APS Board Meeting Minutes
Riverside, California
Thursday, February 8, 2007

*** Denotes motion and board action (for searches)

Call to order: 10:00 a.m., by President Janet Klug

In Attendance: Janet Klug, Wayne Youngblood, Nick Carter, Jack Flannery, Peter Martin, David Straight, Wade Saadi, Peter McCann, George Fekete, Ada Prill, Alan Parsons, Virginia Eisenstein (APS counsel), Jim Dempsey (Dealer Representative)

Staff: Peter Mastrangelo, Ken Martin, Wendy Masorti.

Guests: Ken Lawrence, Foster Miller, Lloyd deVries, Joann & Kurt Lenz, Don David Price, W. Danforth Walker, Stephen Schumann, John Cali, Thomas Allen, Bob & Lucy Lamb.

I. President's Welcome:

Janet Klug welcomed everyone to Riverside. She explained that questions and comments are welcome by all attendees, but that board members are given the first opportunity to discuss items of business.

II. Approval of minutes, phone votes and decisions made in Executive Session.

***Motion was made by **Wade Saadi**, seconded by **George Fekete**, to approve the minutes of the August 2006 Chicago meeting and the board meeting held in Bellefonte in October.

*****Vote:** Passed unanimously.

***Motion was made by **Wayne Youngblood**, seconded by **Peter Martin**, to accept the decisions made in Executive Session.

*****Vote:** Passed unanimously.

III. Reports:

Society Attorney Report by Virginia Eisenstein

Eisenstein: The Society faces no pending litigation. While there was a lot of press about the allegedly inverted Jenny that surfaced on an absentee ballot in Florida, it was not necessary for me to go to Florida in December. I reviewed the whistleblower policy in this agenda packet. It is important to put a whistleblower policy in effect to ensure that anyone who believes there is any financial problem will bring it to the attention of management or the APS board, and that they would be protected in doing so. I have been involved in negotiating the contract for 2016 with Tom Mazza who represents New York 2016. Recently, most of my time has been spent in reporting on the legal opinion of openness provisions under Pennsylvania law and your bylaws. I have written a report on that, which is also included in your packet for new business.

***Motion was made by **Ada Prill**, seconded by **David Straight**, to accept the Attorney's Report.
*****Vote:** Passed unanimously.

Executive Director Report:

Peter Mastrangelo: My report today is segregated into three sections. First, I have provided the board in preparation for this meeting a written update covering a variety of areas, including the Jenny Invert, preparing for Riverside, election information, website update, the Campaign for Philately, etc.

Update to the written report.

Website

Mastrangelo: In regards to the new APS website, we have various sections now under test mode. Over the past few days, and literally as we've traveled here, various sections have been made available for beta testing. Now, we can't promise that everything will work properly at present, but we should have enough to give board members a demonstration at our booth during the show. Just see Wendy or Doris for a demonstration.

David Straight: What is the status of the library interface in regards to the web?

Mastrangelo: As soon as the website is complete, the Library interface will take place. This integration process will take about 8 weeks.

Campaign for Philately

Mastrangelo: Campaign for Philately, while we are starting to prepare our year-end analysis for the recognition issue of the *AP*, I can report to you that the campaign experienced the second-best year ever. More than three-fourths of a million dollars ($750,000) was raised, thanks to the hard work of many individuals.

American Philatelic Center

Mastrangelo: We have submitted our construction schedule to the Smithsonian for Headsville (post office). We are looking at fall for a completion date. This has to be flexible as the Smithsonian will want demonstrated proof that the exhibit hall is environmentally stable before we are allowed to erect the post office.

We have received preliminary estimates from our builder for buildings 10, 15 & 16 where we will house two new tenants. The estimates are better than anticipated. We are looking at how much further we can go within our approved resources, potentially to include buildings 8 and 9 as well as the roof on building 14. We will know more on this as the weeks progress.

We have reached an agreement on a lease with the restaurant. We're putting the final touches on it prior to signature. They received flexibility on their signed lease dates from the authorities involved.

Our needs to move forward on the building have precluded us from utilizing state funding for their 2006-2007 year that ends in June. We will work with the Borough of Bellefonte to see what can be accomplished for 2007-08. The Borough is, however, moving forward with an application for 2006-07 that addresses other priority items that will benefit our development on the property adjacent to ours.

When we applied for funding last August, the timing was right. If we received word around November as expected, this would have benefited us greatly. This past week we were asked to submit updated information with no promise of funding from the state and it would be months before we heard word one, one way or the other. This would have required us paying "prevailing wages" on construction (about 20% higher than if doing it alone) on the hope of receiving state funds. It could have also compromised our construction schedule. Prudent business sense and the needs of our tenants dictated that we move forward as was approved last November.

eBay Report

For your review, Frank Sente provided an annual report, which is included in your board packet. Last year they reviewed over 3,046 items, compared to 2,708 to the previous year.

Election Update

Also in your board packet we have provided for a list of all the candidates that are running for election. Most candidates have seconds.

Prill: When do you anticipate the restaurant and therapy center to open?

Mastrangelo: We should have a construction timetable from them by the time we get back. Our commitments are to try having all of this complete and tenant ready by the beginning of next year.

Verbal Report

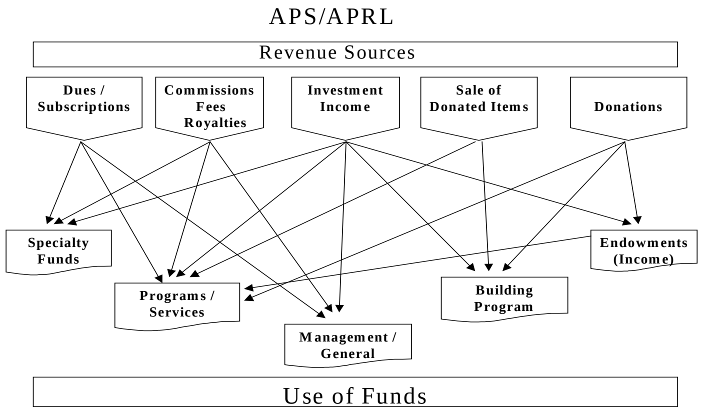
As part of my report today, various board members have asked me to comment on a variety of items. These requests center on clarifying certain elements of our fundraising, how unrestricted funds have been utilized, what is included as part of the Campaign for Philately and what the plans are for the future of the campaign. As I shed light on these topics, I will not only revisit how funds have been utilized and reported as part of the Campaign for Philately, I will also paint a picture of how the campaign and other aspects of our operations fit together in this complex business we call the APS and APRL.

While reviewing these items, I will touch on various matters presently under consideration by the Finance Committee as they are interrelated to the finances and programs of the APS, APRL and the development of the APC. Some items simply require clarification; others will necessitate more deliberate and careful consideration by the board in the long term. While it is premature to have an in-depth discussion on some of these items, it will allow the board to place certain matters into context for future deliberations.

I have taken this approach due to questions that have come up as a result of our current elections. The upside to this is that it allows us to revisit and to reacquaint folks on the manner in which we do business. It allows us to exhibit the complexity of our operations.

Big Picture

We cannot look at the finances, programs and services of the APS and APRL in isolation. An understanding of how things are inter-related is important in order to achieve a sense of the bigger picture when discussing various individual aspects of our operations. It is important for us to remember that while we have two corporations, we really do try to act as a seamless organization. So bear with me for a short refresher on how I perceive how some things work.



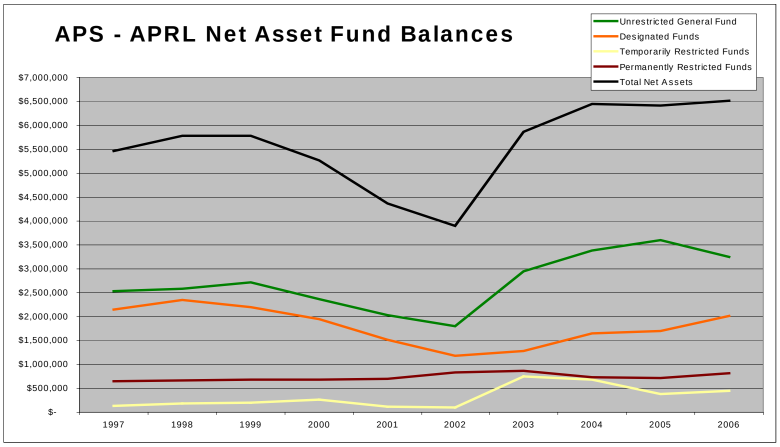
Let's review our resources and use of funds. We can segregate resources into five broad areas: 1) dues and subscriptions, 2) commissions, fees, and royalties, 3) investment income, 4) sales of donated items, 5) and donations.

How we use those funds can be separated into: 1) programs and services, 2) specialty funds, 3) general management, 4) building program, 5) endowments.

