

APS Board of Directors Meeting

Bellefonte, PA – October 23, 2007

** Denotes motion and board action (for searches)

In Attendance: Wade Saadi, Steven Rod, David Straight, Wayne Youngblood, Dan Walker, Robert Odenweller, Denise Stotts, Joann Lenz, Michael Dixon, Janet Klug, Virginia Eisenstein (APS counsel), Jim Dempsey (Dealer Representative), Nick Carter via Phone.

Staff: Peter Mastrangelo, Ken Martin, Rick Banks, Barb Boal, Wendy Masorti, Tom Horn

Visitors: Richard Nakles, Foster Miller, Don Heller, Jerry Kasper, Ada Prill, George Fekete, India Wood, Kurt Lenz

I. President's Welcome

Wade Saadi called to the meeting to order at 10:00 am

Nick Carter welcomed everyone via phone. He indicated that he would be participating as a board member and that **Saadi** would be running the meeting.

Peter Mastrangelo: There is an added agenda item that we should hear first. There have been questions raised about the status of one of our board members and his eligibility to serve as a board member, specifically Dan Walker. I have asked Virginia Eisenstein to share her opinion.

Virginia Eisenstein: Peter asked that I look into this, and I responded to him on Sept. 13, 2007. In doing the research on this I talked to the previous APS attorney who had actually compiled the appeal procedure, and I did some research on previous practice. The way our appeals procedure is set up, the Appeals Tribunal holds what is called a hearing de novo. It is a new proceeding, it can listen to testimony. It doesn't have to just look at what's the record before it. Being that this is the case they are able to make their own finding based upon the testimony that is before it. Once a party appeals, therefore, the ruling below is no longer full force in effect, unless the party were to drop his appeal. So what happens is that the Board of Vice Presidents' decision goes into effect when it issues it, however, it is subject whether or not a party is going to appeal. The Bylaws are quite specific: 2.11.6 states that the findings of the Board of Vice Presidents are final when no appeal is taken. So ergo, if an appeal is taken, it is not final.

This is exactly the way the Society interprets Section 2.11.5. That is the section involving a member charged with a crime. The Society will not expel -- and has not -- expelled members convicted by a court of a felony if an appeal from that conviction is pending. Also, section 5.3c gives the Board of Vice Presidents the power to discipline but only subject to appeal to the Appeals Tribunal. This opinion is in accord with past practice. A member's status is not changed on the membership records unless and until a final decision is rendered. After a Board of Vice Presidents' decision, a member's record is not coded until the 30-day appeal period has run out. And if an appeal is filed, it is not coded until the Appeals Tribunal has reached its decision. Therefore, based upon previous practice, administration practice and the intent of the Bylaw drafter, Dan is a member in good standing because he has filed an appeal with the Appeals Tribunal. Whether or not a person is a qualified member is subject to action by the board itself. If my opinion is not to the board's liking, they have the right to reverse it.

There were no comments from board, or from anyone outside the board.

II. Approval of Minutes

Riverside General Meeting,
Portland APS Board Meeting Minutes
Portland General Session

Motion to accept minutes by **Janet Klug, seconded by **David Straight**.

Vote: Unanimous

Motion to approve actions of Executive Session on October 22nd moved by **David Straight, seconded by **Joann Lenz**.

Vote: (**Dan Walker** Abstains from vote)

Unanimous

III. Reports

Society Attorney Report (Eisenstein):

As everyone knows who reads *Linn's*, there was a suit filed in Centre County Court on Oct. 9th that involves the APS. Ken Lawrence, Plaintiff, against Dan Walker, Nicholas G. Carter, Janet Klug, Peter McCann, Randy L. Neil, Wade E. Saadi, Stephen J. Rod, David L. Straight and the American Philatelic Society. At this time all that has been filed is the writ of summons. The suit involves possible false defamatory statements and actions regarding Ken Lawrence from October 2006 to the present time.

No questions.

Motion to accept Society Attorney Report by **Steve Rod, seconded by **Dan Walker**

Vote: Unanimous

Executive Director Report:

Mastrangelo: This past weekend we just experienced the most exciting times here at the APC with Aerophilately 2007 and the Postal History Symposium. We have not heard one negative comment about anything that occurred this weekend. As a matter of fact it has been praised up and down from all the participants that I have talked to. We have had a lot of praise of the staff, staff support working with the American Air Mail Society, working with NPM and other organizers. Visitors were commenting that they had no idea how great the Center is.

We had a dedication of the Gordon and Mary Morison Pavilion that about 100 people attended on Saturday. Just for the record, we expect that we will continue with the construction of the interior components of the Headsville Post Office in December. We should be having the opening of the Post Office in January. As many of you saw driving in, the tenant space at the front of the complex is moving right along. Everything is on schedule. The only thing that has not been public information up to this point is that the expected restaurant tenant for building 10 -- which was a partnership -- has split and neither of the former partners are able to move forward on their own. So finding a new tenant for building 10 is priority.

