

**APS Board of Directors Meeting  
Oregon Room, Doubletree Lloyd Center  
Portland, Oregon  
Wednesday, August 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), Steven Rod, Dan Walker, Denise Stotts, Joann Lenz, Michael Dixon.

**Staff:** Peter Mastrangelo, Ken Martin, Rick Banks, Gretchen Moody, Wendy Masorti.

**Guests:** Doug and Nancy Clark, Foster Miller, Lloyd deVries, Kurt Lenz, Stephen Schumann, Thomas Allen, Simon Codrington.

**I. President's Welcome:**

Welcome to new board members, Joann Lenz, Denise Stotts, Michael Dixon, Steven Rod, Dan Walker.

**II. Approval of Minutes, & Decisions Made in Executive Session**

Minutes of Riverside Meeting an e-mail vote was made, do I have a motion to accept that e-mail vote?

\*\*\*Motion to accept Riverside minutes made by **Ada Prill**, seconded by **David Straight**. Vote: Unanimous

Minutes of Appeals tribunal from Riverside

\*\*\*Motion to accept Riverside Appeals Tribunal by **Jack Flannery**, seconded by **Wade Saadi**.  
Vote: Unanimous

Executive Session decisions on the Awards we voted on awards for the Hall of Fame and the Kehr Award.

\*\*\*Motion to accept Hall of Fame Awards by **Prill**, seconded by **Straight**.  
Vote: Unanimous

\*\*\*Motions to accept Kehr Award by **Straight**, seconded by **Prill**.  
Vote: Unanimous

### **III. Reports**

#### **A. Society Attorney**

**Virginia Eisenstein:** Since Riverside I have reviewed suggested revisions to proposed contracts, which include a contract from the membership survey research firm, and publishing contracts. I also assisted administration with contract interpretation when questions came up. I represented the APS at the closing for the refinancing of the Omega Bank Mortgage. That refinancing will enable the APS & APRL to tack on additional money if needed for the renovations under way. I also worked on the records retention policy, which is in your packet for later review. I issued an opinion letter to administration during the course of the election regarding administration's role. I was also present when the election ballots were being counted. There is no litigation of which the APS is a party and all contracts of the APS are valid.

\*\*\*Motion to accept the Attorney's Report by **Wayne Youngblood**, seconded by **Peter McCann**.

Vote: Unanimous

#### **B. Executive Director Report:**

**Peter Mastrangelo:** Good morning everyone. What I would like to do this morning is to update various aspects of my written report that was included as part of your packet, give you a very preliminary glimpse at some data from our membership survey and reacquaint you with some financial information that will touch on various agenda items today.

First, an update to my written report.

The new APS website is moving along. All major pieces have been addressed. As has been reported to you in the past, there is a very robust back end to the operation of the site, which must be synchronized with various pieces in order for information and data to flow to the appropriate departments. We recently upgraded our membership software and our consultants are putting the final touches on that integration. Various back-end pieces are being tested this week. We will go into parallel testing when we return. We hope to be live around October 1 or shortly thereafter.

I'd like to remind you of our session this afternoon after the board meeting to review and discuss the assessment of our educational programming and thoughts on where we are heading in the future. This is a public session to gather additional input as we fine-tune our approach for the future. While I am on this topic, we just came off one of the most successful Summer Seminars in recent years. No matter how you assess the program, whether it be in terms of content, facilities, participation or logistics, we've received rave reviews from participants. Our income modestly exceeded direct expenses that didn't include staff time.

The renovations of the American Philatelic Center are progressing on schedule. So much so that we can announce today that we will have a dedication ceremony for the Gordon and Mary Morison Pavilion in October during Aerophilately 2007 on Saturday afternoon, October 20. We can't promise that the Headsville Post Office will be fully installed and operating at that time, but at least the exterior shell will be installed and St. Louis Patio will be complete.

We have also met with our architect to update our architectural renderings for the APS/APRL portion of the complex and to bring our master plan up to date with regard to future library space, basically buildings 3 and 4 and the so-called museum/gallery space in building 1 where the library is now temporarily housed. We will be sharing those plans at the Campaign Breakfast on Friday morning for those of you who are interested.

In my written report I reported that we had just come off a successful first six months of fund raising. We've also posted our best July ever with over \$98,000 in contributions, for the year thus far we have received \$306,000 from more than 1,500 contributors.

Membership at the end of July stands at 42,510 members compared to 43,385 the previous July.

As of the end of July, circuit sales figures continue to be stable or in somewhat of a minor growth mode. And, once again Stamp Store continues to break records. If you have not checked out Stamp Store lately, you may be pleasantly surprised at what you find. There are more than 250,000 items online with a catalog value of \$7.7 million, with sales prices of \$4.25 million. For the first six months of 2007 submissions increased by 36% over the previous year. And, sales for the six months were almost \$775,055, from 5,500 orders, which is a 22% increase in sales and an 18.7% increase in orders. Stamp Store has taken off this year.

Lastly, Gini Horn will demonstrate the new Library catalog software, with expanded search capabilities, in a seminar on Thursday at 4 o'clock.

Does anyone have questions on my written report or update?

**Straight:** I am glad to hear the website is coming to fruition and that you're making progress on the back-end stuff. However, have you given thought and planning to content and how to keep content fresh on the site?

**Mastrangelo:** There is going to be a members'-only area that will have articles, exhibits, monthly specials for members and access to your member records.

**Straight:** There is a lot of useful directory information on the site, but there is not a lot of reason on the current site to visit other than the direct factual information. I think we need some content, both in the members' area and public area that would entice people to get more interested in stamp collecting. The web is our public presence. We need to keep fresh contact to entice people.

**Mastrangelo:** As we move forward, this website will evolve over time and content will change, and how it evolves and how it impacts the APS and the hobby and how dynamic it is – is going to be up to us. I look at *The American Philatelist* and the website together as our two major educational and communication tools and we must think of it this way as we go forward.

**Straight:** In your written comments about the educational program, I ask that you assert into your thinking that the Postal Symposium is also an educational venture. We need to consider this as educational. Third, the memo you sent out regarding affiliate credit card processing -- have we taken any steps to assist affiliates on how to set up Paypal accounts?

**Mastrangelo:** Not yet.

**Youngblood:** Is the Sales Division still having difficulty getting enough material?

**Ken Martin:** Yes, there are many areas where the demand is greater than the supply, and there are a few areas where the supply is much greater than the demand.

**Flannery:** Is that something that could be publicized to the member site to stir things up for members to send material in?

**Ken Martin:** Yes, we currently have this on our website and in Tom Horn's Sales Talk column in the *AP*.

**Mastrangelo:** The number of books that are out in circulation has gone up to 13,193 this year, compared to 12,643 from last year, an increase in new book value and 142 more multiple circuits out than in 2006. So there are some trends pointing upward.

**Prill:** Has there been any fall off in circuits to chapters since the postage rate increase?

**Mastrangelo:** Tom Horn has been doing some research on that, and from what I can gather there has not been that much of a drop off due to the postage increase. What we are trying to do is take a look at ways to send out more circuits by redesigning our boxes and things along those lines so they do not weigh as much.

**Saadi:** Regarding the circuits, is there a future for scanning the sales book you get from the members and putting them on a website that opens at 9:00, members could log in and buy from circuit pages using Paypal? This could save on mail costs and anyone who wants can purchase on the internet.

**Mastrangelo:** We have thought about this. We have to differentiate between ISU and the Sales Division.

**George Fekete:** I think it is an idea worth exploring, but one down side I see is if we start doing that, I would probably cancel my circuit subscription.

**Saadi:** That is kind of good, if we could supplant the online way where it is cheaper for you to shop that way. You would not have to pay for the postage going to the next guy and it is cheaper to the APS because they do not have to pick up the postage and insurance.

**Mastrangelo:** I think yes we can look at this. There is also the relative value of the stamps in question. Normally, what we find in circuits is the lower-priced stamps, the higher-priced items are on Stamp Store.

**Ken Martin:** Remember, there are items for 1 cent in sales books. We have purchased a digital camera. Tom is planning to send scans of entire books to make purchases for countries that we cannot safely send circuits to. This is a first step. I'm not sure the website would be cost effective.

**Youngblood:** The idea is interesting. People are always complaining that they do not get first crack at the sales books.

**McCann:** We need to remember; the psychology of stamp collectors and the stamp clubs getting these circuits is a major social thing and draws members into these clubs. The web is

nice, but people actually like to look and see the stamps. We collect stamps, not images. Secondly, a lot of our members are not online so we would lose sight of that market of people.

**Jim Dempsey:** As a dealer selling stamps for 50 years, three quarters of all the stamps that I sell the customers turn them over to view the back of the stamp. If you put these on the web you would have to rely on a description saying it is never hinged, or lightly hinged. I believe most want to look at the back.