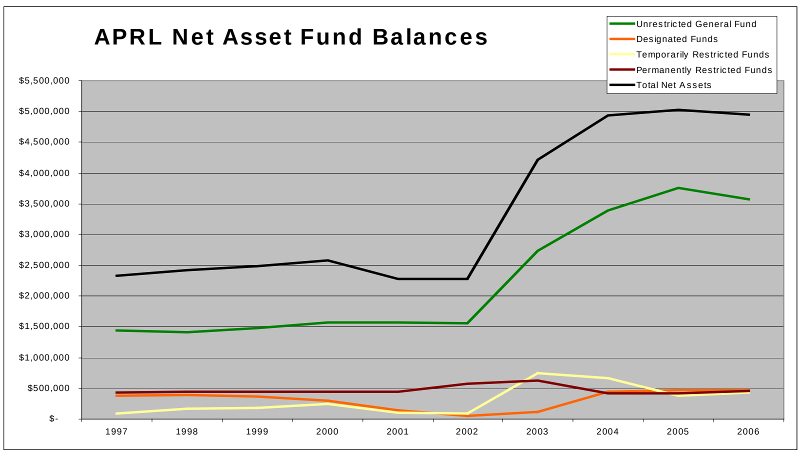
This gives an idea of how various sources of funds are used for various sources of things. We are a complex organization and finances run through a variety of funds for a variety of purposes -- some restricted, some unrestricted.

So, how are we doing? In order to answer that, let's go straight to the bottom line. When you look at the net combined asset position of the APS and APRL, our net asset position is the highest it has been in decades, if not at an all-time high. This is good news. We should view ourselves in this manner since we are so inter-related. But, I would like to note some trends in our combined positions and, more specifically, in the individual positions of the APS and APRL that we should not loose sight of.

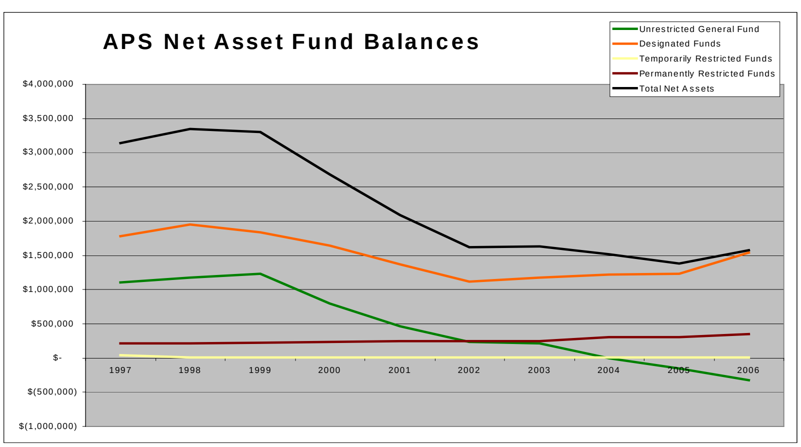
(Slide 2 APS and APRL Net Asset Fund Balances)



(Slide 3 APRL Net Asset Fund Balances)



(Slide 4 – APS Net Asset Fund Balances)



This is a combined net asset position of the APS and APRL. The top line is the combined position of all of our net assets positions. As you can see from the years 1999 to 2000, these were the years we lost investments. Around the 2002 – 2003 period, since we started the campaign and started investing in the building, the net asset base has grown. This is directly attributable to the fundraising and investment in the APC.

The green line is our experience with our unrestricted net assets. We did this also with our net assets of the building and, as you can see, that follows the same trend.

Now, looking at the APS, some of the trends are a concern to me. Our net asset base went down, then stayed level since 2002. The one that really has me concerned is our unrestricted general fund balance; it is a negative right now and has been for the past few years.

This indicator tells me that we have very little wiggle room. It tells me that whenever we want to do something new, replace a capital item, develop a new program or expand current services, we must find resources outside of our current income streams through fundraising and other sources of revenue generation. Because of the demands of the APC, I see this as a temporary position, which we must address over the long term. How are we going to do this?

As we approach our financial future, it is not just the building program we need to keep our sights on. We must also plan for the long-term financial viability of the APS and APRL, and the expansion of programs and services to serve our members and the hobby.

As we address these items in the future, we will need the flexibility to utilize a variety of resources for a variety of purposes.

How we handle this will involve -- among other things -- a thorough review of all our financial streams, the pricing for our programs and services, the development of new revenue streams, the return on our investments, a conservative approach on the expense side, determined fund raising and an adequate dues base to meet our future needs. In my mind this will require as much flexibility in the use of our resources as we can achieve.

To that end, we have continued and started various elements of those things we will have to address in the future. These are exciting things. For example, when we roll out our new website shortly, there will be an eBay interface, which will accept PayPal. This will allow our members to sell stamps through our own eBay store. The Finance Committee has under consideration a staff-generated membership dues analysis that addresses what our dues levels need to be under certain assumptions and conditions. The Campaign Team has fully engaged its regional representative base to identify and discuss action plans to expand fundraising asks in support of the Campaign for Philately. We have just come off one of our best fundraising years, ever.

As we move forward working through our committees, various recommendations will come to the board on some of these matters which will deserve your deliberate and considered opinion.

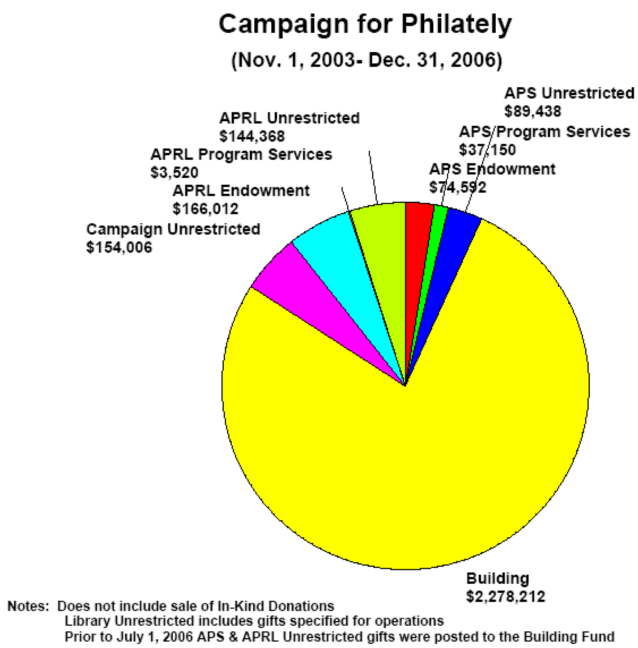
Now, it is in the context of the matters that I have just reviewed that I will address some of the specific areas of interest that various members of the board have asked me to comment on.

Let's start with the Campaign for Philately.

Since its inception, the Campaign for Philately has been promoted as a fundraising campaign that not only includes "bricks and mortar," but also support for endowments and programs. Progress results have been reported to the membership as such in the *American Philatelist* since that time as part of the 10 year, $10 million goal, including directed and undirected donations as well as bequests. Essentially, it has been, and will continue to be, the banner under which we conduct our joint fundraising efforts.

To date, just over $3million has been raised in cash and pledges for the campaign.

(Slide 5 – cash raised only)



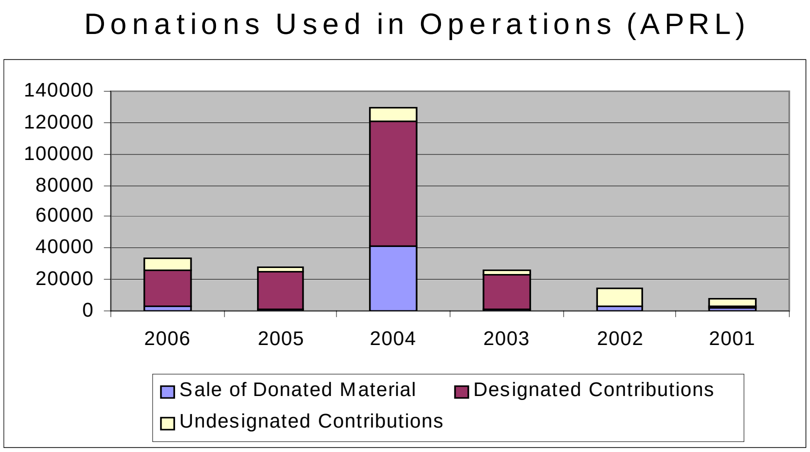
As you can see, these are all the funds put in for the building. Other funds have been counted in part of the campaign for philately, including campaign unrestricted funds, the APRL endowment, some APRL programs and services, some APRL unrestricted, APS endowment, APS programs and services and APS unrestricted. This does not include pledges. This also does not include the sale of in-kind donations that we are receiving and may sell. Prior to July 1, 2006, any donations that came in unrestricted for APS and APRL were posted directly to the building fund.