As far as the rest of the building is concerned, we are looking at opportunities to find grant funding to complete the renovations to the roofs on the entire structure so that we can move on and concentrate on additional fundraising to move the library to the space that they need.

I would also like to comment on the Website and new website development. In Executive Session we have provided the board with a full briefing on what is happening there. Very simply, due to various reasons shared with the board last night, we made a business decision to terminate our relationship with our web site developer. We are moving forward in updating our technical specifications for the site in preparation of engaging a new developer who can build upon the knowledge and work that we have done and accomplished so far. We are still working on our termination arrangements with the previous developer and expect to start working on the technical specifications with a new interim consultant within the next few weeks so that we can determine the direction we are going to go in selecting a new developer.

****Robert Odenweller** made a motion to commend the staff for a job well done over this past weekend, seconded by **Dan Walker**.

Vote: Unanimous

****Motion to accept the Executive Directors Report made by ???, seconded by David Straight.**

Vote: Unanimous

Review of Survey Findings:

Mastrangelo: Introduced India Wood from Hart Business Research. This is one of the most comprehensive surveys conducted in a very long time. There are some very interesting bits of information.

India Wood: I would like to thank Ken Martin for his project lead on the client side.

Walked board and visitors through the Power Point Presentation – **See attachment A.**

Open the floor to questions:

Mastrangelo: Household incomes decreased over time. Did we fail to ask the question regarding household income as it relates to assets?

Wood: That is correct. Income is low, but they have plenty of assets. Because you have so many retired members, people who are not receiving a salary, your household income is low but they have plenty of assets. And that is something in your next survey you need to be sure to ask: What is the average annual household spending?

Rod: I am assuming that the 1,000 surveys were done in a very professional way to make sure it is a random sample?

Wood: Yes, we did a sort.

Rod: My bigger concern is on this very important demographic, that 56% of our members report starting at age 8, 9, 10 or 11. And then you go on to make some suggestions related to that. I want to propose it rhetorically today, because of the clock, but I think that the fact that is missing from it is the way the world was when we were 9, 10, and 11, and what stamps

represented, compared to the way the world is today for 9, 10 and 11-year-olds and what stamps would represent. It is a very different world and there are implications.

Wood: I agree with that. You definitely need to look at how the world has changed for kids today – is stamp collecting no longer a good hobby, or is it that kids have not been properly introduced, or is it that you can just introduce it now and they will take it up when they turn 50?

Straight: Household income compared to other hobbies: how do we compare?

Wood: With any enthusiasts group, whether their interest is amateur astronomy, stamp collecting, knitting, sewing -- you name it -- people who are really into a hobby are generally better educated and have higher incomes. Lets face it, if you are below the federal poverty level it is pretty hard to do a lot of things.

Straight: What you are suggesting is that our members' household incomes are not significantly different from other hobbies?

Wood: I would say the percentage of your membership that has graduate degrees is pretty surprising. I would say that stamp collectors in your membership are definitely the highest-educated group I have ever seen.

Denise Stotts: Did we do well with response levels?

Wood: Yes, 53% of the members is a fabulous response rate. We sent a postcard and a survey - great response. You got half the people to respond -- that is outstanding. That also means that this is a very reliable survey result when you get a 50% response rate.

Odenweller: I noticed a moving crest. Could the same group of people be moving through this chart? The crest is hitting 60. They are pre-boomers.

Walker: It sounds like having a booklet on how to collect U.S. stamps, how to collect British stamps, etc., would be a useful marketing tool for older retirees. Is that a reasonable observation?

Wood: Well there are two issues here; the idea of having basic information that is a good fit with adults would be great. Whether it should be a booklet or online, I'm inclined to think that given the percentage of people who are online, that it should be online. Maybe you could have it in print as well or offer to print it out.

Michael Dixon: Impact of Ethnicity? Ethnic affiliation is one of the prime sections you look at along with age.

Wood: We did not have an ethnicity question. And that may be something you want to look at in the future. In surveys there are questions you really want to ask, but the trade off is the lower response rate.

Dixon: In marketing, ethnic affiliation is a prime segment that you look at along with age.

Wood: Well, particularly given the explosion in Latino Americans, that could be a very interesting thing to look at. What might be a good idea is to look at Latinos in particular in some way. Is there a high percentage of Asians in stamp collecting? What is your sense of the ethnicity of stamp collectors?

Ken Martin: Asians much more than Latino.

Wood: I would recommend that you use this as it has explanations and data; it could be quite helpful to you. I recommend that you provide this online so that you can also search electronically if there is a particular subject you are interested in. There is also a table of contents in the front so you can easily find the subject you are interested in.

Rod: From this point on the results of the survey go to committee and the board?

Mastrangelo: Conceptually we digest information and implement into a planning process. First we need to understand all the information. We plan to form a board-level committee to take a look at the survey and assess the information. With that in mind Nick would like Michael Dixon to chair the committee.

