

# Minutes of the APS Board of Directors Meeting

## Friday, November 11, 2005

### Bellefonte, Pennsylvania

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

**Call to order:** 1:30 pm

**Present:** Current Board of Directors: Janet Klug, George Fekete, Ada Prill, Alan Parsons, Wayne Youngblood, Nick Carter, Jack Flannery, Peter Martin, Wade Saadi, David Straight, Peter McCann; APS Staff: Robert Lamb, Helen Bruno. Society Attorney Virginia Eisenstein,

**Guests:** ?????

#### **I. President's Welcome (Janet Klug)**

Welcome guests. First thing on the agenda is the Executive Director's Report.

#### **II. Executive Director's Report (Robert Lamb)**

##### **Fundraising**

**Bob:** I would like to speak about fundraising. We are all delighted that Steve Rod has come in to head-up the program, he has brought a lot of leadership which was very badly needed. He is doing a wonderful job. Since Grand Rapids, we have had three direct mail efforts. The first was a sort of thank-you mailing of the actual-rate first-day cover for the Eagle stamp. This one was not intended to raise money, it was much more of a thank-you to everyone who has given us money. Then we went out soon after that with a mailing regarding the names on the plaque, asking people to tell us whether the name as we planned it on the plaque was correctly done. And, this mailing also gave them an opportunity to upgrade on the plaque – this mailing raised \$120,000. We didn't expect it to generate that much, we are very pleased with it. We have also sent out the dues mailing. There's a question as to how much the plaque mailing may draw away from the dues mailing. I think there will be some loss, but I am still hoping we will get as much as \$100,000 from the dues notice mailing.

**David Straight:** The plaque mailing went to the entire membership or just those that gave money?

**Bob:** The mailing went to everyone that gave \$50 or more since January 1, 2001, approximately 5,000 to 6,000 members.

**Straight:** So 40,000 of our members didn't receive it?

**Bob:** That is correct, but the ones that did are the ones most likely to give. So the donation figures may be down a little through the dues season, but I still think we could get as much as \$100,000 from this. And, frankly, we anticipate about \$75,000 this dedication weekend.

##### **Executive Director's Report – The Building**

**Bob:** Another item that has taken a lot of our time is the continuation of the work on this building. We are very pleased with this current phase, I think you can judge for yourself the success of it. I am very pleased to report that whenever we finish this phase, there is an awful lot of interest in the building and the developer has been meeting with potential tenants. I think we are very close to being able to put together a package for rental space which can generate more income for us and help us to develop some of the building that is rather unsightly, of course the front end.

**Straight:** On the phase we are dedicating now, are all the bills in or do we still have expense?

**Bob:** There is still some expense, but most of it has been paid.

**Straight:** Approximately what is left to be paid?

**Bob:** I need to look into this closer before giving a figure as there are a few bills yet to come in.

##### **Membership Recruitment**

**Bob:** Membership recruitment has taken a great deal of our effort. Rob Haeseler has led our membership recruitment efforts and has done a great job. One of our successful efforts has been the business reply cards, and Rob has been calling dealers trying to reinvigorate that program. He has talked to some of the large auction houses like Scott Trepel [Robert A. Siegel] and Shreve, who have never participated, and they have agreed to participate for the first time. One of the most successful new recruiters who has never done this before is Bill Herzog of Herrick Stamp Company in Long Island. He has very much the same kind of clientele that Don Sundman does, which are people who are just new in the hobby. And I think that is potentially a fertile ground for us.

The free memberships are also a successful promotion, and we are going to continue that. Interestingly, in terms of response, the five-year has been less successful than the 10- and 25-year members. So if we decided to drop one, I think I would drop the 5 year. The 10-year has been fairly successful.

### Website Redesign

**Bob:** A major on-going effort is the redesign of our Website. This is a major redesign which will not only improve the appearance of what is out there, it will also offer members new services. We will offer a book store which will sell books, which on the current site is hard to find. We plan to use this book store to sell old books, our own books, new books and books on consignment. We would also include the eBay offer to members, which would give them the opportunity to list items on eBay before they go on sale in stampstore.

### ISU & Sales Division

**Bob:** Let me talk about some of the activities so you know where we stand. This has not been a good year for ISU [Internet Sales Unit]. ISU is running about 5% below last year. We think that hurricane Katrina and other disasters have taken away some of our sales. When a major population center like southern Florida is without power for weeks, it hurts the sales. We think that the freshened website will also help improve sales.