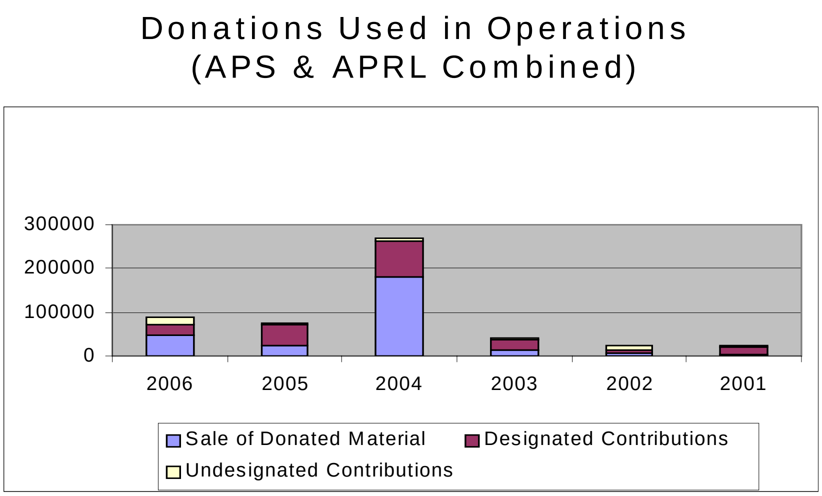
Donor-directed funds have been applied to the functions for which they were intended. All funds directed by the donor for renovations of the American Philatelic Center have been utilized for those purposes. No donor-directed funds to the American Philatelic Center have been "diverted" for operational use.

Additionally, each year, donor-directed funds earmarked for specific APS program divisions (Sales, Expertizing and Youth, for example) have been utilized to offset program expenses for those divisions. Proceeds from the sale of donated items, which are not counted toward the campaign, are also utilized to offset APS program and operational expenses.

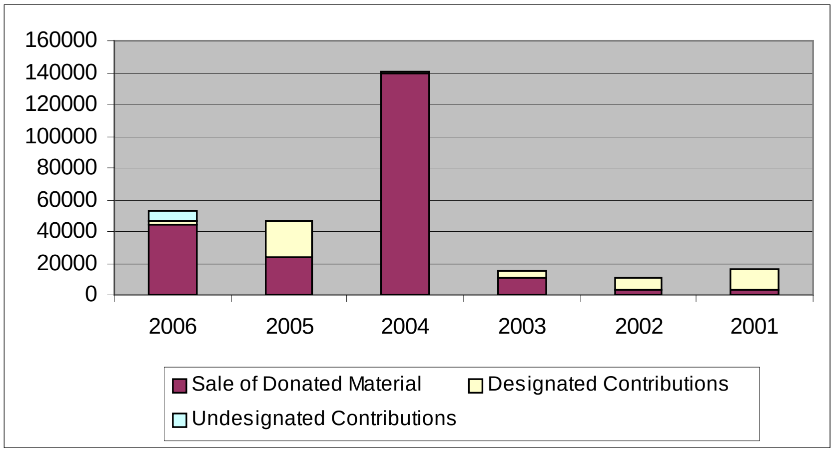
We can say with certainty that undesignated or unrestricted donated funds, both from the APS and APRL, have been utilized to support the American Philatelic Center. It has been, and will continue to be, the practice of management to use these funds primarily for the development of the APC. While I will go into this in more detail in a moment, management always has the option of using unrestricted funds where needed. And has made it practice over the years to put nearly all such funds into the APC. On the Library side of our operations, over the past five or six years, some funds have been used for programs and services to a minor degree. To get a better picture, let me share some charts with you.

(Slides 6,7 & 8 Donations Used in Operations)





Donations Used in Operations (APS)



The first chart is donations used in operations, combined for APS and APRL. There are three types shown there: The sale of donated material, designated contributions and then undesignated contributions. Essentially, the APRL used a little undesignated for operations. The APS predominantly was the sale of donated material and designated contributions.

Earlier we viewed a chart showing the amount of Campaign for Philately funds going into the building. At that time donated funds, unless directed to other areas, were posted to the building fund. While I may be able to extrapolate a figure, I cannot tell you with certainty the amount of APS and APRL unrestricted funds are included in those figures, since we did not maintain those kinds of specific records. We are now capturing that information so that these funds can be tracked and posted to the appropriate corporate entity prior to disbursement to whichever purpose they will be used for.

Use of Unrestricted Funds

At this stage I would like to discuss the use of unrestricted funds, whether donated or from other sources. The flexible use of undesignated or unrestricted funds (including their use for programs and operations) is considered essential for most non-profit organizations, especially when other income streams are not sufficient to cover expenses.

It has been, and continues to be, within the executive director's authority and option to utilize unrestricted funds for programs and operations when necessary, as has been done to a lesser degree on the library side. These types of decisions have usually been made toward the end of a given fiscal year. For 2007, however, I felt that it was important to identify our need up front in the budgeting process. So, with Finance and Audit Committee oversight and board approval, the recently approved 2007 budget identifies our need to use donated resources to balance our budget for 2007.

As executive director of the APS and the administrator for the APRL, I have the responsibility to prudently utilize and safeguard the assets of both organizations. Our 2006 experience illustrates decisions that must be made from time to time.

On our books, we maintain an account for the Campaign for Philately. This is utilized as a holding account for all donations, some of which may be donor-directed, prior to disbursement to other funds. Presently, in that account is about $190,000, about $56,000 of which is APS unrestricted funds received through a bequest, and about $130,000 of it is unrestricted donations to the campaign. The Campaign for Philately is a joint campaign between the APS and the APRL. The $130,000 of unrestricted donations represents funds that would have otherwise been split between both organizations. A recent agreement between APS and APRL on Phase 4 of the APC recognizes that the continued development of the APC is a priority. Yet each organization has experienced a deficit for 2006. This was not unexpected, as reflected in revised budgets approved by both boards this past June. The APS did better than projected; the APRL did not.

The executive director has the authority to apply unrestricted funds to each organization's deficit, if necessary. In consultation with the presidents and treasurers of both organizations, these funds will remain in the Campaign for Philately fund until such time as they are needed for the purposes outlined in the campaign. Among these is a priority for the building program. Yet we have under review various initiatives that may need support in the not-too-distant future, such as an aggressive advertising and public relations program promoting the hobby in both philatelic and non-philatelic outlets.

This is just an illustration of decisions that have to be made from time to time. I do not take this responsibility lightly, nor will I make such decisions in a vacuum. It is important that our organizations continue to have the flexibility to apply available funds where needed.

<u>Clarifying How Funds May be used</u>

As we discussed, unrestricted donated funds can be utilized in this manner as long as the donor does not designate them for another purpose. Conversely, it has been suggested that we should be more deliberate in how we communicate the potential use of unrestricted funds in our literature and publications. This needs clarification and we have prepared materials to reflect this consistent with ongoing practices. Additionally, in updated materials used in the campaign, we have identified more succinctly and simply what programs, services and initiatives will benefit from our efforts in the future. You will see language similar to this in our material:

> "The Campaign for Philately is the banner under which the APS and APRL jointly conduct fundraising activities. The purpose of our 10-year $10 million Campaign is to raise funds for the completion of the American Philatelic Center and to provide resources for programs and endowments. Donors may direct their gifts for specific purposes. Undesignated gifts are utilized consistent with the purpose of the Campaign, including current programs and services.
>
> "While our priority is completion of the American Philatelic Center, initiatives that will benefit include membership promotion, technology upgrades, youth and education programs, advertising and public relations to promote the hobby, and the creative use of digital and internet resources for philately."

In addition to our one-on-one solicitation efforts, periodic advertising and targeted appeals such as Headsville and end-of-year giving, we will conduct two mass campaign appeals during the year. There will be a spring campaign that will emphasize the most current needs of the campaign, and the dues mailing campaign that will be more general in nature.

Final Thoughts

I've covered a lot of ground this morning. I hope I've clarified some matters and shed light on items that will necessitate the deliberate and full consideration of the board in the near future. As I look at our organization I am very optimistic about our future:

- The campaign is on track, having just experienced one of our best years ever.
- We've experienced one of the best years in recent history for Circuit Sales, Expertizing, Internet Sales and AP advertising revenue. Library usage is also rebounding.
- We are presently testing various sections of our new website, including a members' area, My Account area, Stamp Store and an eBay interface that will accept PayPal.
- We will soon choose a vendor for a long-awaited membership survey.
- At last -- and certainly not least -- a completed APC is a reality within our grasp.

This concludes my report. I am happy to answer any questions that you may have.

Prill: Do I understand that you no longer are calling this a capital campaign?

Mastrangelo: I think the elements of the campaign have always included a capital campaign and support programs and services. I believe our effort here, to define exactly what our purpose is, addresses the fact that it is going to the priority of the American Philatelic Center and also to support programs and services. There is a capital campaign piece to the total campaign.

Youngblood: Are all in-kind donations considered undesignated?

Mastrangelo: All in-kind donations come in as undesignated, unless they ask it to be directed to something specific.

Ken Lawrence: Thank you for the review of our fundraising practices. Looking back, what took me by surprise was the July 2006 decision to stop putting all undesignated gifts into the building fund. We also need clarification of the precise meaning of investment income earnings on investments and not capital gains.

Mastrangelo: The chart I put up was simply an illustration.

Lawrence: I assume also that part of that decline is depreciation?

Mastrangelo: Yes, depreciation has an impact, but at the same time if you take depreciation out of the picture you would see a slight decline.

Dan Walker: The building is depreciated over 30 years?

Mastrangelo: I believe that is correct.

Lawrence: I have no quarrel with what you are trying to do. I am still disturbed by -- because of the Tiffany experience that predated you -- we made a mistake in our publicity about it and inadvertently made it permanently restricted. The original announcement in Janet's column for the Campaign for Philately had in 28-point letters "Capital Campaign." It did not say part capital and part program so on and so on. I would like an auditor's opinion.