Motion for Michael Dixon to chair the committee to investigate the next steps to turn the survey into marketing made by **Janet Klug, seconded by **Dan Walker**.

Dixon abstains.

Vote: Unanimous

Old Business:

A. 25-year Pins

Mastrangelo: At our last meeting at Stampshow we had a public relations moment at our open meeting to give a 25-year pin to a member who resigned because he had to pay for the pin. He subsequently renewed his membership. You asked me to do an analysis about what it would cost to give all 25-year members a free pin. We did a cost analysis and provided some options for you. Our options are:

- a. To continue our present practice based upon the premise that if a member has expended the funds to attend the show we should provide them with a free, high-quality pin.
- b. Go back to the previous practice of simply having pins available for purchase without providing a free pin even to those who attend the show.
- c. Produce a lapel pin of similar design at cost of \$1.00 or less and continue to sell the higher quality 25-year pin to those who want to purchase one, while supplies last (250 in inventory). These could be provided free to all new 25-year members from this point on. This would add about \$1,900 to our present costs, for a total of \$4,177. This does not include the additional staff time and effort to prepare these pins for mailing. Please note, we would not recommend making this retroactive to all 15,000 25-year plus members due to the costs involved.

Right now the pins that we give away cost us just over \$6 each. They are a high-quality pin and that has an impact how we move forward on this. My suggestion if you want to give everyone a pin is to go with a lower quality pin, which would still look good.

Wayne Youngblood: I would like to suggest you use a combination. If someone has traveled to the show you give them a higher quality pin, if they do not attend they get the cheaper pin.

Rod: In looking at the stats, only 29% of the people go to the local stamp clubs, and only 34% of the people go to stamp shows at all, I wonder if we got caught up in the moment in Portland and that the pins are not as important. Because of the fact if I win it where do I wear it if I'm not going to shows or meetings? Are we just reacting to that moment?

****Motion that we accept Option 3 to produce a cheaper pin for all members and offer the more expensive one for sale made by Janet Klug, seconded by Nick Carter.**

Discussion:

Straight: Many of us wear lapel pins to many functions, we wear them to express what we do and it starts a conversation.

Eisenstein: I have been counting the years until I get presented my 25-year pin in 2009.

Youngblood: I think we should continue to give nicer pins at show to those who make the effort to come just to get it. It is a much bigger deal to them to get that better quality.

Stotts: The idea at show is more the recognition to go up front and be announced, will it really upset them if give a \$1 or \$6 pin? Is the cost of the pin what is really important? I don't think they will care – it's the recognition.

Dixon: It is the recognition that counts most. The cost of the pin is not the issue. I also think they should receive a certificate.

Mastrangelo: The higher-quality pin will be kept in inventory and we will sell them and/or give them away at least until supplies last.

Martin: I hear a clear consensus for sending a pin to everyone. But do we need to send them the certificate as well? What do they do with the certificate and they cost over \$1 to send.

Youngblood: I think that we should continue with certificate, cost for their support is worth it.

****Vote: Unanimous**

11:45 break for lunch

Reconvene: 12:15

Don Heller from the local Mt. Nittany Stamp talks about the local stamp club and invites all to stop in any time at their meetings when they are visiting the area.

George Fekete: I sent the board a note with a proposal regarding the American Numismatic Association and the APS to hold a joint show in Rochester in 2012. The show would be supported by the two local clubs (Rochester Philatelic Association and Rochester Numismatic Association), which would be holding its 100th anniversary show. I'm handing out proposal, asking that you please get back to me as to whether APS is interested.

Straight: What level of support are you asking for?

Fekete: This is just an opportunity to have a joint show that we have been trying to have and it is on the drawing board right now. We are just asking if the APS is interested in exploring this further. If so, I suggest that the next step should be the ANA and APS have a discussion.

VI. New Business

A. Approval of New Committees and their Chairs

Mastrangelo: We need to approve the three new committees first, and then we have the other chairs to be named and we can include the new chairs in that process.

New Committees Recommended:

1. Awards
2. Election Policies and Guidelines Review
3. Personnel

****Motion to approve and accept the three new Committees - Robert Odenweller moved, Dan Walker seconded.**

Vote: Unanimous

B. Approval of Appointment of Chairs/Liaisons

Now we need a motion on the proposed committee appointments – including Dan Siegel for Bylaws.

1. Election Policies and Guidelines Review Committee – Dwayne Littauer
2. Personnel Committee – Janet Klug
3. Awards Committee – Joann Lenz
4. Committee Liaison – Denise Stotts
5. USPS Liaison – John M. Hotchner
6. Translation Committee – Dmytro Bykovetz
7. By-law Committee – Dan Siegel

****Motion to accept the committee chairs as proposed made by Wayne Youngblood, seconded by David Straight.**

Vote: Unanimous.

C. New Affiliates:

1. Peru Philatelic Study

**** Motion to accept Peru by Janet Klug, seconded by David Straight.**

Vote: Unanimous

2. U.S. Specialized Yahoo Group

Internet chat group about stamps.