**Straight:** The slight reduction in the ISU -- has that been across the board or say since Katrina?

**Bob:** It has been a really strange year. I think it is different factors, it has been the economy, it's been the weather. January was the best month that we ever had in ISU. And it dropped a little in February, sprung back in March. It has been very erratic. The summer was the weakest time.

**Straight:** I talked with some dealers at many of the shows since Katrina, attendance has been light. Hopefully it is not a real long trend.

**Bob:** September was one of the worst months since 2002. The good news is that new items are being listed at record rates. We are currently averaging more than 600 new items per day going on the site, five days a week. We are doing very well in terms of material. That is in contrast to the Sales Division, where our inventory this year has dropped down from \$9.7 million on January 1, to \$8.5 million at the end of September, which is a 15% decline. The sales have not declined. The sales are running about at last year's level. Automation of the sales division has not only enabled us to work with fewer staff, it has also enabled us to get the books back into circulation faster. But the long-term prospects are not bright for the Sales Division. We have really got to find a way to attract new material as much as new buyers.

**Wade Saadi:** 600 [items] a day for on-line submissions?

**Bob:** Yes.

**Saadi:** Maybe we should offer to non-members?

**Bob:** eBay we will offer to non-members. We will sell for members only, but non-members may buy.

**Wayne Youngblood:** Bob, so you're saying that really the biggest problem with the standard Sales Division at this point is that demand is not down it is just that there is no supply coming in?

**Bob:** I don't want to be quite that categorical, but the decline is being driven more by supply than by demand.

### Expertizing

**Bob:** Expertizing continues to be a strong performer. We will do about 7,000 certificates this year, which will be our third best year ever. Meanwhile, the QuickID program continues to bring in about 100 submissions a month, this new program is doing well. The added \$5,000 in income will put the operation solidly in the black.

### American Philatelist

**Bob:** *The American Philatelist* continues to do well. Ad revenue is dropping, it is a trend throughout the hobby. But, our ad revenue is not dropping as much as others' ad revenue, and that is some consolation. Although there has been a decline in the advertising revenue, it has been offset by cost reduction. Starting in January, we expect to be able to offer the membership a full-color magazine. We will add an additional signature for the Washington 2006 issue. We said in our goals that we would add an extra signature this year to help perhaps an election issue or something like that, we didn't do it because of the added cost. We are trying to keep costs down.

**Janet Klug:** The *PLR* [*Philatelic Literature Review*] is going to be distributed at Washington 2006, I am assuming that the *AP* will be as well?

**Bob:** Yes, that is why we would like to have a larger edition, but it is going to be entirely different. We are marketing the *PLR* as a special souvenir for Washington 2006, which will be a full-color issue of the *PLR* with articles about shows, and we will sell it for \$10 a copy. On the other hand, The *AP* is going to be one signature larger, but it will be full color and will be intended to promote the APS and show people what a really good magazine it is if you join the APS.

**Saadi:** How many pages is a signature, 16?

**Bob:** Yes, 16.

**Saadi:** Sixteen sides?

**Klug:** Eight pages.

### **Book**

**Bob:** I am pleased to report our first book in several years. You saw in your dues notice that we are offering a book on the *Transatlantic Mail*, by Dick Winter. That has been a big effort for us, but it is a major research work. Sales have been going very well for it. I expect that we will be able to sell that one out.

Editorial is working on the manuscript for a second book – on the Liberty Series. We expect to have that [book] available for the dues notice in 2006. There is the possibility of another in 2008.

**Youngblood:** What is the press run for both of those?

**Bob:** I don't know the press run. We haven't made a definite decision, but we are looking at 400 of the Winter book at the present time. But that is going to be determined by the advance sales. We just have not gotten far enough along to look at pricing for printing.

**Saadi:** You have not decided to pick a number yet to print?

**Bob:** We have done all our rough budgeting for the *Transatlantic Mail* book on 400 copies, but the advance sales may suggest that we increase it.

**Saadi:** Jack was just saying we were using a model in the Classics Society on the 1851 book. Advance sales we offered a big discount of \$80 versus \$125. Offering discounts on advance purchase is a good way to make sure you don't get stuck with big inventories.

**Bob:** What kind of press run are you guys running on?

**Saadi:** What we are doing is having an advance sale with our publication subscription, so we are not deciding on a press run until February 15. If we sell 526 copies, we will probably run an extra 175.