**Saadi:** Let's just look at the idea.

**Michael Dixon:** Let's not over-emphasize the ability of the membership to be computer savvy, and most are touchy feely and want to see the circuits -- particularly the clubs.

**Klug:** You are correct. A lot of our club members come to the meeting just to see sales books.

**Denise Stotts:** If you put them online and then what doesn't sell gets sent out, clubs and individuals that are paying the postage are going to get the dregs of what is left in these books. That does not seem fair. And, if the stuff is selling on the internet, somebody at APS has a new job to package up the stuff and mail it to the buyers and pay the postage potentially send a 50-cent stamp. Is this also going to be competition for Stamp Store?

**Flannery:** I have a misgiving. We all too often today tend to look at competing options as being mutually exclusive. And I think the fact of life is that we live in a world that is bipolar. It is true the things that Michael and others have said about people's hands'-on kinds of characteristics that carry over from a long time ago are absolutely there and are valid, and they will persist as long as the people who hold those preferences exist. It is also true that the world around us is one that is increasingly electronic. There is a world of electronic philately that is highly populated and has a huge dollar figure of commerce associated with it. We would be smart to look at both of these approaches as something that would co-exist. I don't know the details of how they would be implemented, but in principle there is a co-existence there that needs to be kept in mind here. There will be a period of 10, 15, 20 years or so or more where there will be co-existence of electronically based commerce and paper-based commerce and we should not lose site of that and treat things as if it is one or the other because it is not.

Mastrangelo picks up with his Executive Director Report.

**Mastrangelo:** Preliminary Membership Survey Data: We have started to receive some basic data from our membership survey. There are three components. The first is a survey of existing members. There is also a survey of former members from the past two years, as well as non-members. As we proceed over the course of the next few months we will be analyzing data received, looking at various correlations and comparisons between each of these three survey segments. Presently the data from existing members is being entered.

One thousand members were selected randomly from our membership list. Of these, 515 surveys were completed: 430 by mail and 85 online, for a 51.5% return rate, which is fantastic. Here is some basic demographic information and other tidbits we have been able to glean from the data thus far:

89% male, 11% female -- this correlates very well with our own membership statistics.

90% were over the age of 50

74% household income \$50,000+

73% graduated from college  
53% describe themselves as retired; 50% work full time or are self-employed.  
50% of respondents have been a member for more than 20 years.  
82% have an Internet connection; of those, 60% have bought stamps online.  
And 67% of those have bought stamps on eBay, and 21% on StampStore.  
60% spend less than \$1,000 per year on stamps and related hobby expenditures.  
40% spent above \$1,000 per year, 25% above 2,500/yr. and 9% above \$10,000/yr.  
48% describe themselves as experienced collectors; 35% as intermediate collectors.  
65% collect by country; 30% by country and topic, 5% by topic only.  
63% started collecting in their youth (under age 15).  
56% belong to only one national organization. 44% belong to more than one.  
31% of belong to a local stamp club.  
48% have attended bourses over the past 3 years; 35 % have attended an APS show.

Now, with a lot of caution and disclaimers that we are still tabulating and evaluating information, I believe we can make some very broad observations about our membership dues, since there is a proposal in front of the board for consideration:

Our members are price sensitive. Below \$35, APS membership is a bargain. Above \$50, membership may be too expensive for a majority of respondents to the point that they might not renew. Members who use our services (StampStore, Circuit Sales, Expertizing, etc.), or who feel it is important that we offer a range of services whether they use them or not, are more inclined to be receptive to paying higher dues. This is also true for members who feel that it is important for APS to promote the hobby. In short, members who support our mission are more inclined to be receptive to paying higher dues. Yet, for our members who may be more price sensitive, it will be important for management and the board to reach out in marketing our programs and services. To a certain extent some of our services may be the best-kept secrets in philately. For example, when we asked members if they were aware of our Quick ID service, only 12% of our members were aware of it. So there are certain segments of our programs and services that we need to market -- even to our own members. As we review and analyze our survey results we'll have a better understanding of how we are perceived by our members, former members and non-members. We can then plan accordingly.

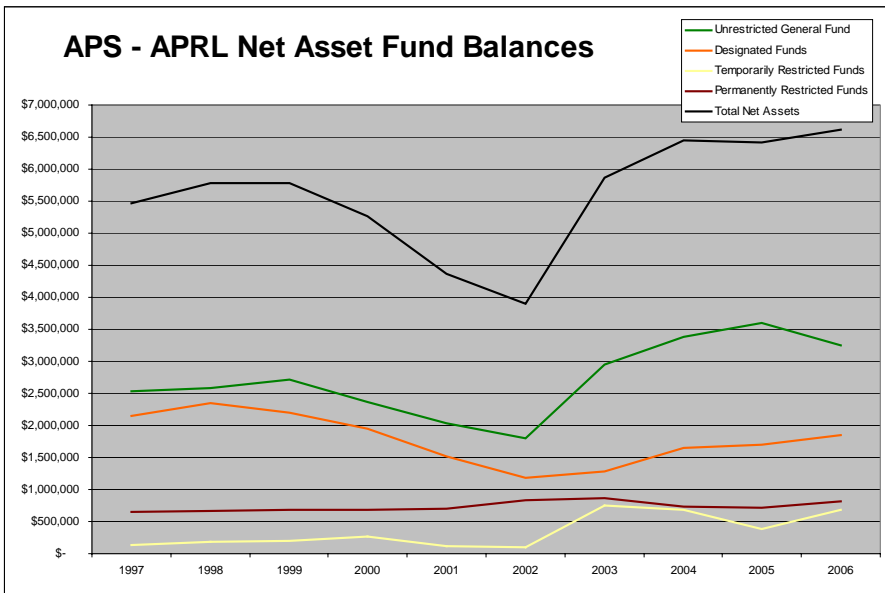
We should have our membership survey and complete analysis done by our October board meeting to share with you. When we get back we will be discussing some of the correlations that we want to explore with our survey consultant. So, if anyone is interested in seeing the correlation, please let us know and we will see what we can do to take a look at it.

Questions on this?

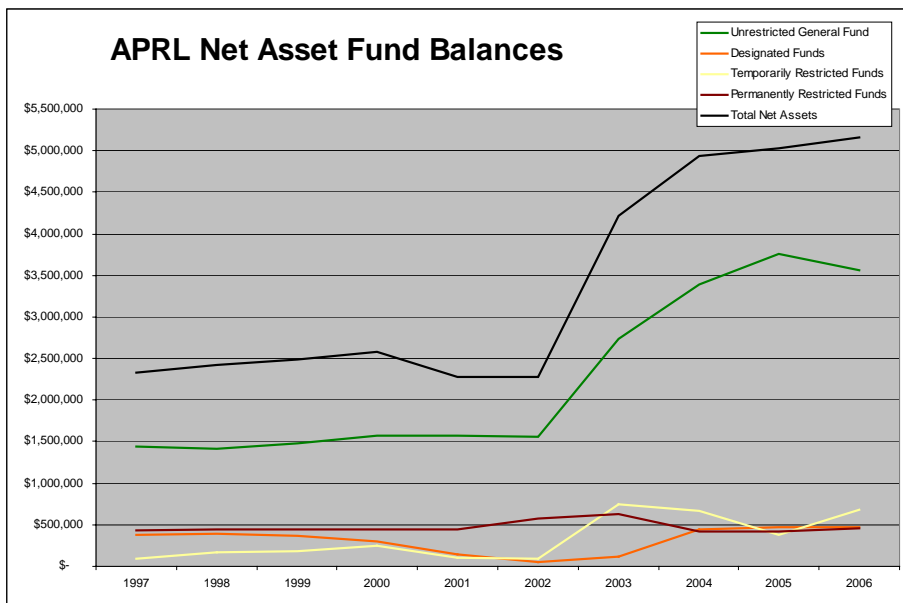
### **APS/APRL Net Asset Review**

Lastly, I would like to revisit some information we shared with you in Riverside regarding the net assets of the APS and APRL. This information is pertinent to the financial report and also the membership dues recommendation.