****Motion to accept the U.S. Specialized Yahoo Group by Joann Lenz, seconded by Dan Walker.**

Vote: Unanimous

D. Chapter Free Dues Proposal

Klug: On Aug. 4, 2007, I received a letter from Martin J. Thompson from Roebucks, South Carolina. I will read one paragraph of his letter – he is a member of the Spartanburg Stamp Club. “We are a small club of only 14 members and of those five are APS members. Our total membership has varied very little over the last 20 years. Free APS club membership requires that there must be a minimum of 12 paying APS members while concurrently one third of the total membership must be APS members. The minimum of 12 requires that most of our members belong to the APS. I do not believe the non-members are inclined to join if they have not already done so.”

He was asking in his letter if the APS would consider something for small clubs who couldn't meet the requirement of having 12 APS members. So that is what this proposal is all about. To revise the requirement for free chapter dues.

Proposed revised requirements for free chapter dues:

The following requirements must be met to be eligible:

- At least one-third of the total membership of the club is APS members.
- At least 5 of the members of the club must be APS members.

Further requirements as always:

- A current membership roster of all club members, which identifies those who are APS members, be attached.
- To retain free chapter membership, the above requirements must be met and an annual chapter report and membership roster must be supplied.

Odenweller: Will this affect the staff in collecting information and processing?

Ken Martin: No, it may actually encourage more of the chapters to file their annual reports because we only get about 50% of them each year. And I am guessing that many of them do not turn them in because they do not have an incentive. If submitting the report would mean free dues, we might get more back.

Straight: The last two points about a roster and reporting pertains to all chapters, not just small chapters?

Klug: Yes.

****Motion to accept the proposed revised requirements for free chapter dues made by Janet Klug, seconded by Robert Odenweller.**

Vote: unanimous

E. Coupon Promotion Proposal

Klug: Lloyd deVries suggested this idea in 1997. I proposed it in August 2005, and the board of directors at that time didn't want to hear this.

This is a proposal to get us through until we get a report from the committee and what kind of things that we can do to promote membership. It is not intended to be a cure and it is not a total package for membership recruitment, as we do need a program for that. Now that we have a membership survey and now that we know that we have not done a very good job of promoting our services to our members, this promotes not just membership but it promotes APS services to those potential members.

The promotion is limited to offering discounts on APS services. By joining, the new member receives coupons redeemable on certain APS services and products. If all coupons are redeemed, this will result in a savings equal to or exceeding the price of membership. There are three pages here providing all the details.

Youngblood: We need to acknowledge that this may anger some current members, which Janet does mention in the documentation. You need a contingency plan in place for those that write in upset why they are not getting discounts.

Klug: The objections are covered in the proposal. Through the "In the Know Column" we can familiarize our members with our services and provide coupons to current members.

Stotts: I think this is a great idea to advertise services with coupons.

****Motion to accept and implement the coupon promotion proposal by Janet Klug, seconded by Denise Stotts.**

General agreement that the coupons need to be on the website as well.

Vote: unanimous

F. Proposal for Early APS Show Entry for Members:

Called Jim Dempsey for telephone participation.

Klug: This is an idea of Lloyd DeVries.' The purpose is to add another perk for APS members. Lloyd felt there would be no cost to the APS, but everything we do has costs and Dana pointed out what the costs would be. The proposal is for APS members who pre-register for either of the two APS shows to receive a one-hour earlier admission on the opening day of the show. This allows APS members who have qualified by pre-registering to begin shopping early, visit favorite dealers, or look at exhibits.

Dempsey: You have my written comments. The idea has merit, but I would not try implementation at the Charlotte show. I talked to other dealers and I'm getting a mixed reaction. I think we may have a problem as far as how the dealers are going to react to this. I strongly suggest bringing this up at the dealer breakfast meeting in Charlotte. We may want to send a brief questionnaire about this to show dealers and see what their reaction is. Again I think it is worth a try, but we may have mixed reaction.

Rod: Dana I have a question: I don't understand about a special badge mentioned in number four? Wouldn't it just be a normal badge that you are making anyway?

Dana Guyer: We would want to set it apart so that you would know who is allowed in early. There would have to be a cut off date for the early registrations that would be eligible so that the badges could be prepared properly.

Rod: I would be in favor, but I agree with Dana that we would have to train membership and this could take awhile.

Youngblood: I think overall it is a good idea and the only big objections I can see are those people who wait until the last hour before the show to register. I would like to add to the proposal, which adds perceived value if nothing else. Even if you haven't pre-registered, and you are willing to pay \$25 to get in 1 hour early once at show, you overcome some of the dealers' objections. First, if someone is willing to pay \$25 to get in an hour early, they are going to be spending money. And secondarily, it just adds to the perceived value of the members of what they are getting free by pre-registering early.

Walker: I would like to know from Dempsey why are the dealers negative?