**Bob:** You are thinking in the same ballpark that we are then for the Winter book.

### **Relationships with eBay, National Postal Museum & Zazzle**

**Bob:** Our relationship with eBay is strong. eBay has increased its sponsorship arrangements with us. I think they are looking at ways they might help us. We are very pleased with the relationship.

We also have a good relationship with the National Postal Museum. Wade mentioned his participation in the teacher's night. We were very pleased about that. We had 280 teachers sign up for a seminar on Stamps in the Classroom.

We are also negotiating with Zazzle. Zazzle would like us to have an APS gallery on Zazzle and issue an APS stamp every month in 2006. We would get a percentage of the sales. We, on the other hand, would use it to promote APS activities. For example one issue

could promote Washington 2006, one could promote StampShow, one would carry the APS logo, one the Library logo and one the logo of the American Philatelic Center. We could propose to offer our affiliates (like the Classics Society, U.S. Stamp Society, the Airmail Society) the opportunity to use their logos on one of these APS-series Zazzle stamps.

?????? : What is our expense or risk?

**Bob:** The cost it is to us is the manpower it takes to do the artwork and send it to them. They do all of the rest. We get a percentage of the sales based on the size of the sales.

**Klug:** So they don't want us to buy the stamps and sell them ourselves?

**Bob:** No.

**Straight:** But we could buy the stamps for our postage and then get our commission back and get discount postage in effect?

**Bob:** Well, yes but you are paying a lot more.

**Saadi:** How many Christmas cards did we send, by the way?

**Bob:** We are sending 600 this year.

### Young Stamp Collectors of America

**Bob:** Youth programs do not do particularly well. But this one I am pleased to say we are up to 200 members of which 130 are youth. We are larger than JPA was, which is what this was designed to replace. I think Kim [Kowalczyk] has developed some very interesting activities. We have a handful of very devoted young collectors. I wish we could add another zero at the end of all of those numbers, but in today's world I am pleased with where we are.

### Washington 2006

**Bob:** More and more resources of ours are being devoted to Washington 2006. Designing programs, selling and laying out the exhibit areas, working on the youth area and educational services. Rob has been working with specialty items. This is something that is going to continue to intensify in the next few months. I suspect it is going to be at least as much work to us -- if not more -- than our own stamp shows. I just wanted you to be aware of the amount of support we are providing.

I have not talked about finances, but we will cover them in the budget discussion.

**Klug:** Any questions for Bob?

**Carter:** Credit card program?

**Bob:** The credit card program... it is hard to tell because we are getting the payments that we expected to get and we have no measure yet of how we are doing. My sense is that we are doing very well.

**Carter:** Have they direct mailed to membership yet?

**Straight:** I have never seen one.

**Carter:** The card was shown.

**Bob:** Nick asked about the Z-grill image. We never intended this to be the permanent design. We did not want to use the C3a because we wanted a clean break with the old card that had the C3a. Our intention was within a year or so to go back to the Inverted Jenny.

**Straight:** With Washington 2006 we will have the new Web [site] up and running, the Library catalog up and running... will we have some live computers on the floor at our booth in Washington 2006, to show these new features?

**Bob:** I don't know. This just came up this weekend. The decision was, we would try to have them on the floor if we could economically do so. And the two factors of that would be what a booth will cost. I suspect Gordon [Morison] will let us have one at cost or free. But the question is: If you have decorators to pay, there is an actual cost to somebody. Who? Secondly, I don't know off the top of my head how much it would cost to bring a live computer line in.

**Straight:** I just think it would be nice to be able to show the new catalog and demo the new site.

**Bob:** This is a topic we will need to work out and talk about more.

**Jack Flannery:** We are now getting to the point -- we the Board, we the staff, we collectors need to get to the point where we recognize things like this electronic presence in this virtual world should be centerlined. The way it is now we are probably starting to evolve away from the way it is, but we need to do something to evolve in this world. We have the old world, and what we intend to lurch towards are the ways that we portrayed ourselves in the old world – the non-virtual world. Things like putting up the terminals that would highlight our new capability tend yet to be treated as an add-on, and perhaps optional if it is too expensive. We are going to get to the world where the model is that this stuff is central and that is going to be done and nothing else is.

**Klug:** Can I have a motion to accept the Executive Director's report?

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It was moved by **George Fekete** to accept the Executive Director Report.

Motion was seconded by **Wade Saadi**

The vote was passed unanimously.

### III. Old Business

**Klug:** We have one piece of old business, and that is the approval of David Herendeen as APS Representative to the FIP Traditional Commission, to replace Roger Schnell who asked to be removed. Do I have a motion?