In my written report to you I expressed my concern with the negative balance in the unrestricted portion of the APS net asset base. This has evolved over the years primarily through an accumulation of unfunded depreciation and periodic operating fund deficits. We must address this over the course of the next few years. To reacquaint you with our present position:



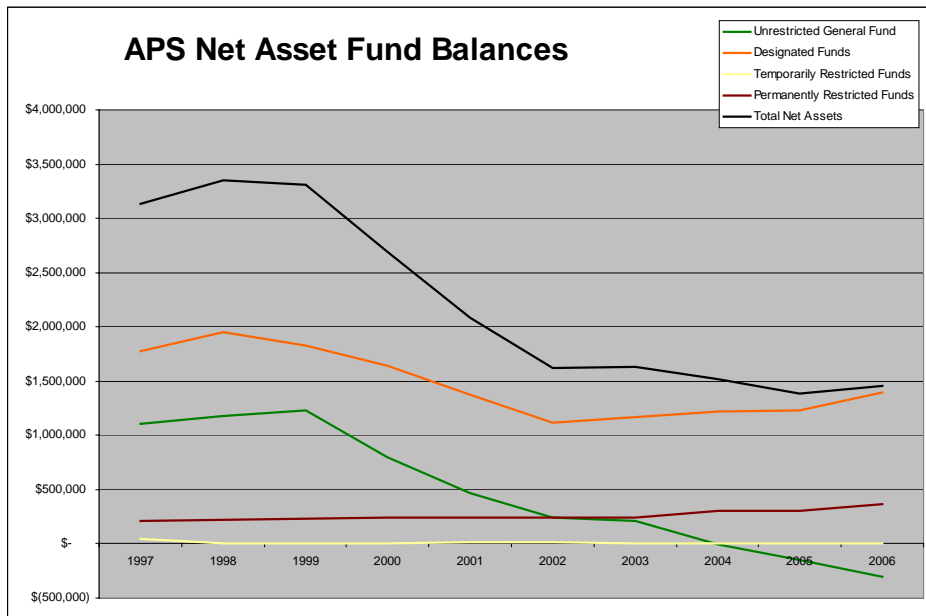
1) The first graph shows combined net assets of the APS and APRL, based upon our audits through 2006. As you can see (black line), our combined net asset position is at a high point. This is directly attributable to our fund raising and development of the American Philatelic Center. Our combined unrestricted general fund assets are the green line. It is primarily through these assets that we conduct our operations. This has also risen, yet trailed off a bit in recent years. The steep drop you notice in our combined asset position from 1999 to 2002 is directly attributable to losses incurred on our investments. From 2002 on, with fund raising and the development of the American Philatelic Center, things dramatically improve. Yet, there are some trends within the APRL and the APS that we should not lose sight of.



2) The second graph reflects the net assets of the APRL. Here we see that the net asset position is the best it has ever been. This is directly attributable to the fund raising, purchase and investment in the APC starting in 2002. The growth of the unrestricted general fund is directly

attributable to the building, with a downturn over the past two years. The APRL is building “rich” so to speak.

Let’s review the same information for the APS.



3) Here we have a different picture. You will note the sharp decline in APS assets from 1999-2002 due to investment losses. Since that time the APS net asset base has remained somewhat flat.

I am, however, mostly concerned with the sharp negative decline in the APS unrestricted general fund. While this is mostly due to our practice of not funding depreciation, even when depreciation is factored out, there is no growth. We still show a slight decline.

What does this mean for APS? This is an indicator that tells me we have little wiggle room with flexible funds. It tells me that whenever we want to do something new – replace a capital item, develop a new program, expand current services – we must find the resources outside of our present income streams through fund raising, new sources of revenue or by curtailing something that we are presently doing. This is like using a credit card to pay day-to-day expenses. More specifically, we are operating on our cash flow, using future assets to pay for current expenses. I see this as a temporary position that we must address over the long term. It will take a few years to turn this back into a positive position.

**Dan Walker:** The green line on negative, is any of that related to our investment losses in 2004, 2005, 2006? I would assume the answer is no. I just wanted verification of that.

**Rick Banks:** Not in the later years, in the early years the investment income gets reported to general fund. [Recording inaudible.]

**Al Parsons:** When you use the term fund depreciation, are you just talking about setting money aside?

**Banks:** Yes, it is a trickle effect. At some point in time we literally replace those assets in having cash balances.

**Parsons:** I understand. The bulk of the depreciation is on the APRL side because it is the building.

**Banks:** That is right. This depreciation is strictly on the equipment of the APS. None of the building depreciation is on that graph.

**Parsons:** If we have investment growth and we have had that for the last two years, is that right? Doesn't that make up for this lack of depreciation funding?

**Nick Carter:** No, because we were very heavily into fixed income.

**Ken Martin:** Your investment money has either been restricted or used to balance the budget.

**Walker:** I should also point out that from the APRL point of view that funding for depreciation is a great deal worse than for the APS. The building depreciation is substantially higher than the APS depreciation that is not being funded. We are not saving the assets, we are not saving money to make the repairs and keep the building up in the future. And the problem is substantially bigger than the problem we see here with the APS.

**Dixon:** Are you saying these do not reflect the deferred maintenance costs?

**Walker:** This is just for the APS, not for the library. What I am saying for the library, because the library owns the building, is that the depreciation on the library is substantially higher than the APS and the library is not earning anywhere near the money to fund that depreciation and we are probably talking if you take the library depreciation for the APS assets, library depreciation for the tenant income, the library deficit which is relatively small you add them all up you are talking a little bit less than half a million dollars a year. That is a big number.

**Fekete:** The depreciation on the building per se isn't an issue. It is the lack of setting aside funds for repairs and renovations.

**Walker:** That is correct.

**Fekete:** So that half million dollars -- part of that would be targeted for renovations or repairs or whatever, and the rest would be pure building depreciation?

**Walker:** It is virtually all building depreciation. The point I am trying to make is the APS does not have the cash flow to do the repairs and buy the new equipment that it needs. The library is a lot worse in terms that it doesn't have the cash to upgrade and keep the building the way it should be kept into the long-term future.

**Fekete:** My question was of the half million, how much of that should we be worrying about?

**Walker:** The whole thing.

**Banks:** The depreciation of the building. The question is, are you going to have to replace building? We do have built into the library operating budget normal routine maintenance expense, but if we need to replace a roof or something like that, no we do not have coverage for that. If our depreciation is \$130,000 a year, \$100,000 of that you probably never have to replace

because it is the building, the asphalt, etc. We do have built-in normal routine maintenance on an annual basis.

**Fekete:** So in the case that you just gave us of \$130,000, the \$100,000 I shouldn't worry about. But the \$30,000 ....

**Ken Martin:** For actual figures, in 2006 library depreciation was \$207,649; \$171,817 was the building and \$35,831 is listed as operating. That is just the library, it is not the APS.

**Walker:** Does that depreciation include the \$130,000 depreciation for the tenant portion?

**Banks:** The depreciation you see on the bottom line is total depreciation. The sub schedule behind it is broken out.

**Carter:** You have \$118,000 depreciation for the APS. What have we been buying that gives us that much depreciation?

**Banks:** We have not been buying a whole lot in the APS, a lot of that is software from the past that we have been capitalizing. We have stopped that policy of capitalizing, except for major stuff like the website or membership database. In the past a lot of software had been capitalized.

**Carter:** How many years are we depreciating software?

**Banks:** Right now, new stuff, 3 years. Previously, the old stuff, 10 years.

**Mastrangelo** continues with Report.

This concludes my report. At this juncture let me thank President Klug for her support and leadership this past year as well as outgoing Board members Ada Prill, George Fekete, Alan Parsons, Peter Martin and Peter McCann. Each of you has provided me with valuable counsel and advice during my first year as your Executive Director.

\*\*\*Motion to accept the Executive Director's Report by **Peter Martin**, seconded by **Fekete**.

Vote: Unanimous

### **C. Treasurer/Finance & Audit Report:**

**Carter:** The Finance and Audit Committee met three times during the year: once to set forth the 2007 budget, the second time was to discuss a number of items that had been recorded as deliverables by the Finance Committee in 2006 -- most were routine. One thing that wasn't was the question of the dues, which we then took up in our June meeting in Bellefonte. I want to go over things in book.

First, the audited statement under tab 2, page 2, Consolidated Financial Statements. This is an unqualified audit opinion. The audit partner reported that the audit went well and that we have good procedures and controls in place for financial accountability. This year is the first time the audit was conducted under the Audit Committee. In previous years it was managed by staff. The committee is made up of myself, Roger Brody and Dan Walker. One of the requirements of such

a committee is experience in finances. We worked with the auditor during the audit process April, May and into June. This is new for us to be involved.

If you look at the consolidated balance sheet you will note this balance sheet is for the APS and APRL together. If you go to the back end of the audit you will find a breakdown of the two organizations on page 14.

On the Consolidated Balance Sheet, the total assets declined by \$80,000, total liabilities declined \$151,000 and net assets increased by \$71,000. Under assets, investments increased \$584,000; property and equipment increased \$184,000 before depreciation, but decreased \$126,000 after depreciation.

Under liabilities, accounts payable decreased by \$90,000 and bank debt decreased by \$67,000.

Net assets, unrestricted new assets increased by \$31,000; restricted net assets increased by \$40,000.

One thing to remember about these numbers is that they are a snapshot of what we looked like on the 31<sup>st</sup> of December last year.