Dempsey: There are dealers asking how many early birds are going to be coming in; 25 or 250? That is an unknown factor. It is a nice idea, but dealers also want to shop or talk to other dealers first thing in the morning. There are others who are hungry, and others would say "yes, sure we have another hour to sell, let's go for it." You have pros and cons, so we need to have a definitive response from all the dealers. Let's specifically find out what they want with a postcard or something.

Dixon: We went through this with Washington 2006 and we learned lessons. It is not letting in the prepaid or whoever early; it is keeping the masses out for another hour. So if the dealers want to be there from 9 – 5 they are still there from 9 – 5 but only the pre-registered can come in at 9:00 and the rest of the world come in at 11:00. That gives those people extra time, it doesn't disturb the dealers. It's just that first hour or two you will have just APS members.

Stotts: What about shifting to a half hour instead of one hour? Proposal just says first day. I hate to punish those who work and cannot make it the first day. I say we offer all four days.

Guyer: The staff that we take to show start their day at 7:00. So, in order to do this we either need volunteers to show up to help or be able to take more staff to allow us to do this all four days.

Wade Saadi: Unless we open the show an hour later and use the first hour for the pre-registrants as mentioned?

Guyer: Yes.

Odenweller: We talked about this at Nojex and there was a mixed response. I like Wayne's idea about a special treatment fee.

Ken Martin: Jim said some dealers were concerned about the numbers. For StampShow I would expect 2,000 to pre-register with roughly 80% of them APS members; that is, 1,600. How many of those would actually show up the first day of show? I don't have a good sense, but we are not talking about 20 or 30 people. I have concerns with all four days. On Saturday you have an APS General Meeting, Sunday morning there is the dealers' breakfast and the writers' unit breakfast and other things. I think the perceived value is lost after the first day because dealers'

material has already been gone through and the conflict of events. I prefer to limit it to the first day of the show.

Klug: When Lloyd first proposed this to me, he wanted everyone in a half hour early every day of the show. And, after talking to Dana I found out that would add significantly to the cost of this proposal -- not just in staff time but also security etc. Back to what Wayne said about the \$25 admission fee, when I first heard that I thought it was a good idea, but then I thought Who is going to collect the money? We would have to have more staff there to collect the money. Are we going to get into trouble with the convention center?

Straight: At the St. Louis show we don't open to the general public until 11:00 on the first day. We allow early birds from 9:00 – 11:00. That is limited to dealers with legitimate business licenses.

Walker: I think the U.S. Postal Service wouldn't allow this by law.

Rod: Beyond the first day we would be competing against ourselves as people may skip our events on Saturday and Sunday.

Klug: I believe we are lacking dealer input to make a valued decision on this. I suggest once we receive this input and look at this again in Charlotte.

Saadi: Jim, can you have information by Charlotte from the dealers so we can reexamine this issue?

Dempsey: I can do that if I had a list.

Martin: We have about 500 show dealers. We could send a postcard for them to return and have a two-week turn around time. Have results by Charlotte.

Klug: Table motion pending further background information.

G. Future Shows:

Guyer: There is a list here of Chattanooga, Charleston, Riverside, Portland and Baton Rouge. A few key things where you note under Portland and Baton Rouge where it says a Free with an asterisk; they are waiving the main fee, but there will be additional charges such as AV equipment etc., that could come to about \$10,000 in additional costs.

Martin: There are different levels of add-ons for different convention centers and typically when they are going to waive them. For example, Portland had an incredible number of add-ons for this past August. We paid probably almost as much as add-ons as the base fee. Some of their base fees are much more all inclusive. It is very challenging to estimate the exact amount. But I don't want anyone to think any of these places are going to be free.

Saadi: I am just trying to get the base cost to the apples to apples. If Portland's place is free but there is \$15,900 worth of add-ons and Charleston is \$22,500 how much are there ad-ons so I can look at the charges overall.

Martin: There is no way we can make it apple to apple. What this means is that their normal base charge would be \$15,900. If we meet all their requirements, which may be met completely

or maybe met to a degree, that they would waive that \$15,900. Add-ons are usually outside the contract, including policies that may be changed subsequent to signing the contract. Typically convention centers willing to waive a fee are more creative in finding ways to get additional money out of you than the ones who charge a larger base fee.

Mastrangelo: Dana, are you making any particular suggestions for these years?

Guyer: What we are looking at is based on where we are going in 2008, through 2010 and 2011. We do not have any West Coast shows listed. And that is why we actually put Riverside and Portland back on our list.

Martin: You also should have a copy of Jim Dempsey's comments to us.

Dempsey: My first choice was Chattanooga, second was Charleston. The biggest minus of Chattanooga is that it does not have a first-class airport there. Charleston isn't close to any major city other than Atlanta. So I would say those two are pretty much interchangeable, but I favor Chattanooga. For Riverside and Portland it is just too soon. I think the dealers should have the spreadsheet like I have with all the information so they understand the choices that are made. I am impressed with the amount of information the staff puts into this. But I would suggest that with the next APS dealer newsletter someone could write an article in tells what is involved with the selection and what is considered.