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It was moved by **Ada Prill** to accept Herendeen as APS representative to FIP.

The motion was seconded by **Wade Saadi**.

Discussion followed:

**Straight:** What are time issues on this?

**Klug:** The time issue is that there is going to be a meeting in Spain in September.

**Straight:** I don't need to know, but does Dave [Herendeen] know?

**Klug:** I have asked Dave, yes.

**Straight:** Some other things have dragged out a lot longer than they should have in some other organizations, and I believe he may not have time.

**Klug:** He promised me.

**Straight:** He has been over stretched on the other issues.

**Klug:** It is not necessarily the easiest thing in the world to find appropriate people.

**Klug:** We have a motion on the floor, is there anymore discussion? All those in favor raise your hand.

Motion passed, with voting unanimous except for the abstention of **Peter Martin**.

### IV. New Business

#### A. National Charter

**Gini Eistenstein:** You all may recall at Grand Rapids, after Nick [Carter] proposed that we consider endeavoring to acquire a National Charter, I was asked to look into the matter and find out about it. There are many things we are not always aware of. The idea of National Charter is not new. Dave Flood [previous APS attorney] dealt with it as well as the attorney before him. When Nick proposed it, his major argument was it would enhance the prestige of the Society. He also felt that it would solidify our 501c3 [non-profit] status. Of course we already have 501c3 status so that will not be necessary.

What actually is a National Charter? Well, it is an organizational document which is a piece of legislation that Congress passes. Usually, when a corporation files for articles of incorporation in whatever state you happen to be in or what state you want to be incorporated. What a National Charter is, is congress doing this -- not the people involved -- but congress. Congress passes legislation which sets forth things like purpose of the organization, the powers that you are going to have, your membership criteria, how it is

going to be set up and operated, etc.... a governing document akin to the articles of incorporation that we have. The problem is that we as a private, non-profit corporation are in control of it. If we want to amend, we can do it. We can amend our articles as well as the Bylaws. If you get a national charter, it is not up to amending. In order to amend it you have to go back to congress -- and that is a very distinct disadvantage. Congress also has other control. Since you are established by them they may require you to provide an annual audit report, and there are other aspects that congress sometimes likes to impose. That is the major disadvantage.

Then the question comes, What happens to the old corporation and why do we think that the old corporation is dead? First, we have a lot of advantages under Pennsylvania law because, for example, we set jurisdiction of all litigation here between our members in Centre County, Pennsylvania, that is part of our Bylaws. If you become a National Charter, essentially you are a Washington D.C. corporation, so you are governed by congress, your jurisdiction of litigation between members itself is in D.C. courts. Now, my law partner is a member of the D.C. bar, but here in Bellefonte we have three judges that know the APS, so you have a lot of options there. It would not be the same type of forum that we have chosen to have here. We also have limitations to personal liability, not as a national charter. There are lots of advantages of keeping it here. Just this morning we talked about if we decided to expel someone and they decided to sue where it would be? This would be in Centre County.

If you get a National Charter, then what happens to the old corporation? Well, you dissolve, as you are not going to be operating under the old corporation anymore. So it is not just an expenditure of money. The outfit that gave the proposal to Nick were estimating doing it over a course of a year and would be \$12,000. It wasn't limited to that depending on how long it took them to do it. But that would not be the end of it, because the present corporation would have to be dissolved and the assets would have to be transferred over. We would have a problem with Omega Bank as we would have to get their agreement for the mortgage documents.

**Klug:** What about any other contracts that are outstanding?

**Eistenstein:** Well it would be the same thing. They would all have to be re-negotiated if they are assignable. We have good contracts. So there are other things we would have to register as a foreign non-profit corporation in Pennsylvania, [such as] register with the Attorney General as far as a charitable solicitation. This would also eliminate any possible merger with the APRL. Some talked over the years about looking towards an eventual merger. I don't think it would be a good idea.

**Alan Parsons:** Would we have to reapply for 501c3 status?

**Eistenstein:** Well, it would come as part of the National Charter. There would be other things you would have to apply for though.

**Carter:** I think you have made a very convincing case for us not to pursue this at this time. We have not always been incorporated in Pennsylvania. We were incorporated in Minnesota at one point -- the issue is that we have changed venues several times. I am wondering what is the big difference now in changing venue? I am not suggesting, I am just asking a question.

**Bob:** We were incorporated basically in the place where the Society attorney resided, and that was for the convenience of dealing with legal questions. I think now we have done a fairly sophisticated corporate structure and this would be a very complex thing today.