Mastrangelo: I understand. I think one of the reasons I presented this was because sometimes there are interpretations to statements made in a campaign by other parties that were not the intended interpretation made by a nominee. There are unintended interpretations. I did this to clarify those items.

***Motion was made by Nick Carter, seconded by Wade Saadi, to accept Executive Director's Report.
***Vote: unanimous

<u>Treasurer's Report</u>

Carter: In 2006 we had a loss of operations income of $46,000, which is an improvement over the $78K loss that was budgeted.

We had good results in the Sales Division, ISU and Expertizing still continue to have a positive cash flow.

Pete mentioned that there were a number of issues before the finance committee. They will meet soon. One issue is the costs of operations and the revenues. The staff provided us with good analysis.

Fekete: On the income and expense statement, what is cost of goods resold?

Carter: They are books and specialty items.

Prill: How is the affinity card working out?

Ken Martin: The agreement with them was phased in so that because whenever you transfer from one affinity card to another you don't expect that you will be up to your full potential the first year. So we had a minimum base payment the first couple of years with the expectation that it would be paid off in later years as the base fills up.

Carter: We received $50,000 upfront in 2005 and in 2006 we received another $40,000.

Youngblood: Expertizing shows 18% under budget. How much of that is due to the Quick ID program?

Ken Martin: The major increase in Expertizing was the $5 increase in fees to cover the fee for the guarantee.

***Motion was made by George Fekete, seconded by David Straight, to accept the Treasurer's Report.
**Vote: Passed unanimously.

IV. Old Business:

A: Membership Committee/Board Contact of Chapters

Saadi: This has gone well. At this time I believe two of us have completed our calls. That is all we have reports from at this time.

Klug: Could everyone send Wade an update about where you are with your calls? We have discussed this at length, and it is important that our Chapters get called.

Saadi: Janet and I will talk about our experience with the calls. One common worry for the small clubs: They are worried about losing their free membership because their membership totals are down. I spoke to Ken Martin about it and the APS is going to look into this. They cherish the free membership with its many benefits.

One other thing is, can we keep the APRL open on weekends? Maybe once a month have weekend hours.

Ken Martin: When requested, we've always made it available to groups on prearranged travel for any group, no matter how many are attending.

Saadi: Maybe we should post in the next *CAC* newsletter to clubs, letting them know they can visit over a weekend by prearrangement.

Ken Martin: We can do that. We have done that before and the demand was not that great.

Saadi: Most of the clubs I spoke with were not aware of the membership program. They complained how old they are and how the size of their club is shrinking.

Klug: Most of my phone calls were to Florida, which most of these clubs are made up of elderly people. No one seemed to be aware of the promotions on the web site. To most of these folks, I sent follow-up letters with explanations of how to go about getting this information. Primarily, the problem is that these folks are not computer savvy. They don't know how to download files or even access a website. Some don't even have access to computers. I think that in some cases we might be over estimating the use of computers for our members and I think this is one of the reasons that the survey is going to be extremely important. We have to know how many people actually have computers and are using them.

Saadi: I thought that same thing at first, and I started to ask the question to the chapter representative and president as usually they are the oldest two people in the chapter, and you are 100% correct. So I started asking if there were others in the club who have access to computers, and they would respond that there are others in the group who utilize computers. So we need to get in contact with those people in the groups who know how to use the computers as the contact

Klug: That is a good point, and in fact, when I was making my calls I made the calls to the Chapter president rather than to the APS representative because I have been finding that the president doesn't see the newsletter, doesn't know what sort of things they are receiving. I had a letter from the president of the Tallahassee Stamp Club asking about the DVD that went with the Fall *CAC*. He had to contact his representative to get it. They then showed at their next meeting. I found making these phone calls to be enormously satisfying for me. Just talking to these people in the local areas made them feel special and I was getting a lot of good feedback and information from them. So I think this is a really valuable thing to do. I realize trying to get all the calls in within a three-month time can be difficult. I would suggest maybe we take a quarter and make 10 or 15 calls in a quarter and report in with this information and spread out the calls.

Parsons: Will we continue running some sort of membership special to offer them?

Ken Martin: We will need to evaluate how successful the past offer was and formulate some new ideas. I believe the current count on the recent offer we ran was around 175.

Youngblood: I would like to suggest that we make this more formal for us and other boards going forward, that perhaps we are all assigned specific states to keep track and keep in contact with clubs. Specifically, for board members to make contact with every club on their list at least once or twice a year just to say hi. It is a big deal for them. They really appreciate the call.

Fekete: Do you think it might be worth considering offering a $5 discount or something in this program? For instance, offer them a $5 discount on membership for taking part.

Straight: It is important to contact every chapter at least once a year. It is difficult to make all the calls within a month or two. So maybe we structure something not linked to a particular month of the year. A lot of requests I received involved wanting some help to go about getting IRS tax-exempt status.

Parsons: They must get an accountant or a lawyer.

Mastrangelo: This is important, because in many communities like Houston there may be a center for non-profit management that advises and covers those things and maybe we can help these groups find those resources.

Saadi: This may be a good article for an upcoming *CAC*; how do you get a chapter non-profit status? These are the great things that come out of these calls.

Carter: Are we currently offering any type of promotion to tell them about?

Ken Marin: We do not have a current promotion.

Saadi: We are offering all the recruiting materials on the website to help them build their chapter up. We need to make them aware of the material.

Saadi: Should we put a date on finishing the calls, like within 3 months?

Klug: Yes, we need to finish this up.

Saadi: Let's try to finish up and report to Ken Martin by May 1st.

No action required.

Postal History Symposium

Straight: An overview was provided in your board packet. This event has strengthened our relationship with the National Postal Museum and we exposed our hobby to a lot of people outside the hobby. We are well along on planning the second symposium for October 21 – 22, 2007, in Bellefonte, immediately following Aerophilately. The Postal Museum just this week released the name of Daniel Piazza who is starting later this month as their lot research fellow. He will be the third co-chair representing the NPM on our committee. When I am in D.C. in March I will have a meeting with Piazza and Cheryl Ganz and Allison Marsh to transition this thing.

Fekete: Of the 22 papers, were they solicited and or volunteered?

Straight: We posted the call for papers in the *American Philatelist* and the *Philatelic Literature Review* and on a number of the websites. H net is the main one. These are academic websites that list upcoming conferences and a chance to present papers. This is where the majority came from. We did not go directly to anyone and ask them to submit. We already have two proposals in hand for October.

Saadi: Where the applications came from, there is not one mentioned of the *American Philatelist*. Was it not advertised in the AP?

Straight: Philatelic Press includes the *AP*.

Parsons: Are you making any effort to publicize this program through the postal history societies associated with the APS?

Straight: The call for papers has gone out as a press release from the APS. I don't know the mechanics of where APS press releases go.

Mastrangelo: We can gather a comprehensive list of this.

No action required.

Publications Committee

Peter Martin: This is an interim report. The board approved to reconstitute a publications committee at StampShow last year. We conducted an initial meeting October 19th in Bellefonte and had all but one of our members present. We discussed the scope criteria of procedures matters and established some ground rules. We all reviewed historical precedence of what the APS had published previously. One of the following steps to that was a call for manuscripts, which appeared in the January *AP*, and the fourth quarter *PLR*. As of a couple days ago, we had 47 inquiries from that, with one being received before we came here. At the last meeting, a proposal was discussed on a book on the postal history of Bellefonte. That was approved in concept, and if that works out it may be available for Aerophilately. We plan to have a follow-up meeting to review the proposals, which we expect to be coming in the next few months, and I should have a full report on those activities at StampShow.

Straight: What is the progress on the Bellefonte book?

Mastrangelo: Progress on the Bellefonte book right now is our initial look at the figures for printing, etc. are too high. We are looking at other ways of doing this, including printing on demand. Barb Boal is following up on this now.

Working Lunch

Sarbanes Oxley

Klug: When Peter Mastrangelo was hired we asked to make the APS and APRL Sarbanes Oxley-compliant even though it is not required for non-profits.

Mastrangelo: Documentation is provided in your board packet. In the packet is a documentation retention policy, a whistleblower policy and a conflict of interest policy. I believe the APS Board of Director Ethics guidelines establish a very comprehensive conflict of interest policy, which is included for your information.

Document Retention:

Mastrangelo: As far as document retention, the APS has had a policy, which I took a look at and compared with the suggested template for the National Council for Non-profit Associations, and basically updated it in combination thereof. At the same time a whistleblower policy: I took at a look at a variety of policies, some very extensive, some very simple, and this is the approach I am suggesting that we take here. We are calling it Employee/Volunteer Protection Policy, because that is in effect what it does.

Document Retention Policy – we are setting standards on a minimum timeframe for keeping business documents. With this adoption I am asking the board to authorize me to periodically update this and present it to the governing boards as done.

Eisenstein: I plan to go over this with Peter, as there are a couple little things we need to take into account. So you need to pass this with caveat that Peter can update it with my additions. The reason to do this is because you cannot destroy documents under Sarbanes Oxley that are going to be useful in an investigation, and if you don't have a policy concerning document retention then the question becomes, How come you are destroying certain documents and keeping others? So, if you destroy documents within the guidelines of the policy, it goes a long way towards relieving the implications that maybe you are destroying documents you should not be destroying.