Consolidated statement of activities, total revenue reported of \$5,017,000, which is an increase of \$352,000 over last year. Total expenses reported of \$4,873,000, which is \$247,000 over last year. Therefore, change in unrestricted net assets was \$144,000, which is \$105,000 greater than last year.

One big thing to note here is that there was a change in accounting method. One of the things that was agreed to in the finance committee meeting in 2006 was that we should no longer include on our assets our C3a (Inverted Jenny stamp). We had a long discussion on the Finance Committee about all the valuable stamps that we hold. And, the auditors pointed out to us that unless we were about to sell these assets, they should not be on the books. So they have been removed from the books. Thus we have a prior period of adjustment of \$112,500 to remove our Inverted Jenny from the balance sheet that was recorded in previous years, so that is the big difference.

Note that the increase in net assets is being driven by increase in our various funds, endowment, insurance, and not operations as both APS and APRL operations are in deficit position.

I am very pleased with the audit process. The Finance Committee recommended utilizing the same auditor for next year.

**Walker:** I would like to comment on what Nick said. The audit process was extremely good. I am happy we are getting the audited financial statements well in advance of the meeting so you can look them over and have questions. Good process and very happy. Auditor was sharp, had answers, understood questions and process.

**Parsons:** How much value did you remove from the assets?

Carter: \$112,000, which I believe is half the catalogue of the C3a. Removed because audit recommendations are that we don't put it on the books unless ready to sell.

**Mastrangelo:** You can look at the footnotes in the audited finance statement. It is footnote 1.1 on page 7.

**Parsons:** What if we do sell some of these?

**Carter:** Then we bring them back on the books and sell them.

**Prill:** What are eliminations?

**Carter:** Eliminations are between the two organizations. If APRL owes the APS money or the APS owes money to APRL, it gets wiped out.

**Walker:** Just a clarification: The accountants recommended we take the C3a off because the generally accepted accounting principles now feels that is the best way to handle things and we are sort of required to do it.

**Carter:** Next is the Form 990. The 990 is a requirement of the IRS for all non-profit organizations. The 990 is based on the audit report. All amounts reported in the 990 are from the audit report and the 990 was prepared by our audit firm.

One thing to note: You will see at the back of audit is the 990T, which is taxes. We had to pay tax on advertising income over a certain level. We ended up paying \$113 in tax.

**Banks:** That \$113 is a refund we are getting as a one-time thing.

**Carter:** On past 990s we discovered people were looking at these things and couldn't understand why the library had almost no costs for fundraising and the APS had significant costs because we were not properly charging the library for the cost of raising the money. We then changed the way we charge.

**Dixon:** For the 990 we did for Washington 2006 we had to provide a schedule of donors that gave over a certain amount?

**Mastrangelo:** That is correct, but that is non-public information. We did provide it to IRS but it is private.

**Carter:** On to the 2007 Budget, item 4. New board members will receive a statement like this each month, which will have the month filled in. You will also get an overall key-item summary. This will tell you what is going on and is extremely informative. The key thing here was that the approved budget we approved last October allotted \$62,000 of donations to cover our deficit. The revised budget is slightly better, with a deficit of \$54,000.

Income – 2007 revised income is up \$26,000, or 0.7% over the 2007 budget. The only significant increase was the *AP* and slight increases incurred in dues and admissions, book and specialty sales, investment income, show income and educational services. Commission income declined by \$50,000 as the new eBay sales program was removed from 2007.

Expenses – 2007 revised expenses are up \$18,000, or 0.5% over the 2007 budget. Personnel expenses decreased by \$97,000 because we did not fill positions. Increases in postage expense and paper have been incorporated into the 2007 revised budget.

**Youngblood:** We are seeing a significant and growing increase on accounts receivable on the first page of the June balance sheet. On June 20, 2006, it was \$121,001 in accounts receivable, and by December that had grown to \$226,487 and now we are at \$323,760. It raises a red flag?

**Banks:** I will get information on that.

\*\*\*Motion to accept the Treasurer's Report by **McCann**, seconded by **Saadi**. Vote: Unanimous

#### **D. Dealer Report:**

**Jim Dempsey:** I thought it would be helpful once a year, at StampShow, to give a brief update on the stamp market from the dealer perspective. U.S. and worldwide all seem to be doing quite well. For the U.S., the high-quality material, and better 19<sup>th</sup> century is making good advances. There seems to be a hiccup in the grading frenzy of the past couple of years. The Scott *US Supplemental* stops at the six-level grading system at #550, that's the 1920 5-cent pilgrim, and I think for good reasons. After that you get into bigger printings. I think some of the people who are putting out big money for things like the 10-cent Smokey Mountains (that seems to be the one everyone talks about for \$1,400) are beginning to realize that the population is all too big, and that stamp may well sell for \$10 20 years from now, but that is beside the point.

The market in foreign stamps is interesting. Collecting in some major countries continues to be stagnant. But there's a lot of activity in the newly emerging nations, particularly in those that were part of the USSR and the newly independent young countries in Africa. Also, PRC seems to be coming back. The Middle East countries are strong. But the one that has exploded almost overnight is earlier Russia, especially prior to World War II. As we saw after World War II, when Germany, Japan, and Italy rebuilt and the economy strengthened, the stamps of those countries went back home. With a better economy and a lot more freedom, Russian stamps are going back home. I think of a Rasdale auction recently, where they had a collection of pre-World War II Russia that cataloged at \$8,500, had a reserve of \$2,500 and went for \$14,500. It really has exploded. Internet sales seem to be doing well with estimates of 15-20 percent market share. Topicals are strong and issues of the past 10 years or so of many countries are surprisingly hard to find.

Larger shows seem to be holding their own, but some dealers are having a tougher time making a decent profit, partly due to rising bourse fees and travel expenses, especially gas.

I view my job as one in which my total allegiance is to the 1,700 dealers that are members of the American Philatelic Society. And my job is to bring to you their comments, suggestions, criticisms, compliments, etc. That brings me to the change of the 2008 AmeriStamp Show in Charlotte, NC from March 7-9 to January 11-13, 2008. I have to say that if the dealer liaison is not going to be consulted or notified of such a change on something as important as this, then I am not sure the APS really wants a dealer liaison. Ironically, the only way I found out about this change was a phone call from halfway around the world from Steve Taylor in the United Kingdom, who said "I just happened to go on the APS website and here's this thing about this date change." HE was very upset because he had an \$800 non-refundable airline ticket to the show. Fortunately, it turned out that Continental was kind enough to charge him only a change fee. I believe Ken has agreed that the APS would pick up that charge.

**Klug:** Jim, you are absolutely right. We messed up and we apologize most sincerely.

**Dempsey:** I appreciate that, but let me continue. I did get – second-hand -- some background information about the conflict with another major show that would have a financial impact of up to \$25,000 on the AmeriStamp Shows. However, the new date would conflict with Orcoexpo, which is the second largest show west of the Mississippi. I understand the best guess is this conflict would at least allow the APS hopefully to break even if they ran up against Orcoexpo and I understand that. Still, Orcoexpo is the second-largest show of the year west of the Mississippi as I said, and there are a lot of dealers who are torn between the two shows. At least half-dozen dealers are giving up the AmeriStamp show in favor of Orcoexpo. One major factor is that January is the height of the ice storm season, so driving and flying is going to be treacherous. For me it would be a 6,000-mile trip with a need to be back in California in four days for the Great America Show in San Jose. It is just about impossible.

Obviously nothing can be done at this point. And again, I understand the financial implications that brought about the decision to move the show. But I think that a lot of dealers – the people who really finance the shows – feel ignored and rather helpless. I didn't get a huge number of calls, which I analyze in two ways – who cares, or like in Texas, there is nothing we can do so why bother. There were no postcards or e-mails or anything to the dealers. I am sure there are dealers out there who still do not know that it was changed because they don't always run to the website. If nothing else, send a postcard to the 150 people on the list explaining the situation. They did receive a flyer from the *AP* asking them to advertise in the upcoming magazine for the AmeriStamp show, which was January.

The dealers deserve better treatment. To mitigate some of the bad feelings out there, I would like to offer one suggestion that would make a good start. It comes from Brian Hunt of Hunt and Company out of Texas. He suggested that any dealer who normally does AmeriStamp should not suffer in terms of position at the following AmeriStamp show if that dealer also normally does Orcoexpo and chooses to do Orcoexpo this coming January. The points should be awarded to that dealer if he or she does the AmeriStamp Show the following year.

The bottom line is I strongly suggest the board make a really concentrated effort to communicate with what is, in reality, one of the largest dealer groups in the world – the 1,700 dues-paying dealer members of the APS, and listen to what they have to say.

**Ken Martin:** You are correct. You should have been consulted before any decision was made. We did post information as soon as possible. We did not want to do anything before contracts were signed and look stupid if it went backwards. At least 500 dealers have been sent information on the change in the dates and information to sign up.