**Carter:** The reason I got into this in the first place was that Ken Lawrence suggested to me that we had a problem on our 501c3 that the IRS could turn around and get rid of our 501c3 [status] if they so chose. And this was suggested as a way of avoiding that and permanently pinning down our 501c3. He also drew my attention to the fact that we have looked at this once before. Gini, could you tell us what happened at those times?

**Eistenstein:** Dave Flood thought it was a terrible idea, and the attorney before him thought it was a terrible idea.

**Bob:** I talked to my counterpart at ANA [American Numismatic Association] about this, when I finished the question, "Should we get a national charter?" His answer was "NO." Apparently they have a lobbyist on contract from Washington just to take care of the administrative housekeeping that Gini does so efficiently and economically for us.

**Klug:** Are there any motions on the floor?

**Carter:** I would like to table this for some future time to re look at it again.

**Straight:** Let's drop for lack of motion.

## **B. Affiliate Applications**

Affiliate application for the Peninsular State Philatelic Society - Michigan's Postal History Society.

**Bob:** This looks like a very strong application. An organization founded in 1937, with 460 members, I recommend approval.

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The motion made by **Ada Prill** to accept the application of the Peninsular State Philatelic Society as an APS affiliate.

The motion was seconded by **Nick Carter** and was passed unanimously.

### **C. The Budget**

**Bob:** When I talked with you in Grand Rapids, I told you that I expected us to be in the black this year. As you will see on page 3 of the September financial statement, which was sent to you last month, we continue to run ahead of budget. As of September 30, we were \$13,273 in the black. We believe that will improve over the next three months.

You will find before you a slightly changed version of the 2006 budget. I would like to give you a brief overview discussing how it is different. The biggest change is in the reimbursement of \$56,000 from the library for fund-raising. This is an important change which is necessary to bring us in line with accounting regulations. In the past the library has gotten most of the income from our fund-raising, while the Society has borne most of the cost of the program. If you add those together, we are spending about 19c to raise a \$1. Incidentally, this is not a bad ratio. This year, we decided to allocate the cost of fundraising against the two organizations in direct proportion to the dollars raised. This will slow the development of the building, but it represents a fair distribution of the costs.

The second largest increase in income is the \$40,000 increase in investment income. This is the result of your new investment policy where you transferred responsibility for the management of the investment funds to professionals, instead of leaving it with the volunteer investment committee. This will also result in more accountability. The new investment manager tells me that 4% is a reasonable expectation for next year.

We are also projecting an income growth of \$25,000 from the expertizing guarantee. We hope to launch the guarantee of expertizing certificates in January.

**Klug:** Bob, I have a question. With the Philatelic Foundation now doing grading of stamps, does the APS plan doing that, and is that going to impact our income for expertizing?

**Bob:** We do not expect this to impact our income. Most of our customer base is collectors who are much more interested in determining the genuineness and the condition of the stamps. We talked to George [Kramer] about this, and we are working very closely with the Foundation. George Kramer has done a wonderful job of improving the coordination between us and them. What we agreed to do is to watch their experience. We knew they were going into it and we are going to see how they do and see from the future if it is going to be worth it for us to get into. Right now we are guessing that it will not, but that could well change if it is a great success for them. I kept George filled in on our progress on the guarantee and they are going to watch our guarantee experience and see if they want to move towards something like that. Their guess, like mine, is that they do not.

**Klug:** That is a nice model to have then because we are not in competition.

**Bob:** That is right.

We project a \$19,000 increase due to the Website revision. We see this from the addition of the ISU program of offering stamps on eBay, and also from the new Internet Book Store that will be launched next year. And, we hope to increase ISU sales with the revised site.

We are still projecting some costs savings next year. The biggest savings is in the production and distribution of the *AP*.

**Youngblood:** I have a couple of questions. I am assuming both the increase in the revenue of book and specialty sales, as well as the increase in costs of books sold, relates specifically to the Internet?

**Bob:** Yes, the Winter book does not have much of an impact here because we don't really make much money off books. If we can break even, we will be delighted. I think we might show some profit when we get into the modern U.S. stuff.

**Youngblood:** My other question: It [the budget] shows certain office expenses remaining relatively flat. With utilities increasing the way they are, many parts of the country are suggesting 30% increase in utility costs. Is that factored in here?

**Bob:** We are blessed with one of the lowest utility rates, electric rates in the country here because we still have these coal-fired plants and Pennsylvania is where all the coal comes from. Someday that might change, but we don't see it as a possibility right now that we need to up the budget.