Mastrangelo: I have written this so that it also applies to the APRL. The APRL board is also going to take a look at these on Friday.

Klug: Does this differ substantially from the last document retention plan?

Mastrangelo: We expanded on the last document retention plan by getting more specific within each department.

***Motion was made by David Straight, seconded by Wade Saadi, to accept the Document Retention Policy.

Discussion:

Youngblood: I am comfortable with this, but the only thing that concerns me is the donation records. I suggest you make those permanent.

Ken Martin: Do you mean cash or in-kind or both?

Youngblood: I believe it would be both.

Fekete: This retention is it electronic or written?

Mastrangelo: Electronic data that is involved with all of these items a hard copy should be made and saved.

Dan Walker: I believe you should get some advice about insurance liability policies, whether they should be kept on a permanent basis.

Mastrangelo: That is something Gini and I will discuss.

Ken Lawrence: This all looks good but I would like to add that no document should be destroyed until reviewed by the Society historian for archival value.

Flannery: When you say magazine copy does that mean manuscripts or ads?

Eisenstein: Yes, this means documentation sent in.

Lloyd deVries: Peter mentioned electronic copies of documents. What about e-mail messages and, in particular, discussions that the board and staff directors have?

Mastrangelo: We need to look at our e-mail policy. Some items, depending on content as they relate to decisions and items on the document retention list, should be printed and hard-copied for the file. We will come back with an update on this.

Foster Miller: I believe you need two things. You need an email acceptable-use policy, making it clear that inappropriate mail should not be sent from an APS account, otherwise there may be liability. The more difficult area is the laws have changed on the retention of email. The procedures changed that have to save all emails.

Saadi: We back up all email by date and sender on a daily basis. I don't think we need that with APS, as we are not dealing with money etc.

Mastrangelo: We need to come up with what makes sense for us.

***Peter McCann moved, seconded by George Fekete, to table the motion to accept the document retention plan.

***Vote: 7 yes, 2 no – Motion passes.

Klug: We will review this again at StampShow.

Whistleblower Policy:

Mastrangelo: I prefer to call this an Employee/Volunteer Protection Policy. The first paragraph talks about ethics and standards that we use. The basics of the policy is that fraud, abuse or misuse of resources or assets, dishonest actions or deeds, suspected conflict of interests, harassment of any kind, or any other behaviors that violate APS/APRL policies, governmental laws or regulations should be reported to the appropriate entities within the APS/APRL.

Formal complaints concerning a violation or suspected violation must be presented in writing. Anyone filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. No director, officer, volunteer or employee who in good faith reports a violation shall suffer harassment, retaliation or adverse employment consequence. A director, officer or volunteer who retaliates against someone who has reported a violation in good faith is subject to remedies as may be available in various APS/APRL policies. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. Any allegations that prove not to be substantiated, and which prove to be made maliciously or knowingly to be false, will be viewed as a serious disciplinary offense.

All violations or suspected violations should be submitted to the APS executive director, who also serves as administrator of the APRL, or the president of the APS or APRL, as may be appropriate. The executive director has the responsibility for investigating and resolving all complaints and allegations emanating from staff or relating to staff, unless determined otherwise by the president. All supervisors and managers are required to report suspected violations to the executive director.

Additionally, formal complaints regarding corporate accounting practices, internal controls or auditing may also be reported independently to the APS treasurer, serving as chairman of the Joint Finance and Audit Committee, who may work with either president, the Joint Finance and Audit Committee, and/or executive director as may be appropriate until the matter is resolved.

Violations or suspected violations may be submitted on a confidential basis. Reports of violations or suspected violations will also be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Receipt of a formal complaint will be acknowledged, investigated and appropriate corrective action taken if warranted.

***Motion was made by **Wayne Youngblood**, seconded by **Wade Saadi**, to accept Whistleblower Policy.

Discussion:

McCann: Question for the lawyer: Is there anything as written in this that needs tweaking?

Eisenstein: I am comfortable with this.

Foster Miller: Anonymous complaints may be submitted?

Eisenstein: Yes, it should read anonymous or confidential.

Mastrangelo: We will clarify.

***Vote: Passed unanimously.

V. New Business:

Insurance Report

Copies of the "The APS Insurance Plan 2006 Review" was provided.

Simon Codrington: Program is running well. The insurance program has continued to grow steadily, despite a reducing APS membership, meaning that, in percentage terms, our penetration into the membership is continuing to expand. Almost every other type of insurance has suffered rate increases and/or significant coverage reductions over recent years, whereas we have stuck tightly to our original agreement with the APS program. We have kept losses acceptable to insurers. Therefore, we have had no rate increases or extra conditions pressed upon us. We were asked to give insurers more information this year.

We have continued with our firm principle of keeping our collector clients in entirely separate programs than our dealer clients to ensure that the collectors do not become penalized by dealer losses and end up subsidizing the dealer insurance program.

Questions:

Carter: How many APS members are we current insuring?

Codrington: Approximately 7,000.

Fekete: What about shows? We buy insurance to cover the show, it costs approximately $100 and there are requirements that we keep guards, etc. How do you feel about show coverage?

Codrington: We would be very happy to provide these types of programs, but again, they would have to remain outside of the collectors' program, which may mean higher rates.

Parsons: So, you do write a policy to protect clubs from liability at shows?

Codrington: Yes, we have two products we can offer, but they are relatively expensive.

Mastrangelo: Could you expound on multiple carriers?

Codrington: We make sure to have multiple fall-back systems. We currently have two insurers. When you have multiple insurers it keeps each other honest. To further enhance, we are about to mix in another company called Excel. All three will be aware of each other, which has a good effect on insurance when they know there is competition within our own office. It is very important aspect for society to keep rates stable.

Klug: You mentioned some innovative new products. Can you expound on those?

Codrington: We realize there is a problem with clubs and they are looking for coverage. We are not willing put clubs into collector insurance. We are looking to try to develop a product for clubs, but it will be expensive. We could pull a few clubs together to keep rates down, but a good club could subsidize a bad club. They really need to stand on their own feet. A liability product has been needed for years.

We are working on products for APS Dealers (smaller dealers) with Excel.

Ingabord Herst Award

Klug: We need to discuss the Ingaboard Herst Award.

Ken Martin: That is an award from quite a number of years ago. It has not been awarded in the last 10 or 15 years. It was originally for best exhibit by a woman at shows. There is about $1,000 in a fund that has been sitting there for a number of years. We would like authority to use the funds to support youth or educational initiatives.

***Motion was made by **Peter Martin**, seconded by **Ada Prill**, to allow use of the funds for youth or education.

Discussion:

Klug: The background on this award is that it was named after Herman Herst's first wife to encourage woman to be more involved in philately. At the time, 20 or 30 years ago, it was a good idea. The way it was awarded was specific shows throughout the country would have this award given to the best exhibit by a woman. About 15 years ago, a woman refused the award because she found it to be condescending. Thereafter that award was not made again. So we now have this fund that has been collecting interest and not being used.

Prill: Is there any legal agreement regarding the award?

Ken Martin: Rick Banks, our controller, looked through records to find any documentation. We have not found any formal agreement.

Fekete: Perhaps to honor the Herst name instead of changing a line item, we should call it Herst Grant to allow for different purpose but recognize the name.

***Vote: Passed unanimously.

PIPEX Request for Bye:

Ken Martin: In your board packet you have a letter dated Dec. 22, 2006, from William Geijsbeek, who is the executive secretary of the Northwest Federation of Stamp Clubs. The fourth paragraph states, "Because of the timing the APS StampShow in relationship to the normal date of PIPEX, and in accord with our previous conversations, I am making a formal request to the APS to grant the Northwest Federation of Stamp Clubs a non-prejudicial bye for PIPEX for the WSP year2006-2007." CANEJ endorses this.

***Motion made by Wayne Youngblood, seconded by Ada Prill, to approve request for bye.

Discussion:

Straight: Going back to a conversation a few months ago about the South East Federation, I thought we requested CANEJ to give us a report about their thoughts and recommendations on how to support and encourage these shows. When is the report coming?

Klug: I will ask Ann.

McCann: Could we ask the committee to provide a report before the Portland show to the board for review.

Klug: Yes.

***Vote: Passed Unanimously

FIP Entry Level Commission

McCann: Most of you know that I am a vice president of the FIP and my concern joining that board and being involved with FIP is that in many instances the FIP is supposed to be promoting philately in general on a global basis via the membership federations. A lot of the energy of the FIP focus has been towards running and promoting international exhibits, although the FIP does try to promote stamp collecting. In speaking with Janet, we came up with an idea we believe is interesting. I would like to present it to you, and if you agree then we can go formally to the FIP board of directors, which meets in a couple of weeks in Europe. The idea basically is that the FIP has a board of directors, but it also has a number of specific oriented commissions, which have various functions -- most of these related to the various disciplines that are involved in exhibiting. There is no reason such a commission couldn't be created to promote or do other things.