**Flannery:** I am curious about the background of this process. It was our understanding that the APS moved meeting dates to accommodate ASDA. Having done that and making that change, I wonder if we made a mistake in communication, but how much of the facts of the matter and the underlying causes the stimulus to the changes made note of the dealers by asking.....

**Ken Martin:** We found out by dealers calling me saying that the ASDA show was scheduled at the same time.

**Dempsey:** There is trouble with communication there. I am a sustaining member of the ASDA and I am concerned that they didn't offer more flexibility because having to move the APS show back to that date and very honestly there was a reason that date was open because that is ice season.

**Mastrangelo:** I have had a couple of conversations with Mr. Roselle during that process. They were looking for alternate sites and so on. When that didn't happen, we had a choice either to go head-to-head with the existing date or see if there was some slim chance that we could move our show and not lose our shirt in the process. And, low and behold, that chance came up. I do apologize for not having consulted you, but it seemed to be the most prudent business decision to make at this point. I know we are going to lose some dealers.

**Youngblood:** Ken, if I understood you correctly, you mentioned it is no problem to go ahead and award the points for the dealers who choose to do Orcoexpo?

**Ken Martin:** We have said that if a dealer participates in Orcoexpo and participates in AmeriStamp Expo in 2009 we will give them credit for doing the 2008 AmeriStamp Expo.

**Dempsey:** Maybe Wade can answer this. Is the Mega always held in March?

**Saadi:** It usually is. Here's the deal. The Mega Show has a deal with the Madison Square Garden and is the only deal they can get, which is that the Garden has the right to change the date. They won't give the ASDA a date until a year away, and that date is not firm. It is either this deal or the highway and they don't give a lot of options. There are only a few economical options in New York City that make sense other than what they use at the Garden. They have tried many times with the Garden, but if the Garden suddenly books an event that needs the rotunda and they can rent the inside of that Madison Square out, we become like a hotdog after that. We are at their whim. It is that or put the show on the west side over on one of the piers or something. The Javits has gotten more expensive for that show. I don't know the details but Jim Roselle could tell you. The reason I know any of this is because I have tried to nail them down for dates a year out so we could plan things for the Collectors Club.

**Straight:** Having been a victim of the ASDA before, we moved our St. Louis WSP show because ASDA moved on us. Half of our dealers threatened not to show up. Chicagopex tried to go head to head one October and almost got destroyed. So I am not saying that there wasn't a failure of communication on the part of the APS, but a part of this issue lies with the ASDA and Jim you are a member of both. Had we gone head-to-head and the dealers would be forced to choose between the two shows, there would have been a problem with that too. This was a difficult situation to win.

#### **IV. Old Business**

Skipped to Publications Committee report for short presentation before lunch.

##### **B. Publications Committee:**

**Peter Martin:** The committee was approved at StampShow last year. The members were selected and approved in September. The group had an organization meeting on October 19<sup>th</sup> in Bellefonte, with a full committee to set up procedures. In the January issue of the *AP* we had a call for manuscripts that went for three issues. We received seven book proposals out of that, and we recommended three for further review. One of the authors had submitted their manuscript to multiple publishers and already had been accepted by another one, so we have two completed manuscripts that we have received. We have a Publications Committee meeting on Saturday and we will be reviewing those in depth to make final decisions as to whether we need to proceed. We are further refining the committee procedures, we have some acceptance

rejection letters and some other administrative things that we have done. I would like to encourage all of you -- if you know someone who has a manuscript that you think the APS would benefit from, have them make a submission. Our goal is to become the leading publisher of philatelic research as part of our educational mandate. A book proposal form and nomination form are on-line.

**McCann:** Who is on the committee?

**Peter Martin:** Ken Martin, Barb Boal, Bob Odenweller, Charlie Peterson, David Straight, Bill Welch, Wayne Youngblood, Janet Klug and Peter as ex-officio.

\*\*\*Motion to receive Publications Committee report by **Youngblood** and seconded by **Straight**.

Vote: Unanimous

Closed for lunch - current board, new board and APS Staff to have lunch with Dave Failor.  
Resume at approximately 1:15.

Resume at 1:30

### **Special Presentation:**

**Saadi:** I would like to present a check on behalf of Harvey Mirsky for the Campaign for Philately in the amount of \$1,500, unrestricted.

**Klug:** I would also like acknowledge that about a month ago Jim and Sue Dempsey visited the APS in Bellefonte and gave a donation of \$25,000.

### **Old Business:**

#### **A. Membership Committee/Board Contact of Chapters**

**Saadi:** At the Chicago show last year, the board voted to take the 550+ chapters and divide them among the board members to contact. Each was given 50 to 55 chapters to contact and to finish by October. By the end of the year, only two have completed the task and possibly three at this time. Eight board members have not notified us as of yet with results of calls. I'm at a loss at this point what to do next.

**Klug:** I imagine the project will fold over into the next board. It will be up to Nick what to do about this.

**Youngblood:** Can we do another incentive program to offer when we call?

**Ken Martin:** We had several things to base the calls on last year. It is getting late at this time to do one for October for the chapters and get the information out. I don't know if we would offer the same incentive and have any success the second time around. We are currently working on the October issue of the magazine, the CAC is being worked on as we speak, so it would be challenging to get the word out.

**Klug:** I would suggest that we work up a program and present to the board in January.

**Carter:** What value is the incentive for these calls? In my view the calls were meant for us to contact the clubs and listen to them – not to push an incentive.

**Klug:** The incentive brought us 175 members, so it was worth having the incentive. But I agree with you Nick that it was very beneficial to have the interaction with clubs and allow them to express concerns. It was time consuming, but very beneficial.

**Straight:** I would separate the incentive program from board member contact with the chapters. I would like to see this spread out over most of the year. These are half-hour phone calls sometimes. A call or two a week would be comfortable.

**Ken Martin:** I do want to say that the purpose of the calls was not to get updated contact information. We send out a yearly report which we send from headquarters, if we do not get that back we send follow-ups. There were cases where the contacts by the board were primarily to get that information and we received inquiries from the chapters as to why our board was asking for this information after they just sent something in two weeks ago. The purpose was to tell the chapters about the additional resources we provided on the web, to ask how they are doing as a club, and to ask what the APS could do to help them. If you did it in time to push the membership incentive program that was an added bonus. If you find out they do have new contact information, let us know.

**Klug:** Wade this is a great initiative and I hope the new board will continue with this.

### **C. Sarbanes Oxley – Document Retention**

**Mastrangelo:** This was tabled at our last meeting because our attorney wanted to review. One phrase that needs to be added to this. Under the second paragraph which begins “Litigation Hold – APS and APRL must retain all relevant documents when they believe or should have reason to believe that a claim may be filed by or against the company, a governmental investigation may occur, or that the documents will become material at some point in the future.”

Virginia Eisenstein took a look at this, she looked at the time periods and made some changes and on the last page of this there are some issues that still need to be addressed that we will work on after adopting this. From my point of view I think it is important for us to at least get a basic policy in place and then go from there. I’ll turn it over to Virginia.

**Eisenstein:** Sarbanes Oxley has certain portions of it applicable to non-profits and one was the increased penalties for destruction of documents when an obstruction would occur. And that particular portion applied to all persons and entities, not just public between companies. So therefore, it applies to us. What you do to comply is you have a document retention clause that you adhere to. However, as you can see, we added a litigation hold, which means that if you believe there is going to be a claim filed against you or a governmental agency is going to investigate you for something, you put a hold on your document destruction to be able to retain those documents. I looked through the type of documents and the minimum requirement of holding a document and what this charge calls for changes from the previous document retention policy that we had. There was a document retention policy in place, but it did not include all of the categories it does now. The time periods have been revised on some areas to comply with statute of limitations around the country because the APS may be involved with a contract where the stipulated law that would be governing that contract would be set forth in that contract. And

so we refer to the statute of limitations that would be applicable to that. I think it is important that the APS have a document Retention Policy that it adheres to. The current policy does not have a litigation hold, which is required because of Sarbanes Oxley. As Peter mentioned there will be other administrative points of view after the adoption of the policy so that the procedures for the document retention and destruction can be put in place.

**Walker:** On page two, one of the items is magazine copy, *AP* and *PLR* four years after publication; right below it is one copy each of *The American Philatelist* and *PLR*, what is the difference?

**Eisenstein:** First, the magazine copy which is copy that is submitted to the magazine, for example people's ads or articles. We need to keep the copy that is submitted because someone could come later and say you did not publish this as we wanted it. The second category is what you actually have published.