**Saadi:** Electric is the smallest increase of all. But the heating is going to be like 30%, the same as oil.

**Klug:** Any questions for Bob?

**Carter:** I want to congratulate the staff for doing this and looking through this budget and answering the questions we have. I have looked at it and these are very reasonable changes and I think this is an excellent way to do this. I recommend that we go ahead and approve this budget now.

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The motion to accept the budget as submitted was made by **David Straight**, and seconded by **Jack Flannery**.  
Discussion followed:

**Klug:** Before we take a vote on this, I, too, would like to commend the staff for working on these budgets. I know you didn't want to do this and it was a stretch for your time and I am very appreciative. Rick has been doing an exceptional job of preparing these monthly reports for us, thank you. They are much easier to go through now.

**Bob:** Janet, you say I didn't want to do this. The truth of the matter is that I think the focus needs to be not on the operating budget. Realizing that this is a very complex financial structure, the number we need to look at every year is not the operating net, because I can move money from all over the budget to cover the operating net. What you need to look at to see the financial health of the Society is the net assets. Because that is the report card and when that is going up, the Society is healthy. When that is going down we need to look at why and see what we can do.

**Carter:** We have been quoting the net assets of the two organizations put together. We are talking about the APS here. I know the assets have been going up for the library and I am not sure what has been going in our assets.

**Bob:** They have been going down. The two organizations should be looked at I think together. The library has been doing extremely well financially. The Society has been declining in assets.

**Klug:** The library's net assets are largely being improved because of the building. So they are not liquid assets.

**Bob:** Most of our assets are not liquid assets, but they represent our financial health. It is going up because we are putting money in the donations for the building that are actually going into the library side.

**Parsons:** How often do we get reports on the endowment?

**Carter:** We get monthly reports from M & T Bank. You can see this in your monthly statements.

**Saadi:** Our assets are going up because of the real estate being improved. So, overall, our asset is going up because of the real estate we own, but on a cash flow basis -- not looking at the real estate -- we are losing money because we are spending more money than we are taking in on membership dues. Donations should be looked at separately. I don't want the board to sit here with the wrong impression. We have a good asset base and that is the most important thing because it can offset a lot of the negative cash flow. We have donations, which are great, because just like assets they can offset negative cash flow. We are an unhealthy organization without our assets and without our donations. That is an endemic to a bad financial audit. It has nothing to do with Bob's massaging the numbers, it is a reality.

**Bob:** Wade is absolutely right. I think particularly on the APS side we have some structural issues that we have to look at. But both sides depend on endowments. Our endowments -- particularly on the APS side -- are doing very, very badly for the last five years. I see that turning around in 2006. I see it turning around now because we now have a professional fund manager. And once we can get that endowment as a regular income source, then I think we can start to get that warm fuzzy feeling we all want.

**Parsons:** We had a professional fund manager, M & T Bank?

**Bob:** We did, but the finance committee set such tight constraints on him, that he wasn't managing money, he was managing with a very rigid cookie cutter. And what happened was that the finance committee was not able to respond to market changes so that if we were two years into losing money before we got out of equities.....

**Parsons:** [Interrupts] So the current manager got total discretion?

**Carter:** Not total. The finance committee got us into the straight jacket so to speak. Because PNC [bank] guys were managing shrinking assets.

**Klug:** Any further discussion on the budget?

**Klug:** Motion is on the floor.

Voting was unanimous to accept the budget.

#### **D. Hammarskjold Invert**

**Bob:** I have an item that is not on the agenda. The Scott catalog this year for the first time listed the separate sub number for the original Dag Hammarskjold invert. It is priced in used condition because apparently there were several sheets found. Used stamps are canceled and can be certified as original, as opposed to reprint. There are only 50 of the unused stamps that can be certified as being the original printing. It is unpriced in Scott right now because an institution owns the entire sheet of 50. We are the institution. I think that we have an obligation to the hobby that these stamps be out there for collectors to get. I am not sure what they are worth. Jim Kloetzel says he thinks it is a \$500,000 sheet. That is yet to be seen. But it would clearly be in our interest to have it priced and have some in the marketplace. But I think even more importantly we have an obligation to collectors that is bigger than the financial side of it.

**Saadi:** So it is \$10,000 a stamp?

**Bob:** That is what Jim says. Wilson [Hulme] could probably give a better estimate. I have no idea. I talked to one major auction house for advice, he suggested we sell a block and a single and keep the rest for ourselves.