Our concept:

To the Board of Directors,

I request the board pass this resolution asking for creation of a new FIP commission to promote entry-level collecting. This has always been a theoretical goal of the FIP, but has not been noticeably put into practice. This concept is an idea that both Janet and I had as a means to promote entry-level collectors' participation within the formal environment of international organized philately. The commission mechanism for FIP to do this is a logical extension of active commissions already in place that promote various types of collecting, such as postal history, aerophilately, etc. Several APS members are already very active in these commissions, for example, including Steve Reinhard, Ron Lesher, Steve Schumann, Charlie Peterson and me.

I think the FIP board and the FIP congress would be receptive to this proposal, as it would allow them to work through a mechanism of which the FIP is already familiar. The costs to FIP would be negligible.

We would send a powerful message of our APS support for this proposal if we send this letter to the new president of FIP, Joseph Wolff, and the rest of the FIP board, signed by all of us. I have attached a draft letter.

You will see attached there is a proposal, and the last page is a draft letter that I wrote, simply outlining this idea. I already spoke to Joseph Wolff about the idea. He was quite interested and receptive to the idea. I think the FIP has been looking for a way of doing this; they talk about it. A lot of them are involved in international exhibiting and they really have not come up with any concepts of how the FIP as a global organization could try to do this. This is a narrow idea, but one that is feasible.

***Motion made by Peter McCann, seconded by Ada Prill, to present this to the FIP.

Discussion:

Carter: We would present this to the FIP to think about?

Klug: We are presenting it as a resolution to the FIP.

Parsons: Are you asking us to sign this letter?

McCann: I believe it would be more powerful if the entire board signs off on this.

Mastrangelo: If approved we will formalize the letter and circulate it through the mail to sign.

Steve Schumann: Should we address in the letter the fact that this proposal will not conflict with the World Association of Development of Philately, the UPU combined to promote philately?

McCann; I don't think it is necessary because we are doing it entirely as an FIP mechanism itself – within FIP.

*****Vote:** Passed unanimously.

Volunteer Recognition Awards:

Ken Martin: At the last meeting Nick Carter had made a proposal for additional awards to encourage hard workers and volunteers to keep up the hard work. The staff took a look at this and came up with a proposal that is outlined in the board packet. We tried to get a process that we thought would work. We added to potential additional awards for outstanding young adult and outstanding young philatelists.

Prill: Under eligibility you have "five years of service and support." That is a bit much for a 5 year old. Maybe 3 year for the Youth and 5 for everyone else?

Ken Martin: Certainly some longevity is important. I have no problem with 3 years for youth.

***Motion was made by Jack Flannery, seconded by Wade Saadi, to accept proposal for Volunteer Recognition Awards.

Discussion:

Straight: Under eligibility number 4, "Luff Winners," I certainly understand the rationale for the service to philately and the service to APS. My question is if the Luff Award was won for research, is that germane to the rest of these?

Ken Martin: It is a reasonable question. We simply looked at it as a Luff Award winner doesn't need recognition at this level again.

Straight: My second question is, what are you giving them? I think we need something more than a certificate -- perhaps a lapel pin?

Ken Martin: Nick had suggested pins, but we wanted to keep the costs down and be meaningful. We are open to suggestions.

***Motion Amended - Modify the motion to include Ada's 3 years for youth, rather than the 5-year minimum.

Carter: There was another purpose to this, which was to keep track of supporters to contact.

Ken Martin: We will maintain a list and track within reason.

Carter: I am willing to donate to purchase prizes.

McCann: I think pins are important. They give people recognition at stamp shows, at their clubs, with their friends and collectors. Pins are a very powerful thing. Perhaps you can order a basic template and then you can put inserts in or something.

Klug: We need an overall chairman. Each one of these is set up with a judging committee, but I need the whole judging process to be reviewed by, or managed by, an overall chairman. Directors at large are a good recommendation to serve on the judging committee. But we still need an overall chairman.

Ken Martin: We will inform the board at the winter meeting each year of award winners.

Question was asked why APS membership is not required to win one of the awards?

Ken Martin: It was in Nick's original proposal. We took it out.

Peter Martin: As part of the award, if they are not a member, we should give them a one-year membership.

Ken Martin: That is a good idea.

Call question:

***Vote:** Passed unanimously.

Klug: Nick as overall chairman. Approved Nick

Straight: In reviewing the award list, the Apfelbaum Award needs to be reinstated.

Ken Lawrence: This award put us in the big leagues. Many writers wrote for the *AP* because they hoped to achieve this award.

Saadi: Why don't we find someone who might want to give money to have a prize named after them?

Ken Martin: You don't want to have to change the name every year. It would make much more sense if we could get $20,000: That would endow it.

Klug: Wade and Ken to work together on this and get back to us at the next meeting.

Lloyd deVries: So you are not keeping the name Apfelbaum?

Ken Martin: Probably not.

Open Policies:

Klug: APS opened its meetings to attendance by members in 1993. There was an instruction given to the Board of Directors that was passed by a ballot vote and passed 7,850 to vote to 386. I am going to read this, as this is our openness policy.

> "Members shall be permitted to attend regular business meetings of the Board of Directors as observers, subject to reasonable allowance of available space. The President of the Board may rule that certain discussions be conducted in Closed Session without unauthorized members being present.
>
> Eligible for referral to Closed Session would be the following matters of sensitivity: personnel, awards, appointments, qualifications, discipline, inter-organizational agreement, and unusual or extraordinary matters where the lack of confidentiality would be detrimental to the American Philatelic Society. Action on all matters of policy shall be recorded in the minutes of regular open meetings of the Board of Directors."

The APS board has faithfully followed these instructions and has gone beyond the spirit of the instructions by making the minutes public on our website. We have received a proposal from our member Ken Lawrence regarding openness that applies to our Society records. We do not at the present time have an open-record policy.

Let me say here for the record that this board endorses openness. We want as much openness as is allowable by bylaws and is prudent for the operation of the business of our Society. As you will have seen in the earlier report by our executive director, the APS is a business with nearly $4 million operating budget. We have asked our attorney, Virginia Eisenstein, to review Ken Lawrence's proposal from a legal standpoint and I would like her to give an overview.

Eisenstein: I would like to first share my background in this type of thing. I represented a daily newspaper for 19 years, I represent the Penn State student newspaper, I represent two magazines and a publishing company. I have been involved in litigating open-record matters trying to get records for my clients. So I have a lot of experience in arguing that side of the case. I feel as an individual that it is desirable to have openness. It has a lot of advantages. You dispel notions that something may be amiss by simply having openness.

When I was asked to review this policy, I thought it was important to put forth what the law is and that is what I tried to do in these 12 pages. The policy part of it is for the board to decide what it feels is a matter of policy.

First, with open meetings there is no requirement that a non-profit organization have open meetings at all. However, the APS has chosen to do that, and what I did is went into other types of open-meeting legislation, even though it is not applicable to the APS, simply because there are exceptions to open-meeting legislation that might help the APS in deciding what kind of policy it wants to adopt.

The only difference between the draft open meetings policies recommended by Ken Lawrence an Peter Mastrangelo appears to be regarding appointments. There is a difference in approach regarding open records.

Where there is a difference in approach is on the open records. I will briefly review the law on open records. I put there is no current APS policy on open records, which is true, except for the fact that you did pass in the whistleblower policy today that those records should be confidential.

We also have a privacy policy, which I pulled out from the website. What the privacy policy says is what kind of data we collect, including contact, identity, billing, financial, credit card and other personal information. We use these for many reasons and we also track users' behavior on the website. We sometimes use data-collection devices such as cookies.

There is, however, a way that a person can request we not release mailing information and forward mail. Society policy also prohibits the release of members' phone numbers and e-mail addresses to third parties. Those are the protections that our privacy policy provides concerning personal information.

So what about Pennsylvania non-profit corporation law? Are there provisions in that which govern us. Yes, there are. The Pennsylvania Nonprofit Corporation Act says that members have rights to nonprofit corporations' documents. What kind of rights do they have? They have the right to examine for a proper purpose the membership register, books and records of account, and records of proceedings of members and directors. That means your minutes have to be accessible to members and financial records of accounts and member lists. This does not mean you release addresses if they specifically stated not to. Otherwise, if the proper purpose is shown, if they want to send a mailing because they are running for office, yes, then they would be entitled to addresses.

Flannery: Is there any legal mechanism for determination of what is proper purpose?

Eisenstein: Yes, if someone is aggrieved and thinks they have a proper purpose and is denied, then their option is to go to court.

Flannery: Can we make our own mechanism of determination of proper purpose short of having to go to court?

Eisenstein: Yes, but would still be subject to court.

Prill: Regarding the privacy policy, I looked on the website and it said we collect data for certain purposes. It never says we will not make any other use of this data, which I found a little troubling. I think the privacy policy really should be revised and make it explicit that we will not release personal information or account history under any circumstances, other than as required by law.

Eisenstein: I think we should take a look at the privacy policy again.

Ken Lawrence: I want to clarify something that Jack asked. My understanding is that with Pennsylvania law I can ask the court of common pleas in Bellefonte under a writ of summons for anything I want, and you have to defend it if the APS doesn't want to give it to me.

Eisenstein: It is a little more complex, but yes you could bring suit.