Straight: All information is great, but we need three bits of information. We need to see shows from 2005 forward, as I don't remember where we were.

Guyer: Winter, Atlanta; Summer, Grand Rapids.

Straight: We had a lot of discussion about going to Sacramento in 2012 or 2014. Third point we had Texpex very upset with us at the previous board meeting because they felt we did not properly consult them before we landed in their city. So my question to all of these cities, Chattanooga, Charleston, Riverside, Portland, Baton Rouge, do they have a WSP show, do you have a local club there to support us, etc.?

Guyer: We have information going out to the local clubs in these areas saying that we are considering these locations. Would you be willing to support the show to make sure they are okay? No response yet.

Martin: Portland has expressed they want us to come; they are the only ones that I personally know that would like us to come. Charleston, there is really no local club. Riverside has Sescal, which has been very supportive the last few times.

Walker: Chattanooga: Jim said the airport was a negative. I don't think it is much of a negative.

Odenweller: I would like to see hotel information for Baton Rouge.

Martin: That arrived Friday, I believe \$139 a night is what they proposed. I would not support Baton Rouge.

Klug: Okay let's sum this up. Chattanooga is a great city. I agree with Jim it is centrally located, but in January Chattanooga has lousy weather. Charleston is a nice central location and a little warmer than Chattanooga, but it is the most expensive. Riverside, we were just there,

however we have four years between now and then and the price appears right. We have been there and we know what to expect – doesn't sound like a bad idea. Portland, we were just there - - a lovely city, but the cost may be a little too much. Baton Rouge -- that was one I actually suggested before, but we don't have enough information.

****Motion to accept Riverside, California for 2010 by Janet Klug, seconded by Nick Carter.**

Open to discussion.

Odenweller: We are dealing with two different years here, 2010 and 2011. Bids were put in for each year – are we deciding for each?

Mastrangelo: Yes, one at a time.

Saadi: We are picking two 2010 and 2011.

Dempsey: Where does Sacramento fall in?

Martin: Sacramento was held last in 2004 and they have asked for 2014 for their anniversary. It is too far out at this time – hotel and convention center won't give rates. I'm not sure whether we could afford Sacramento for the winter show; it is a much more costly venue.

Call the question: Riverside, California Winter 2010.

****Vote: Unanimous**

2011 Proposed:

Straight: Looking at our schedule we have August 2010 in Richmond, Virginia. You are talking about February in a bordering state if you choose Chattanooga. Just wanted to keep this in mind...

Saadi: What happened to Louisville? They came in like second to Columbus a year ago?

Klug: I suggest we defer this decision. I would like to see more information on Baton Rouge, New Orleans, Biloxi area.

Martin: New Orleans, has been very expensive when we have asked for proposals in the past.

Straight: Dempsey raised a suggestion of Florida. We never had a Florida proposal.

Martin: We did Florida - Americas in February 1999, and Stampshow 1996, both in Orlando. The dealers were not happy with either one of those shows. The general comments from the dealers were attendees were only interested in selling. There aren't any buyers, no one drives after dark.

Klug: Again, I recommend we defer to the next meeting.

Youngblood: I would like to see more information about south locations.

Guyer: Biloxi never got back to us with the dates we picked.

Martin: I feel we could get a proposal from Biloxi for 2011 by Charlotte. I talked to Mike Chamberlain a month or so ago. They are building a new convention center/hotel, which is scheduled for completion in 2009, but they have not broken ground yet and he would not schedule anything for 2009 or 2010. He is comfortable with 2011.

Someone questioned Louisville.

Martin: Louisville gave us a good proposal. I think Louisville would be more appropriate for August if you are concerned about winter weather.

Saadi: We will get more information and vote at the winter show.

Dempsey: Quick comment. To update you on the dealer world, there are two things I would like to briefly discuss. I keep hearing from dealers concern about who is a dealer and what is full-time dealer status. I understand they are required to give a resale number, which is good. But I think we have a question of a resale number for what. I propose we require a copy of state resale license.

Second, recently there was an article in *Linn's* about philatelic conservation and as time marches on I wonder if there is something that the APS might want to tackle. I realize there is a fine ethical line with regard to restoring covers, but believe there is an unmet demand with potential for profit.

Break 1:35

Reconvene 1:45

H. 2008 Budget attachment 8

Mastrangelo: We first discussed budget needs with departments, then Rick, Ken and I went over the budgets with me questioning various assumptions and observations. We then presented it to the finance committee and answered their questions, so this budget comes to you with staff review, Finance Committee review and a recommendation from the Finance Committee that we should go ahead and present this to you as our budget for next year.