**Youngblood:** Why do we want to do this?

**Bob:** Because of our responsibility to the hobby.

**Saadi:** This is the only 50 inverts that are [not] reprints in other words?

**Peter McCann:** There are some on cover.

**Bob:** What we would do is actually take them to an auction house if we are interested in doing this. One of the important steps in this is how we decide which auction house -- we certainly want to be fair about that. We would take some parts of this and have them certified by an APEX certificate that would identify the stamp and positions coming from this sheet, and consult with an auctioneer about how to responsibly dispose of a portion of this sheet. What I would like is your permission to open consultation with an auction house about how to do this and your advice on how to select that auction house.

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**Straight:** I would move that we make a request for proposal to the leading auction houses that are APS members.

**Klug:** Yes, I would support that.

**Straight:** Let them come back to us with their proposals as to what they would charge us in commission, how they would propose it to be marketed, how they would be willing to publicize it, and how much we should sell at one time. So go to them with a proposal of four or five things that we want them to respond to and see what we get back on them.

**Carter:** We own the sheet. Is it on our books?

**Bob:** No.

**Carter:** This would come in on our books as net assets.

**Bob:** Where would the income go? It would be miscellaneous income it would not be attributed to a specific department.

**Carter:** We would be selling an asset rather than putting it into an endowment.

**Parsons:** Are we looking at a tax deduction on this?

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**George Fekete** seconded **David Straight's** motion.

#### **Discussion on tax deduction.**

**Steve??:** Since it [the invert pane] is not carried on the books right now, why would the board not be interested in using the proceeds toward the capital gain, since it is not offsetting any assets in the interim?

**Bob:** We have a very nice reference collection and a library that is very nice. The only stamp that we have that is on the books is the C3a, which is carried on the books as \$70,000, which may be an understatement of its value as well, but we try to keep an inventory. Current evaluation of postage stamps and library books is a headache and we don't see that we gain enough to put any of those items on the books. If it got priced, this might well be something we want to put on the books.

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**Klug:** We have a motion on the floor, Straight, please re-state.

**Straight:** The motion is to draft a request for a proposal, touching on how to sell, how much to sell it for, a commission structure, how would we publicize, how publicity would benefit the APS. And to put this request out to major auction houses who are APS members and then review the proposals we receive.

**Klug:** So today if we vote to approve David's motion, we are not voting to approve the sale.

**Klug:** The motion was made and seconded by George, we need to move along here.

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The motion was passed unanimously

### **E. Proposal on the Publications Committee**

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**Peter Martin (as motion):** The APS used to have a publications committee many years ago, and through the eons they have published various books, monographs and other things. I think the publications committee needs to be reestablished. Goals are part of the educational charter and offer the opportunity for additional value to members which is a lot of things we discussed this morning. We can now feature philatelic research by the leading philatelic organization and can be a money raiser. There are various different ways to do that.

Composition. I would propose there is a chairman appointed by the president, minimum of three maximum of nine members, at least one member selected by the Executive Director to serve as a liaison with the APS staff.

Mission would be to produce a minimum of one hard-bound book and full monograph annually that further the educational aims of the APS. The immediate objective would be to form the committee, establish guidelines for publication selection, publicize a program and develop a publication plan. There is a number of duties that I have outlined, including to meet as required to further the aims of the committee, to prepare a budget, develop a comprehensive plan including prepublication orders, monographs by subscription and other techniques. Establish guidelines and selection of author submissions. Books that have broad appeal must be financially viable. Monographs [should be] no more than 160 pages. Publications must have a realistic chance to be profitable.

Additional duties: Solicit, review, approve publications to be produced by the APS, to brand the APS book and ensure they can be identified as part of a cohesive program, to identify others who can assist in the peer review of author submissions and to establish a publications fund equal to at least the production costs of two years-worth of the publications. Initially the funds from publications sales would go into this fund and then once the target was reached then those would be available to the Executive Director for other purposes of the Society. The committee would also assist with the printer selection and coordination and any other duties that the President or the Executive Director would assign to it.

The motion would be to re-establish the APS Publications Committee along those guidelines.

**Straight:** The only thing that occurs to me would be to suggest an amendment that we also include CD publications.

**Martin:** Certainly.

**Bob:** The Publications Committee predates my time. But I remember staff and Board members saying, "Am I glad we got rid of that committee because they could never get the members of the committee to read a manuscript to approve a book." The program just died because the committee would have manuscripts floating around. What we need is people that would go out and actually find books and bring them in, not so much an editorial review.