There is a difference between records that must be disclosed to members upon request, assuming that they have a proper purpose for them, and public records. This right is only for members, not for public. There are things that are public records, things that would have to be disclosed to the public. I have listed those on page six on my report. The last paragraph talks about board members and what their rights are, and essentially board members should be entitled to just about anything. I tried to think of what types of exceptions there might be under Pennsylvania law. In just about every state, members of the board of directors are entitled to receive or examine all documents that are necessary to discharge their fiduciary duties to the corporation, and that is extremely broad. The only exceptions I could think of off hand were maybe, since a board member is going to be operating as a member of the appeals tribunal, that a board member should not be privy to information that has not yet gone through the Board of Vice Presidents, because you want to preserve your separate functions. Outside of these things, the APS is free to do what it wants.

Peter has compiled a policy and Ken has done this as well. I also, beginning on page 7 of my letter, talked about what other approaches have been used even though the APS would not be subject to these statutes. I talk about the Pennsylvania Public Record Act, and that is an act that is applicable to public agencies. Under those acts if something is a minute order or decision of the agency that is public upon request. A voucher, contract, or account, those are public. Applications which haven't been approved or things that the body hasn't gotten to yet are not decisions, so they not public records. Documents that are the essential basis of decisions are considered to be public record. That is the type of thing that many states' statutes differentiate things. They name the kinds of things that they think should be public records and then they make exemptions out of that too, on grounds of security, for example, or grounds of privacy. That is the way the statutes are usually written and that is the way Peter has done this. He talks about the documents that should be acceptable and then make exceptions. And this is the way the Freedom of Information Act works also.

The other way, the way Ken did that is the way that some other states handle it, Florida and California are among the states where everything is open. And then the types of things that are exempted out are very much larger. They may have many pages of types of exemptions that the legislatures then decides on.

On page 9 I talk about the problems that I see with Ken's proposed policy, because of the fact that it didn't exempt out different categories of documents. Ken's new policy actually does exempt out some of the things that I raised. Some of the things I think that it still doesn't do, though, is that Ken says he wants to exempt out information protected by our privacy policy, which we don't exempt out much, or state or federal law. A lot of these things are not exempted out yet under state or federal law as far as the applicability to non-profit organizations. Yes, banking institutions cannot disclose financial information, but statutes don't go as far as non-profits. So there are a lot of things which maybe Ken intended that would be exempted out because of the state or federal law, but those laws don't apply to non-profits.

Ken Lawrence: What I said in my cover letter is that whatever those may be they belong in a privacy policy not in this policy and then this one exempts it.

Eisenstein: We are back to the privacy policy then, information on a trading before for example. What about communications from the other side of that, contracts being negotiated, I felt that it would to disclose to members any communications that we were given by people who hoped to be making contracts with us, deals that are not formed yet but are communications back and forth, I didn't feel would help the Society. What about communications made to us by members or by anyone that might be things that we would want to investigate? Suspicions that someone might have concerning unethical philatelic activity, that type of thing might be something that we wouldn't choose to have disclosed? Would individuals performing services for the APS want terms of their contracts revealed? Some of them, like, for example, our eBay contract, specifically says that it is not supposed to be disclosed to third parties. We may have other contracts like that. Communications about applicants for membership: We had some communication that we even dealt with this morning in regard to someone's application for membership – those may also be something that you would want to exempt. We talked about whistleblowers. Again, documents relating to investigations and compiled in anticipation of litigation weren't things that were in Ken's proposed policy. Communications from an attorney: I would not want to have to, on every document that I send, put the privacy notice on it. I wouldn't expect that everything that I said would be communicated further than the board unless we decided it should. These are just some of the things that I thought of that probably should at least be considered by you in formulating the policy. Basically, I think I mention some of these things on page 9, and some of them are taken care of, but some of them were not. It is so difficult if you mandate everything as an open record, except…, and then you try to delineate what isn't. It is a much more difficult job to start out like that than to start out and say here are the record categories that we believe should be disclosed, and here are some of the exceptions, and there could be other records also on a case-by-case basis which should be disclosed. But at a minimum we want all of our deliberation and results to be available; our minutes, our financial information and our membership records. We want them to be available, plus I believe Peter added to that and said that all documents which were considered by the board and formulating its decisions.

I then go on to the privacy of individuals. I believe we should definitely revise our privacy policy to take care of those problems. Identity theft is a big problem now days and I think we should be particularly sensitive to those potential liabilities and also be sensitive to the protection of our members. I don't think that we would want to be in the position of disclosing anything that could harm in any way any of our members and their philatelic activity.

Carter: I am concerned about the release of information of members and that information being shared with other members and the general public. How does the law handle that?

Eisenstein: It doesn't, except that in order to get the information the member would have to have a proper purpose for doing so.

Carter: So we have nothing to prevent us from a member asking for information which is privy to us and then releasing it to the public? There is nothing in here about the responsibility of the member having received that information and instruction on the use of the information received? Members are entitled to this information, but why are members of the general public also entitled to this information?

Fekete: If we are willing to release to information to 45,000 members, then what is the harm of non-members?

Einstein: It is unenforceable. The member must have a proper purpose.

Prill: Ken Lawrence requested information about visits to American Philatelic Center in response to a question on Virtual Stamp Club, which is public. Once that information was released to him, why shouldn't he release that if we have nothing to hide?

Mastrangelo: That information was released to him and he made it public.

Prill: Yes, I see nothing wrong with that.

Flannery: It is a right of a member to receive membership information, but not my right to go publish that information thereby making it public?

Eisenstein: Again, we go back to what your purpose is in getting the information. There are some people who opted not to have their membership in the APS used to get solicitations about products. So if the purpose of your request is to solicit these members to sell them stuff, then that information would be refused.

Peter Martin: So if you give it to a member who provided a legitimate purpose and he then gives it to someone else for an illegitimate purpose, we have no recourse.

Fekete: We do have mechanism to handle this; our Code of Ethics. If a member gets the information and then releases it to someone else deemed for bad purposes, we have a complaint process where we can handle it.

Flannery: If we have in place a mechanism that determines purpose and then judgment be passed on the purpose.

Mastrangelo: We do have mechanisms in place for the use of mailing lists. They are for one-time use for philatelic purposes, and we request a copy of what they are sending out. They cannot release this list to anyone else.

Ken Lawrence: Every non-profit organization has a constituency that is much bigger than its membership. Because you enjoy a federal subsidy in the form of not having to pay taxes comparable to businesses engaged in similar things, you have an obligation to the public. I just wish people would process that into this discussion. The spirit of this discussion is inverted when you start asking about do we have to do this and do have to do that and so forth. Because the real point is that we want to be inclusive, not exclusive. The organization doesn't belong to the people at this table, it belongs to every member, and in many ways to people who are not members. We want to share information with non-members by making them feel like they are part of our community, rather than that we are circling the wagons and saying you are not entitled to this.

Dan Walker: Could I have a better definition of disclosing books and records?

Eisenstein: It includes ledgers, audited financial statements and reports that are based on these financial statements. The purpose is for anyone who feels that there has been financial wrongdoing to be able to go inspect and see whether or not there has been. Does not include budgets that have not been passed yet, looking at them does not clue you in as to whether there have been disbursements that should not have been made.

Tom Allen: Books and records of historic origin is from the profit side -- part of uniform law; 50 states have different versions. It is a way of doing litigation if necessary. What that means is sooner, rather than later, access. Second, reliance on the 990 is obsolete information, the APS and APRL have not done it. Some organizations legitimately can file a 990 11 months after the due date. The due date is the 15th day of the fifth month after the end of the year. The way this organization operates even within the five-and-half-month time, you are looking at information that is a half-year out of date. Third, going back to openness, APS is not a membership organization. It is a 501c3 educational organization; it has obligations to contributors. There is federal tax law, some of which we alluded to. When Republicans were running the senate finance committee, they wanted to adopt governess policies of c3s. They were lobbied out of existence, the Internal Revenue Service two days ago announced a summary of appropriate governess decisions by exempt organizations seeking comment, picking up basically a lot of the senate finance committee ideas that didn't get anywhere. One of the principals of the IRS addressed these translucency and also conflict of interest policy, compensation, reviews and comparisons. The IRS and the federal tax law will increasingly move towards the exposure and more current exposure of tax-exempt organizations. That is the price that is paid for charitable contributions that are balanced in the budget. A totally different point than Ken's point is that openness is an invitation to come in and perhaps an incentive to come in. But this is not a discussion of Pennsylvania law and it is not a predictable situation at this point and time but more and more there will be persistence to resistance.

Mastrangelo: My intent here was to try to find a balance between openness and the issues of privacy and confidentiality that have become so pronounced over the past number of years since our last policy was adopted. As executive director I think I have to be sensitive in that regard. My motivation here was to try to find that balance. I also think that we want to be as open as we can, not just by the letter of the law, but going beyond that. There is information that is confidential, and in that respect I am concerned how information is made available in general. For all practical purposes, when I read Virginia's legal opinion, I learned things that I tried to include. Is the wording customer friendly? I can see that in some cases it may not be, and we need to work on that. The intent of being open should also be reflected in the words that are used. So where did I start?

I started my first paragraph by saying that we are trying to find that fine balance. Then, Virginia had some very specific suggestions on open meetings. I took our present open meetings policy and added to that. At the same time, I wanted to recognize that we are not only operating under the laws of the United States, we also operate under the laws of Pennsylvania. I wanted to recognize that at a minimum there are certain things that we have to make available to members.