Walker: We are dealing with an income for 2008 of \$4,240,000, a little bit less than \$300,000 more income than we had projected for 2007. If you look at 2006, after depreciation we lost \$150,000. This year's revised budget projects a \$115,000 loss after depreciation. Next year we project breaking even after depreciation. The major difference is additional dues income of \$275,000, taking into account a projected membership loss of 1,500. We have an unknown additional cost in the coming year for the new Website and we don't know what that will be at this time. There is a \$16,000 reduction in postage expense for 2008 vs. 2007, and that is because in 2007 they didn't know what the postage would be and they are now adjusting now that they have some hard facts to make better estimates. Personnel expenses are up \$132,000 in 2008 vs. 2007. That is a 7% increase. You heard earlier today that the benefits are up 12% so the 12% plus the pay increase of 2% works out to a 7% increase in personnel expenses. Personnel, AP production, and StampShow represent 73% of our expenses. StampShow revenue is also an unknown whether we make money or lose money - often we make money. On the books, if you look at the whole StampShow department it does lose money because of personnel expenses over the year. APRL personnel expenses are \$219,000 in 2008 that is approximately 11% of the \$2

million dollars in personnel expenses for next year. *AP* income is projected at \$523,000. The expenses are \$1,000,000 so they have about a loss of 50% on the *AP* income. Internet sales we lost \$100,000 in the last couple of years but in 2008 it looks like we might make a small profit.

Banks: What we are presenting to you here today is a balanced budget for 2008 that includes zero contributions. It is balanced all the way to the bottom line including depreciation. We have included investment income in the budget. For comparative purposes we are comparing to the 2007 revised budget.

As Dan said we are projecting income to be up 9% next year (\$348,000). 85% of that increase is coming from additional dues. We are projecting our total expenses to be up 4.6% for about \$182,000 and 73% of that increase is from increased personnel expenses. We did project membership at 41,733 which is a 4.1% projected loss. When we were looking at the dues increase we used 3.8% but we bumped it up a little. We are also projecting eBay sales to go live July 1 and we projected \$25,000 at this point. Personnel as Dan said is up 7% by \$132,000. You see four items under personnel. We do have a new position budgeted for this year; it is a combination of working in the development area and staffing the Headsville post office. We are budgeting for Headsville to open in January and will be staffed from the hours of 10:00 a.m. to 3:00 p.m. five days a week. The other hours the staff person will work in the development area. We put in a 2% across the board increase for all staff effective January 1st. We have a salary adjustment reserve of \$13,000 and the health care premiums of 12%. Keep in mind that the real increase was about 7% more than that which is being picked up by the employees through deductions. One other increase from the 2007 revised budget is that in 2007 the Director of Education position was empty until about the middle of May and that is part of the increase there.

We have budgeted additional advertising expenses of \$40,000 to promote APS membership. We also put in an additional \$12,000 for a Grant Consultant work.

Mastrangelo: In previous budgets we budgeted a position for a Development/Marketing Director, which would have been a brand new position. After talking with the Campaign Committee and Ken we have backed off of that rationale and have decided to take some of those resources and apply it to moving a part-time position to a full time position to cover the Headsville post office and assist with Development. And utilize some of those resources also for a Grant Consultant to help us with grant development, search for potential grants, as we proceed with the next phases with the building. We knew we were going to do some additional types of promoting for the APS and we knew we had to put some resources in there, it's not a lot of money but it is more than we had last year. Hopefully as we take a look at the membership survey some promotion ideas may come out of that and hopefully we can leverage some of these funds.

Youngblood: On the consolidated page, why is the *AP* display advertising down when it has been growing? Then going further, exactly what is the loss in miscellaneous revenue? In expenses it's good news. But I am wondering how we are going to save the \$30,000 or so that ads up in postage, office and cost of goods.

Banks: The first question about the *AP*, with this year being an election year that had a positive effect on advertising. The miscellaneous category is where we included contributions to balance the budget. And then you said about office, postage, etc. I believe what occurred in 2007 revised with the postage, is that we were not quite sure what the increase was going to be. Some departments like the sales division are coming up with new ways to ship items so that helps save money. We are doing everything we can to cut costs as much as possible. And the cost of goods

resold, that goes directly with up above where books and specialty sales is also projected to decrease.

Dixon: Can you confirm each department is a zero-based budget?

Banks: We use historical information. Every line has been looked at.

Dixon: Notes on these would help. When was the 2007 revised budget accepted?

Martin: Stampshow.

Mastrangelo: The Finance Committee approved it in June.

Dixon: In the individual department reports on the line that says personnel that includes FICA, medical, dental, etc.?

Banks: Yes.

Dixon: Go to Expertizing. We have no historical seasonal information here. For example, the latest you have covers an eight-month period. You will expect that if it was straight line and if you add another 50% you have a budget. But some of these do not do that; they have seasonal drops. Notes on each department would help explain. We are also missing the latest forecast from the department heads.

Banks: Are you suggesting budgeting every month?

Dixon: No, I am suggesting reporting every month. Because of the seasonal fluctuations what is my latest forecast of December 31st – that is what I want to know.