**Fekete:** I have an objection to the complaint files. These should be kept permanently.

**Prill:** We did discuss this before and agree on permanently keeping the complaint files.

**Eisenstein:** You are correct, we need to change this to permanent.

**Dixon:** I have a lot of problems with "retention" of electronic documents that I will return to. But what this falls short of -- and I know Gini has said things are yet to be done in regard to procedure -- it doesn't state who stores and where to store the various documents. Normally one has a central repository. The way this is set out at the moment it could be in Pete's desk drawer or could be somewhere in the finance department. There needs to be some definite procedure where things are stored, who purges, who destroys and who has the right to purge and destroy. Secondly, not everyone on the staff has that foresight to know when litigation may be possible. You come into a grey area that says should I keep everything or what are the definitions that say this is something that must be kept or something that must be destroyed.

**Eisenstein:** You are right. That is why I included this page of implementation that has to be done. There are procedures that have to be written to address issues you brought up.

**Mastrangelo:** Policy is one thing, implementation is another. These are issues we have to address. When Sarbanes Oxley first came out a number of years ago, it was very simple, publish your retention policy and you are covered. So I went back out to some of the same stuff and found templates that started to work. I have also been out on the web and saw some very detailed and somewhat complicated policies and procedures, especially as it relates to email and how you support that. There is a fine balance that we have to make here: Either we keep everything -- even an email -- to what is important. We need to work on this. My goal today is to accept the primary document to start with that we can add and move on.

**Dixon:** Four lines up on the second page you open a can of worms, ISU stands for internet sales, the website is transient. What is there today will not be there tomorrow and you have a real problem with maintaining the records of items you have for sale on the net and then as they are sold disappear. So if I want to reconstruct what I was offered on the 7<sup>th</sup> of August how would you?

**Ken Martin:** This is not what this means. We did not intend to mean that we would have to say what was available for sale on internet on August 8<sup>th</sup>. We have paper trails and computer files on all transactions.

**Eisenstein:** Procedure issues have to be addressed.

**Klug:** I suggest we vote on the document retention plan and then send it back to staff for the implementation.

\*\*\*Motion to accept the Document Retention with change to permanently keep complaint files by **Youngblood**, seconded by **Straight**.

**Carter:** I believe we need a digital record of the *AP* and *PLR*. We may want to put these things on the website or have them permanently available in digital format. We currently keep these for five years. I want to make sure we keep these permanently in the digital form as well as the printed form.

**Ken Martin:** That assumes you are going to be able to use that digital format in 10 or 20 years, which is a big question mark.

**Mastrangelo:** We are going to keep a hard copy so we do not have to make a decision on digital right now.

**Ken Martin:** We do not currently have digital rights with author contracts.

\*\*\*Call the question

Vote: Unanimous

## **New Business:**

### **A. HWI Insurance**

**Mastrangelo:** I sent out a memo about Hugh Wood Insurance continuing as our insurance provider. That contract renews for another 5 years and we do not have to make any changes to the contract. However, Simon Codrington and I have been discussing a potential addendum to that contract that we would develop later on to present to the new board. I asked Simon to come by and start talking about some of these things as I wanted to address certain customer service matters. During the course of the past year, various improvements have been put in place. Among the items that will be addressed in a contract addendum will be service standards and strategies to ensure that client satisfaction has been met; development of response time guidelines and complaint resolution guidelines; and an appointment of a program manager who will be responsible for the rapid resolution to any service issue that might come up. I'll turn it over to Simon.

**Simon Codrington:** Things have been going well. We had problems regarding phone lines between the two locations. We have made enhancements to improve the phone system and all calls are now routed to Bellefonte. Another issue has been complaints about the additional information we ask for. Unfortunately that is a factor of the insurance industry. Insurers want to

know a lot more detail than they did 10 years ago. It is very difficult to explain to the members why we need the information, but we are simply trying to comply with industry standards.

We now have a team of three in Bellefonte as a contact point – all calls are now routed as the main contact. We have hired 2 additional staff in New York. We have added an Assistant Vice President and another individual to assist me and the assistant vice president.

**Straight:** Peter, do I understand the contract is already rolled over for five years and we will receive an addendum?

**Mastrangelo:** Yes. Our goal is to address service standards, time guidelines, etc. in the contract.

**Straight:** Some of the affiliates offering their own circuit programs are having difficulty getting circuit insurance.

**Codrington:** It is not financially feasible to offer such coverage at a reasonable price.

**Ken Martin:** The APS self insures, because we can't even at our scale go into an insurance provider. There isn't a product that is appropriate.

**Straight:** We have approximately 200 affiliates and they look to us for answers to questions. So we need to try to help them answer these questions. If the answer is to figure out a way to self insure, then let's give them some guidance.

**Walker:** The same thing with CIA, this type of insurance was not economical and we had to get rid of it.

**Ken Martin:** We will try to get information out regarding how we self insure to the affiliates.

## **B. Membership Dues Recommendation:**

**Mastrangelo:** Over a year ago the Finance Committee identified the need to take a look at our membership dues. After review, it was a unanimous vote by the Finance Committee to recommend that the board authorize a dues increase of \$10, from \$35 to \$45. At the same time there was considerable discussion within the committee that this might be a hardship for a segment of our members. So they discussed the creation of a "Dues Transition Fund," which would waive the \$10 increase for any member who has a hardship paying the increase to the extent that they might drop their membership. This would be on the honor system.

It is also recommended that since we are concerned about growing our membership, that there also be a new member incentive associated with the dues packet. For this year it is recommended to offer that anyone who signs up a new member with their renewal by December 31<sup>st</sup> they would get the \$35 rate for one more year.

We have put together a question and answer page as part of your packet. Based on the Q&A, we attempted to answer many of the questions that are out there for members. Also in your packet we have provided a few comparisons of costs to put some of the increase into perspective. With the original packet that we sent out we put together a schedule of what impact the dues increase

might have had on our existing budget and based on revised 2007 budget we tried to factor in a membership loss.

There was a unanimous vote from the Finance Committee which consists of Janet Klug, Nick Carter, Steven Rod, Dan Walker, Jack Flannery, Ken Lawrence, Roger Brody, Mayday Taylor, and Ken Grant. Considerable time was discussed on the transition fund. It is a one-time only program on the honor system. It is important that our PR and marketing that goes around this emphasizes that it is really for those members who have a hardship. The Finance Committee the morning of this discussion donated among themselves \$1,200 to create a fund to help offset this.

**Carter:** From your discussion this morning from the membership survey, stated that basically at \$50 we would have a sharp drop off.

**Mastrangelo:** At this point members are comfortable with \$35 dues, but as we inch towards \$50 member retention will become more difficult. That is why it is important that we properly market the increase.

**Saadi:** What is the break even point between the increase of \$10 and how many members we can afford to loose to break even?

**Mastrangelo:** Based on the analysis that we sent to you, what \$45 does it is 3.82%.

**Saadi:** You can afford a 3.82% loss?

**Mastrangelo:** 2% at \$45. We calculate that the membership drop will probably be anywhere between 2.5 and 5%.

At \$45 a year if there was no loss, we would have an additional income of \$362,000. If we had a 2.5% loss it would be \$321,000. At 3.82% loss we would gain \$300,000. At 5% loss we would gain \$280,000.

**Saadi:** What I am looking for is the intersection point.

**Banks:** If we decide on \$45 and if 3.82% of the membership declines to rejoin we would still be at what we have defined as a balanced budget.

**Saadi:** My question is about the income from membership dues where it is the same whether we leave it at \$35 and assume our normal growth or shrinkage is in the next year vs. at \$45.

**Ken Martin:** As of July 31<sup>st</sup> we have 42,510 members, subtract 6,267 non-paying life members that gives you 36,243, multiply that by the \$35 annual dues currently that is dues revenue annual of \$1,268,505. Divide that by \$45, you will need 28,189 members to pay \$45 to equal the same revenue. We could lose roughly 22.3%.

**Steven Rod:** I'm glad reference was made this morning of the enthusiasm of the Finance Committee for this proposal. The committee spent a tremendous amount of time reviewing it and enthusiastically and unanimously recommended it. As Peter said, we raised \$1,200 in four minutes from a group of people that said we need to do two things. We need to increase the dollar value of the membership to increase the revenue, but we are also very concerned about the erosion of the membership base. To that I would say that in the memo and discussion today, we have talked a great deal about a hardship and an honor system. Nick unless I'm not

remembering correctly, we anticipated that anyone that wants to rejoin for 2008 could check off and say could you provide me with this \$10 so that is why we called it a transition and not a hardship. In fact I believe in our minutes it should reflect that we did not want to use the word "hardship" because it has a very negative connotation. Since then I have done a lot of homework with Janet, Pete, and Nick and Ken and Frank Sente. The whole idea with this particular renewal is to try to personalize the renewal by the highest level of personalization we have ever had. And what I hope is that we can come up with a plan as early as October to not drop anyone where we have not had personal contact with them before we drop them to let them know that they could renew at the same rate. There are two separate issues, the increase the net \$300,000, the loss, the stability of the membership gains. While they are hand-in-hand, this whole plan was devised to deal with both of them simultaneously.

