwise) to get a strong reality check (me included) about radio and Pacifica's position in it so that informed decisions can be made. My feeling is that we are experiencing a slow financial death which is having the normal emotional outbursts commensurate with such a disease. We will continually experience similar events, in fact we have been experiencing similar events over the past several years, primarily because we are not self supporting through subscriber contributions and have a self imposed constraint on asset redeployment that leaves us cash starved at a time when our industry is being propelled in new directions, each requiring capital outlays of consequence. We're boxed in at our own will. This board needs to be educated, quickly, and to take action that will be far more controversial than the KPFA situation. How can we get there?

So, now I've exhaled more than I should, but you know where I'm at. Let's do something.

MDP