Banks: But on that variance some of them are strictly 1/12, 2/12, 3/12.....

Rod: Wherever possible with a 12-month spread is not put in 1/12 we only put it in 1/12 but the very essence of the variance column is the expertise of all the past years of how they spread the number 12 months to begin with. The staff used history in order to project their expense.

Banks: The variance column is what we think the variance will be at the end of the year.

Dixon: As I look through the different department budgets I see forms, what forms? I would like to see a separate line in the consolidated form for such a significant amount. Also there is a reference to the cost of filming. I thought we were now scanning.

Banks: It is the same difference. We are just beginning to go digital.

Martin: We just started digital this week, up until that it was 100% microfilm for Sales Division.

Dixon: Okay, you are budgeting \$2,900 for the cost of filming next year? You are not filming, you are scanning?

Martin: We charge the staff time that it takes to scan to the Insurance fund, so the \$2,900 you see at the bottom is the staff time charged against the insurance fund.

Dixon: This just shows again that these reports need notes.

Walker: As the treasurer, I am seriously considering on a monthly basis calling up each of the board members and take five minutes of your time to talk about significant items in the financial statements. We do need clear communication.

****Motion to adopt the 2008 budget as presented by the Finance Committee by Steven Rod, seconded by Janet Klug.**

Kurt Lenz: Assume the worse case happens and we get an 8 – 10% decrease in membership. Has staff built in a contingency plan if membership drops are that huge?

Mastrangelo: Not within the budget, but if we see that trend happening, we will come back and work with the finance committee immediately for a redraft in the budget. We normally redraft our budget in June, but if we see the trends are heading in a different way that all will be escalated and moved forward very quickly.

Rod: In reference to Mr. Lenz's question, Can we get an update on this special fund that we created in June at the Finance Committee? Any dues transition donations accumulated?

Mastrangelo: We collected \$2,400 to date and the dues notices are about to go out explaining the fund.

Rod: I want to work with you procedurally because I really feel strongly that as we get membership cancellations we should communicate with the members live via the phone.

Mastrangelo: Steve brings up a very good idea as it relates to the budget and the membership. If someone resigns, we need to be proactive and communicate with that member to try to encourage him or her to stay a member. Yes, we need to do this.

Rod: I propose that we as volunteers make calls. I want to come to Charlotte with a proposal that is real. I realize it could be 5,000 – 6,000 resignations, so we need to take a look at how we can do this.

Martin: Last year we dropped 3,192 members in April 2007 for non-payment of dues.

Rod: Because we have not heard from them from the three mailings?

Martin: Yes.

Saadi: Okay, we have a motion on the floor to accept the budget, let's finish this.

Carter: I would like to note on page 21 the Capital Budget, which is stuff that does not come out of operating income; it comes out of our assets. You will notice it has \$50,000 for the Website may have to be changed during the year. This is an entirely separate budget and I think we need to do more on reporting this budget throughout the year as we only see it once or twice.

Saadi: Your saying page 21 should be a separate vote?

Carter: Yes.

****Vote to accept budget less page 21.**

Vote: unanimous.

****Motion to accept capital budget by Janet Klug, seconded by Dan Walker.**

Saadi: We know the capital budget will go up because of the new website.

****Vote:** Unanimous.

Saadi: I want to comment on something before we adjourn. I would like to address Steven's idea to make phone calls to members. I have had some first-hand experience with the board as far as making phone calls I couldn't get board members who were duly elected by the membership to make 55 phone calls each over the course of one year. So I think that it sounds like a wonderful plan, but in realistic terms – it ain't happening...

Rod: I don't want to present a plan that is not real. So we don't present the idea if we don't think it's realistic. I think it is really refreshing to be on a board with a chief financial officer so knowledgeable about every line on every page – thanks Rick.

Stotts: I have heard that dealers feel they are not getting enough communication. There is a perception among the dealers is that we don't care about them. They wanted Columbus over New York.

Saadi: Jim polled dealers that were at an APS show in Grand Rapids and those dealers he polled 10% of those dealers were international show attendants. We pulled everyone who was attending Washington 2006 and 72% wanted the show in New York. The balance wasn't for Columbus it was non-responding people. It was overwhelming for those who attend international shows – they are a different kind of dealer because the booth fees are somewhere between 15-20 times more. So a dealer who goes to an APS WSP show or a summer show might spend \$1,000-\$1,500 for a booth. The international booths can go up to \$3,000+.

Mastrangelo: Lets acknowledge from the information we received from Jim and from the dealer breakfast in Portland, there is a definite need for more regular communication.

Youngblood: When I proposed this position a number of years ago, the point of having a dealer representative to sit in with the board is so that person communicates the dealers' views, needs, etc. The Dealer Representative also needs to be in communication on a regular basis with all dealers.

****Motion to adjourn by Janet Klug, seconded by Robert Odenweller.**

Vote: Unanimous