**Klug:** When presented we had a lot of documentation that we did not previously have when discussing raising the dues. I congratulate Rick, Ken and Peter for the work that they did on this, because now we know that we are definitely in need of this money. We know how much money we need just to balance the budget. Because all the documentation is all in place, I endorse this. I hate to raise the dues, but it is needed.

**Youngblood:** The materials presented are extremely comprehensive, and I think it is long overdue. My one concern is that for those people -- and I don't know how many there are -- where it is honestly a hardship to pay the extra \$10, it is still going to be a hardship for them in 2009. If they are at a point where they can't afford it, we will lose them in 2009.

**Mastrangelo:** In our communication on this we need to try to prevail upon our members not to check that box unless they really need it. And we would treat that as confidential. Also, we can put some communications out there. If you spend \$500 or \$1,000 a year on stamps, can you afford a \$10 increase? Based on what I saw in our survey so far on the membership stuff on the income level of our members, I believe I am on comfortable ground that it won't be taken advantage of. But yet we need to understand that there are some members who are on a fixed income. We have to provide an opportunity for people to budget and at least one year gives them an opportunity.

**Youngblood:** I like Steve's comment that we should not drop any of these people until we have had a chance to talk to them.

**Fekete:** There appears to be wide support that this should not be called a hardship. Putting in language that tries to emphasize that you really shouldn't take this unless you really can't afford it, that says hardship in and of itself.

**Mastrangelo:** It is an honor system.

**McCann:** You mentioned that you and the Finance Committee talked about the \$50 mark as being the problem mark. What happens in a couple of years when the next dues increase? You are going to get to that \$50 mark.

**Mastrangelo:** I have no idea. That could be a movable target.

**Stotts:** We are saying a projected membership loss of 3.82% at the \$45 rate, but then I go back and I am looking at this chart and we have not had that low of a membership loss forever.

**Ken Martin:** That chart is not membership. It is people who have been dropped for nonpayment of dues each year. The only thing the chart really shows is that there are greater drops in years where there was a membership dues increase. The spikes on there are typically 2 – 3% meaning 2 or 3% greater dropped for nonpayment of dues in years where you had a membership increase than in years that you don't.

**Peter Martin:** But we have never had a \$10 increase.

**Straight:** First off I support the notion of a dues increase. I would like to direct our conversation to think about that for some of our members the magazine is their primary service. In some people's mind it may be a calculation of is that magazine worth \$45 a year to me opposed to \$35 a year. The transition fund helps address some of that, but I think it is incumbent upon us to look very closely in the coming year at what services we can provide, how we can rethink our services and make members aware of them. We need to move the notion that it is a magazine subscription. It is much more than that.

**Fekete:** To put the increase size into perspective I calculated the percentage increase of all the increases you see on this chart. And starting with the first one, 25%, 20%, 17%, 14%, 25%, 17% this will be 29%.

**Carter:** The last significant increase we had was in 1994. We then sat there. The market looked so good we got behind. This is getting us to catch up. This will get us back to the comfort level.

**Klug:** A question that was raised is "How long before dues are raised again?" The answer to that is that we do not anticipate another increase to be necessary for at least three years. Perhaps we should word that we will not raise for 3 years.

**Saadi:** I think going forward it is really important not to wait a huge number of years to raise dues. Hypothetically if you raise dues from \$35 to \$37, from \$37 to \$39, \$39 to \$41 etc. no one is going to quit because of a \$2 increase. Rather than say we are not going to raise the dues for 3 years, we are never going to wait again as many years to make a substantive increase because it shocks people. Really, if you raised it more often at a very small amount to cover whatever expense we have, it becomes almost innocuous. A \$10 increase is a big jump but we have to do it because it is the fiscally responsible thing to do. Make a promise to only raise the dues when it is necessary.

**Walker:** I'm looking at Ken's chart, 2003, 2004 and 2005 there were three dues increases that went from \$25 to \$35. During those three years we had a pretty high loss of members.

**Klug:** If we do not raise the dues, what will happen?

**Mastrangelo:** We cut services. I have no mad money, because our unrestricted net assets would provide some resources along the line is not there for the APS. The only place to go is to look at fees and services. What services can we curtail and save on expenses.

**Youngblood:** It is a significant increase, but it comes down to less than a cup of coffee a month, 83 cents a month.

**Saadi:** You have to sell it to the membership that way. It is only 83 cents a month to support the Society and it gives you ... list your services.

**McCann:** We do need this \$10 increase but I would not recommend that we put down on paper that we won't raise it again for 3 years. Wade had a good argument that it doesn't lock us in. If we raise the dues every couple of years by a couple of dollars nobody is going to bother on that, really. Just explain very carefully why we are doing it and that it is only 83 cents.

\*\*\*Motion to accept Finance Committee proposal to raise dues by **Prill** seconded by **Saadi**.

Vote: 9 in favor, 1 opposed-**Peter Martin**.

Motion passed.

### **C. Election Code of Ethics**

**Mastrangelo:** I am asking this board to ratify the redrafted APS Election Guidelines and Policies. As you are aware, reforms to our election policies and guidelines were passed by the board in 2004, but they were not incorporated into our 2005 and 2007 elections. What is presented to you is a redrafted set of policies that incorporates those reforms, which was the unfinished work that should have been done a couple of years ago. The items in bold are those sections that were approved by the board in 2004, and I am asking that the board ratify these election guidelines and policies as envisioned by the 2004 board. We have reviewed minutes for accuracy and compared it to the report submitted by former president Bill Bauer who chaired the committee. They have been looked at by our society attorney as well.

It is not my intent here to open a discourse at this meeting regarding the circumstances that led to this request, nor is it my intent or purpose to open a debate on the merits of various sections of the guidelines and policies. These were thoroughly discussed in 2004. My intent is to ask the board to officially ratify these polices and guidelines as the first step toward a more rigorous review by the new incoming board.

Even with these policies ratified, a rigorous review is warranted, based upon my experience as the administrator of this past year's elections. While my authority would have been clearer if these policies had been promulgated, I believe there is still a grey area that must be explored in a non-partisan manner with the aid of legal counsel. From my point of view these revolve around the fine balance of a candidate's right to freedom of speech and expression and administration's authority to censor and or share advertising while remaining neutral in the process.

Undoubtedly others will have additional matters that should be explored in the process, yet that I believe is a topic for future deliberations. To that end, however, I will be requesting that the new president appoint a non-partisan committee, staffed under the auspices of my office in concert with legal counsel, to review election policies and guidelines and to draft, if necessary, appropriate recommendations for Board consider that will clarify administration's authority and insure that elections are conducted with the highest demeanor. With that I ask you to ratify the document in front of you.

\*\*\* Motion to ratify the election guidelines and policies by **Straight**, seconded by **McCann**.

**Prill:** Why do we need to ratify this that was passed by the previous board?

**Klug:** It was never implemented into a document that was ever used.

**Prill:** On the board level it has already been ratified.

**Mastrangelo:** At that meeting it was indicated the next step was for staff to come back and incorporate these policies into the 1997 guidelines that were in place at that time, and that is what we are doing here.

**McCann:** Peter, what you are saying is that it never was actually done?

**Mastrangelo:** That is correct.

**Fekete:** Are you saying this document is different from the language that we passed?

**Mastrangelo:** No, what is here is the language that was previously passed and now incorporated into the policies that existed in 1997.

**Fekete:** So to understand, you are asking us to ratify language that has already been passed?

**Mastrangelo:** Yes.

**Youngblood:** This has been passed but not as a finished document?

**Klug:** Yes.

**Rod:** Am I missing a notation about the bold face and underline?

**Mastrangelo:** The bold face underlined items are the points that were passed by the board in 2004 to integrate them into the document.

**Ken Martin:** One question on interpretation on the first one, "Ballots go directly from membership to a neutral party, which are provided the means to verify entitlement to vote, and eliminate duplicate ballots." Does this mean that we have to change the election process? And, potentially release our member database to a third party? Currently the ballots go to a post office box, they are picked up by staff, they are checked off by staff into the member database, the member database is never released and then we have an election committee of three members. This to me is more like you hire an independent agency at an expense of \$10,000 - \$20,000.

**Peter Martin:** You currently pull the tabs off to record and send the ballots out and send them out unopened?

**Flannery:** This is done against the backdrop of the loose understanding that we had the ladies in the church who are doing this neutral positioning.

**Ken Martin:** That is true, but they are not going directly to them, they are coming to us to verify that they are eligible to vote and then being sent on to the church unopened.

**Mastrangelo:** That is a legitimate question. What I have done here is taken exactly what was voted on. We can clarify that. Let's make that change with the next board as we move forward. This is just to get us to a starting point.