On the third paragraph we talk about some of those minimum items. We put in all of the support documents that are associated with decisions made in open session that would not otherwise be considered private, privileged and confidential -- and that we could release additional information over time because it is wise to do that.

The procedure we put in place is a request to the executive director. I am sensitive to some of the comments that have been made that if all requests go to me that I might get inundated. So let's amend that to the executive director or his designate, or something to that effect. We also recognized exclusions. What struck me in Virginia's opinion was on page 8, towards the bottom, where it says "It would not be inadvisable to mandate that everything be accessible, not knowing that what these records would be or what the policy considerations would be in relation to them." So in reading that, I took it to mean that it was inadvisable to have a blanket statement that says that all records are open with these exceptions. We tried to recognize that there are certain exclusions for considerations of privacy, privilege and confidentiality, and that they may include -- but are not limited to -- a whole listing of items. And they could be marked for internal use only. In this way at least there is some recognition that you, as board members for example, are reviewing them -- which you could very well do -- they should be marked for internal use only. This at least indicates that they are for our own use and not necessarily to be made public. We may eventually choose to make certain documents public; we have the option to do that. Of course, we are going to put our minutes out on the website.

Then I go on to recognize that certain records that are available to members and may not be available to the public. There are certain records that are public and I think it is always wise to list those. It puts it out there; it lets people know what is public and so on. But some records available to members are not available to the public. We should have the option if necessary to mark those for internal use only.

By the fact of our non-profit status, it's not just our 990s that donors like to see. They like to see our audit and financial statements, and we make those public. We recognize that this is dated information that the summary financial reports, our balance sheet, statement of operations, are public documents at least twice a year for our members. This is not to say they cannot get them at other times, but they are going to get them at least twice a year. Members of the Board of Directors are entitled to examine documents necessary to discharge their fiduciary duties to the corporation that might not necessarily be available for inspection by members or by the public. Contracts and agreements; things along those lines that may be privileged for you guys to see. Again, we should be able to mark these for internal use only.

I want to make a distinction that this fiduciary responsibility doesn't limit your authority to review. As a matter of fact, it expands your authority to review -- because you need to make those decisions. I used some wording that we used in the interim statement, that "in the normal course of business a director should treat as confidential all matters involving the corporation, unless there has been general public disclosure, unless information is a matter of public record or common knowledge." Everything we have discussed now should be clear at board meetings and the documents that go along with it are general disclosure. It is available to members. There is nothing here precluding a board member from talking about that. At the same time people request documents, what is the procedure of getting documents? Again, make the request to the executive director; we will fill the request based on proper purposes and we will be as liberal with that as we can. I understand that the language here may not necessarily impart that. If we need to work on that I would be more than happy to. But again, I wanted to make the distinction and protect the APS from inadvertently putting stuff out there that is confidential or private, and that is why I think we should have some sort of requesting mechanism. As a matter of fact, that is usually the standard procedure. Can we have debates about whether or not certain things should be made public or who has authority to release documents, etc.? We need to have those discussions. Yet, as we approach tings here, it is always been my goal to be as open as possible within the parameters established by law. That being said, that is the reason why you see the policy written as it is.

***Motion was made by Peter McCann, seconded by David Straight, to accept Peter's policy, in order discuss.

Open to discussion.

Prill: Why do you require people to tell you their reasons for wanting information? I understand for membership lists. But for general information?

Mastrangelo: Pennsylvania Law talks about proper requests, and that is what I was using here. This may be debatable. But if someone asks for something totally off the wall, we need to be able to respond. We should know how they plan to use the information.

Prill: It seems to me that you are setting yourself up as a gatekeeper with a rather narrow gate.

Mastrangelo: I am a gatekeeper, because I need to be able to protect that information which is private and confidential that our members are going to require us to keep.

Prill: I am not talking about membership information, but information about corporate activities. Under the previous administration there was general disclosure of anything that anyone asked for without a reason having to be given -- and I am not aware of any misuse of the information. So why are we going through this?

Mastrangelo: My motivation on financial records is very simply, in the backup detail, the summary detail department-by-department there is information that can be ascertained in the back up detail about contracts, salary levels of individuals. In that respect I am trying to protect that kind of confidentiality. So what do we provide the board? We provide the board with all that information, the Finance Committee with all that information, and what we are proposing here is to provide the membership with summary information. It is the Finance Committee's responsibility, the Board of Directors' responsibility to really understand the working behind the summary – that is what you are elected for. If someone wants information, request it and tell us what you want it for.

Ken Lawrence: I have made requests for information and gotten denials and arguments about it. I regret that this is clouding the issue. Nothing approaches the heat and invective debate in 1992 and 1993 of openness. I conceded to all of you on this issue. I apologize in advance. There is a good reason for it. The organization does not belong to the people seated at this table. In my opinion, the most important people are the 45,000 members. I am not concerned with technicalities of the responsibility, my primary concern is inclusiveness - is that we have an open door and make people feel welcome not that we say no the door is closed to you. We do too much of this. Also, I know a lot of collectors and members, and they recognize me as someone who knows what is going on and they come to me with their questions. And until those documents started getting marked confidential and not for public disclosure, all of us felt free when someone asked a question to say "here see for yourself," we don't have anything to hide. And those monthly reports are important.

In an attempt to be sensitive about how not to intervene, really becomes the opposite. It does interfere, because we need that information in order to be able to conduct our campaigns and tell the members what we think they need to know.

I redrafted my proposal to incorporate the points Virginia notes. I am not resisting any of the points she thought were critical, I believe we are on the same page with that stuff. These four points express the difference and are clear enough that we should be able to have an up or down choice, and if then, once we have an expression of the board on which way to go, it needs to go back to committee for editing. I believe Peter and I could sit down and write the thing according to whatever the policy is.

1) My proposal would subject all Society information to disclosure, unless it is specifically exempted, whereas the other proposal is that everything is confidential or subject to his discretion, unless it is specifically declared to be public and available.
2) My proposal would not interfere with election leaders' interaction with members, including sharing documents and information that is not required to be confidential. Whereas the other proposal, election leaders would have to refer all questions back to the executive director, rather than answer themselves.

3) My proposal would place no limit on elected leaders' access to information. The other limits disclosure to "documents that are necessary to discharge their fiduciary duties," which could place the executive director beyond accountability, short of a court order. I have listened to Virginia's exceptions to that and those are fine with me.
4) My proposal would require compliance with every member request covered by the policy, and would not allow the staff to ask for -- or rule on -- the purpose of any request for information. The other requires that requests "be in writing, stating the purpose for such request".

These are the key differences.

Break

After break

Klug: After taking a break, I have been requested by parties on both sides of the fence that we are really not all that far apart. We should try to craft an agreement that everybody can live with. Over the next few days Peter, Ken Lawrence, Virginia Eisenstein and I will sit down and try to put together something to reflect what we want.

McCann: Openness is our goal. If the four of you can come back with something that you agree upon, I would say there is a good chance that we would also agree to it and vote.

Don Price: I have had some personal experience with the public record issues, particularly at times of an election. As Ken said, this is the time when it becomes an issue. One thing that seems important is to put the request in writing—but, to ask for a purpose, an organization has no business in telling a member what reason is good and what isn't good. Sometime people ask for records that could take hours of research, the organization needs to have a policy in regards to x amount of time, and after that we charge. I also want to point out that guests at these meetings also receive a packet of information similar to the board so that we know what is going on.

Youngblood: As we discuss this and as we hammer it out more and more, one thing that I am seeing is two very distinct classes of information. I am seeing "how many members do we have in Idaho?" I don't know. I don't care who ever can find that record can get it out there that should be covered. How many sales books are currently in operation, those types of things. And then there are the financials and, of course, as Tom brought up, we do need to work with the 501c3 here. And, even salary information isn't privileged. This is information that is -- and should be -- communicated if requested.

Mastrangelo: On our 990 we are supposed to list the five top people making more than $50,000 a year and we do that. Every non-profit has to. If you ask me what a mid manager makes and it is not over $50,000 a year, I am not so sure I need to tell you that, and I don't think they would want me to tell you that. Is that a gray area?

Eisenstein: It is really not, as Dan pointed out you. If you have access to the books and records on account, that is going to appear because you pay these people. You cut checks to them. I have had people ask me because people know that Penn State has fought hook line and sinker to protect Joe Paterno's salary. And the answer is that Penn State, unlike the APS, does not have any members. The APS has members. Its board is the membership and so that is the difference. They aren't subject to Pennsylvania's open record act. Not only are they not a non-profit membership organization, but very specifically exempted under the Pennsylvania open records act.

Mastrangelo: We get into the difference though here between member right to know and public right to know. There is a difference.

Carter: Once we get this policy, where is it going to be accessible? A lot of times things pass and never get posted.

Mastrangelo: Perhaps we will have something ready by StampShow. We will give periodic reports to the board on the progress.

*****McCann** withdraws motion.

Klug: Motion tabled at this time, we will meet and possibly arrange a teleconference.

General conversation about board packets – it was a general consensus that a book is prepared for each and brought to show – put info. on FTP prior to meeting for reading.

***Motion to adjourn the meeting made by Peter McCann, seconded by George Fekete.

*** Vote: Passed unanimously.