**Straight:** I think it comes down to presidential leadership. If a committee is not functioning, it's time to hold their toes to the fire.

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**Alan Parsons** seconded **Peter Martin's** motion. Discussion followed:

**Saadi:** You could possibly have the committee dissolve when we change presidents.

**Klug:** The Committee would dissolve until the new president appoints a new chairman.

**Martin:** Which sort of defeats part of the purpose of having a cohesive long-term program.

**Saadi:** It gives an opportunity so you are not having to fire somebody.

**Flannery:** Before we act in any respect, I would like to see some demonstration that such an enterprise is economically viable. Don't just tell me it is.

**Martin:** There are ways to raise money. You can sell advertising in it [a book], you can pre-sell it. I am surprised we have a presale program when we don't know the quantity and therefore establish a price for the books. How do you pre-sell something without a price?

**Bob:** We have established a price. The price is based on 400 [copies]. If we are able to sell 500, then our profit margin -- thin as it is -- would go up.

**Flannery:** I would like to see a business plan.

**Martin:** That is part of the proposal. Developing a budget and putting forth the program.

**Carter:** What is the motion?

**Martin:** Basically, to establish a Publications Committee within the parameters I have outlined, including a business plan and the CD as amended.

**Peter McCann:** I would like to see a business plan showing it is viable to set up the committee before we actually set it up. I would hate to set up a committee, get a business plan, review it, and then realize that it is not really realistic and have to get rid of the committee.

**Straight:** Would you, Peter, be willing to alter the motion to prepare a business plan for a Publication Committee which we would review.

**Martin:** We have a de facto publications plan right now. We already got a book approved, so obviously we are moving forward in that direction.

**Lloyd deVries:** I am curious. What is the Publications Committee going to do that the Education Department isn't presently doing, and how would it interface with the Education Department?

**Martin:** One, I think the Education Department has enough on their plate to do. I don't know that they really know all the authors out there who are capable of putting together monographs. And the committee members would all be members who have publication experience and are familiar with the field. It could also develop some relationships with some other society. Ultimately, part of this would be to have an area here in the APS to sell publications including such things as Society publications and have inter-relationships. That is a little beyond what the initial charter would be, but it could certainly be things that we could develop so that the APS again is the site that people go to when they are looking for philatelic publications. Right now I think the Collectors Club of Chicago is probably the best group, although they do not publish on a regular basis.

**DeVries:** How would you interface with the Education Department?

**Martin:** There will be a member that Bob will employ as a member of the committee as a liaison to staff coordination.

**DeVries:** Who actually has the contracts to the printing for instance?

**Martin:** Contract would be by the APS, not by the committee.

**Fekete:** We need a single face, so people know who to call when they want to publish a book.

**Bob:** I think Peter has a very positive approach to this, and I think he would be a very strong person to lead this. My concerns would be what would happen after Peter moved on. But I think if we had a good committee, I would say they call the committee chairman and let him look at the book. Because first somebody has to look at it and see if it has real salability, and most of the authors we get don't.

**Martin:** I can almost assure you there will not be Australia Aerogrammes.

**McCann:** I would just feel a little more comfortable seeing a real outline of a plan for the committee. I think it is a very good idea but I am just uncomfortable forming a committee when we don't have all that yet.

**Youngblood:** Peter, if I understood the motion correctly, it has been amended simply to establish a business plan and address the financial feasibility of establishing the full-blown Publications Committee.

**McCann:** If that is what the motion is, fine.

**Martin:** The motion is to establish a committee. It is part of the mission of the committee to prepare the business plan.

**Klug:** There is a motion on the floor. No further discussion. I think I will call the question. All those in favor of the motion raise your hand.

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The vote was split, five yes, five no

**Klug:** I am going to approve the motion, but I want to see the business plan before we get busy on forming a committee. Peter, so if you and I work together on that, is that okay?

**Martin:** That is fine.

**Bob:** Peter, we will help you in any way we can with that.

**Klug:** I think it is a very positive step forward in trying to get more publications.

#### **F. Corporate Resolution**

**Eisenstein:** There is a corporate resolution here to maintain the deposit account, this is with Omega.

**Bob:** Yes, we have moved our business account from PNC to Omega and we need a resolution from the Board.

**Rick:** This is required from PNC to close our accounts.

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**David Straight** moved to accept the resolution.

**George Fekete** seconded the motion.

The motion passed unanimously.

General session meeting adjourned, 3:00 p.m.