**Rod:** When the staff goes to the Post Office, do two staff go or one?

**Ken Martin:** It is basically me, with the exception of when I was traveling and we had someone else pick them up.

\*\*\*Vote: Unanimous

**D. Future APS Shows has been deferred to the next meeting.**

**E. WSP Shows and Judging**

**Klug:** Number 1 is the CANEJ Task Force, which is informational in that it just conveys an idea what the Accreditation Committee is going to be working on in the next year.

**Straight:** What is the process to communicate my concerns on this?

**Klug:** Address concerns to the committee. This is a beginning of a report to come.

**Klug:** Number 2 is a request for a bye for Texpex 2009, as our winter show is too close, therefore, they are requesting a bye.

\*\*\*Motion to accept bye for Texpex 2009 by **Prill**, seconded by **Fekete**.

**McCann:** What was the committee's recommendation?

**Klug:** The committee's recommendation is to approve the bye.

**Dempsey:** This makes sense. It is too close, and it is not a strong market to handle two shows that close together.

\*\*\*Vote: Unanimous

**Klug:** Number 3 CANEJ Recommendation for Picture Post Card Class. This is a recommendation from the committee to approve this. They have been working on this for close to four years. As you will read from Ann, not everybody collects picture post cards or likes to exhibit them, but for the people who do they would like to exhibit at our shows and they have been doing so for three or four years. They have tested criteria by which they are judged, and the committee requests the board to approve this as a new class.

**Dixon:** To me this is too far down the road.

\*\*\*Motion to accept CANEJ recommendation for Picture Post Card Class by **Flannery**, seconded by **Peter Martin**.

**McCann:** I disagree with Michael. Postcard exhibits are very popular. To those who come to look at them, they like them. And we are giving exhibitors a chance to show what they want to show. We are thereby serving the clients.

**Prill:** I second what Peter McCann has said. If Napex doesn't want to accept picture postcards, they don't have to. But I think a lot of us have seen how people respond to them at the AmeriStamp Expo and it has been extremely positive. We have gotten some new exhibitors like

Barbara Harrison, who are really enthusiastic and moving more into philately, it is a transitional thing for a lot of people.

**Walker:** I attend a lot of picture postcard shows including the biggest one in the country, and no picture postcard show has exhibits.

**Dixon:** The problem then is, we are the American Philatelic Society are we the American Hobby Society? Picture postcards are not philately.

**Tom Allen:** If this is adopted can a World Series show restrict the number of exhibits or frames?

**McCann:** Yes, it is up to the show.

**Parsons:** This is just another branch of illustrated mail. I have so many postcards in my postal history collection, I could go both sides.

\*\*\*Vote: Unanimous.

**Klug:** Number 4 Show Rule Revisions.

**McCann:** At the last meeting Ada talked about the situation of some of the smaller shows did not have the ability to accept more than two exhibits from a specific exhibitor and asked that perhaps the show rules could be adjusted so that under certain circumstances a show could accept more than two exhibits from one exhibitor. As part of the Accreditation Committee, I wrote this for the committee and they approved the ability to do this and if you look at number eight it simply reads:

“Exhibitors are limited to a maximum of two competitive multi-frame exhibits of not more than ten 16-page frames to count toward the minimum frame count for to qualify as a WSP show for the year. Consequently, a show can accept more than two exhibits (20 frames) from an exhibitor once the show minimum frame count has been met.”

\*\*\*Motion to accept show rule revision by **Youngblood**, seconded by **Prill**.

**Straight:** Is number 8 as mentioned here the only change to this document?

**McCann:** Yes.

\*\*\*Vote: Unanimous

**Janet:** Number 5 Okpex Report, this is informational only. This was requested by this board of directors. This has been sent to the people who are working on the task force so that it can be incorporated into the data that they are using to prepare their report. In going through this I notice that we asked for a three-year financial plan and none was given to us. They still say that they don't have enough volunteers to put on a show.

## **F. Consideration of New Affiliates (Klug)**

1. Ephemera Society of America

\*\*\*Moved to accept new affiliate Ephemera Society of America by **Prill**, seconded by **Peter Martin**

Vote: Unanimous

2. Poster Stamp Collectors Club

\*\*\*Motion to accept new affiliate Poster Stamp Collectors Club by **Peter Martin**, seconded by **Flannery**.

Vote: Unanimous

### **G. President's Appointment of APRL Trustee**

**Klug:** I have had discussions with APRL President Ken Grant about this. We both mutually agreed Jack Flannery would be an asset to the APRL. Consequently, my presidential appointment is Jack Flannery.

\*\*\*Moved by **Carter**, seconded by **McCann**.

**Flannery** abstained from vote,

Vote: Unanimous

### **H. Volunteer Recognition**

**Fekete:** You should have received in your e-mail two documents and this is recognition from the board for Dennis Gilson and Richard Nakles with Proclamations. I will read them to the board and then would like board approval to present them.

Proclamation for Dennis Gilson reads as follows:

#### **Proclamation To Honor Dennis Gilson for his Volunteerism To The American Philatelic Society**

“Whereas, one of the greatest resources of the American Philatelic Society is the volunteers who give generously of themselves, and;

“Whereas, the American Philatelic Expertizing Service is supported by knowledgeable specialists, and;

“Whereas, Dennis Gilson has been a member of the Expert Committee since 2002. and;

“Whereas, the American Philatelic Society Summer Seminar is staffed by dedicated, knowledgeable experts, and;

“Whereas, Dennis Gilson has taught the highly-regarded Washington/Franklin Issues Summer Seminar course since 2005, and;

“Whereas, Dennis Gilson donates his time to support the Expertizing Department and Summer Seminar, and;

“Whereas, Dennis Gilson’s outstanding support to the Expertizing Department and Summer Seminar significantly enhances the value that members receive from these programs:

“Therefore, on this 8<sup>th</sup> day of August at StampShow 2007, the American Philatelic Society Board of Directors is pleased to recognize Dennis Gilson for his unselfish, ongoing contributions to the American Philatelic Society.”

\*\*\*Motion to accept proclamation to Dennis Gilson by **Prill**, seconded by **Straight**.

**Carter:** How does this fit in with the Volunteer Recognition Program that we approved last year?

**Mastrangelo:** This is recognition on volunteer efforts by the Board of Directors.

**Carter:** This is independent from that program?

**Fekete:** Yes, this is independent.

**Eisenstein:** I would just like to point out that Dennis has used his knowledge from when he was APS Project Manager. We have on occasion to call upon him.

**Ken Martin:** Dennis helps out in a variety of ways, with stamp shows, etc.

\*\*\*Vote: Unanimous

The Proclamation for Richard Nakles reads as follows:

**Proclamation  
To Honor Richard Nakles for His Volunteerism to  
The American Philatelic Society**

“Whereas, one of the greatest resources of the American Philatelic Society is the volunteers who give generously of themselves, and;

“Whereas, American Philatelic Society members benefit from many services, including the American Philatelic Research Library, and;

“Whereas, the American Philatelic Research Library is in the process of re-cataloging its holdings and the American Philatelic Society disposes of in-kind donations from time to time, and;

“Whereas, the ongoing volunteer effort of Richard Nakles in re-cataloging Library holdings, without compromising quality, significantly reduced the timetable required to complete the project, and;

“Whereas, Richard Nakles has reviewed, sorted and prepared for sale many Society in-kind donations, and;

“Whereas, Richard Nakles donates his time to support the American Philatelic Research Library re-cataloging project and the disposition of American Philatelic Society in-kind donations, and;

“Whereas, member services are significantly enhanced, in part, due to Richard Nakles’ support;

“Therefore, on this 8<sup>th</sup> day of August at StampShow 2007, the American Philatelic Society Board of Directors is pleased to recognize Richard Nakles for his unselfish, ongoing contributions to the American Philatelic Society.”

\*\*\* Motion to accept proclamation to Richard Nakles moved by **Straight**, seconded by **Prill**.  
Vote: unanimous

**Fekete:** Janet will announce this at the Saturday meeting. These will be mounted and sent to them.

## **VII. Thank You to Board Members Completing Service**

**Klug:** I would like to thank all the people who have served on the Board of Directors with me now and in the past. I know that it is hard to be on the board. I would especially like to thank Peter McCann, who has been on the Board of Directors for 14 years. He is going off of the board now and I am about to take his spot as Past President.

Ada Prill has been on the board for six years, and George Fekete for four years, Al Parsons for two years, Jack Flannery for four years, Peter Martin for two years, thank you all for the service you have provided the society.

For years it has been tradition for the outgoing president to give little gifts to the board members. I have gifts. They are British Post Box calculators.

**Carter:** It is my duty as incoming president to thank you for an incredible job for the past four years. Thank you Janet for being a great leader.

## **VIII. Adjourn Meeting**

\*\*\*Motion to adjourn by **McCann**, seconded by **Peter Martin**.  
Vote: Unanimous.