

## Minutes

### Board of Directors Meeting

February 6, 2002, 7:00 p.m. PST

Mission Inn, Riverside, California

Called to order at 7:05 p.m., Janet Klug, Chair, Board of Vice Presidents, presiding; President Peter McCann was ill, but present by telephone.

Directors present: Vice Presidents Ann Triggler and Roger Schnell; Treasurer Nancy Clark; Secretary Lloyd de Vries; Directors-at-Large Ronald Leshner, Ada Prill, Stephen Washburne (arrives late due to flight schedule), and Robert Zeigler. Hotchner joins later by telephone.

Staff present: Robert Lamb, Executive Director; Virginia Eisenstein, Society Attorney; Barbara Boal, Acting Editor, *American Philatelist*; Scott Frazier, Controller; Dennis Gilson, Match Factory Project; Kim Kowalczyk, Director of Education; Kenneth Martin, Director of Shows and Exhibitions.

Members and others present: Irving Miller, Dealer Representative; Charles Peterson, President, American Philatelic Research Library; Lois Evans de Violini, APRL Trustee; Robert de Violini; Ken Lawrence, APRL Trustee; Foster Miller; Rob Haeseler, *Linn's Stamp News*; Jerome Kasper.

Klug announces she will vote, since she is only presiding, and not president. Short debate follows. Eisenstein consults Roberts Rules Of Order.

Zeigler states that there is nothing in the By-Laws that says a president cannot vote. Eisenstein says that Roberts says a president votes to break or make a tie. McCann says he cannot preside by telephone. Eisenstein renders the opinion that whoever is not presiding can vote as a matter of course. McCann volunteers to preside during votes, allowing Klug to vote.

### **EXECUTIVE DIRECTOR'S REPORT:**

Lamb opens with **finances**, since "I know that's something you're all very interested in and have been monitoring very carefully." Good news, and bad news, but to get to the good news, you have to remove the investment results from the Society's budget. Our budget projected expenses of \$3.5 million; our actual expenses were \$3.4 million, or \$60,009 below budget. That's the lowest level of expenses for the Society since 1986.

Unfortunately, our income also dropped. We had projected income, excluding investment income, of \$3.4 million, and the result was \$46,000 below that. Excluding investment income, we were \$14,000 better than projected.

The bad news: Last year in Chicago I told you that we were looking at a realized investment loss of \$35-\$45,000, instead of the projected gain of \$64,000 in investments. This would have made a projected budget shortfall of \$100-\$110,000. In fact, our realized budget loss was much greater. We lost \$96,000 in realized losses in investments, and if you add to that the \$64,000 that we had projected as income, there was a budget shortfall of \$60,000.

In addition, the unrealized losses to the APS budget were \$134,000. One could argue that these are paper losses, but they nevertheless combined to give us a deficit in the general fund in the APS budget of \$325,000. That's a lot of money for the APS.

I'm delighted that you'll be looking at changing our investment policy later in this meeting.

The operational loss is a little higher than I had projected, and that was because, as I told you earlier, it was going to be about \$28,000. At one time we were looking at breaking even, but a big problem was the American Philatelist ad revenues came in about \$50,000 below budget.

In the area of non-dues income, we've done really well. Our budget projected income for the insurance program was \$45,000; in fact, it actually earned \$74,000 last year. That's almost double, so the insurance program is doing extremely well. That does not include the \$20,000 that Hugh Wood is donating to underwrite this show.

We've been watching the **Sales Division** carefully. For over two years, the number of circuit books submitted and the value of the books have been in decline. In 2001, we saw a turnaround. From 1999 to 2001, our inventories in the Sales Division declined in value from \$13.1 million to \$9.2 million. During 2001, the number of books and the value of the books increased in 6 of 12 months, so that we ended the year with a net gain of \$280,000 in inventory.

In January of this year, we saw another rise in the inventory of about \$80,000, so we're actually up about \$360,000 from our low.

The next step in the Sales Division — this is a very important step — is to streamline and automate the procedures, so that our books can be processed more efficiently to reduce internal handling costs. I expect to have that accomplished by the time we meet at Stampshow 2002.

**Internet Sales** increased dramatically in the final four months of 2001. That growth is continuing into 2002. In January, we increased the commissions from 10% to 20%, and when that became effective, the unit became profitable to us. In January and February, Internet Sales has made us money on the average every day.

**Membership** maintenance continues to be a real struggle for us, despite some very innovative promotion efforts. We expect to see a loss of about 1,000 members, from January 1, 2001, to January 1, 2002. We estimate that dropping the \$3 early payment discount will result in a loss of about 1200, which we can expect to see by the end of 2002. The effecting of dropping that discount will be felt this year and not last year.

We had two membership promotions last year. We offered every new 25-year member the opportunity to give a free one-year membership to anyone who was not currently a member of the Society. That promotion gained us 156 new members. That meant that about 12% of all the members who got the letter responded to it. We obviously don't know what the retention rate is going to be of those 156 new members, but we expect to do that again this year.

It's been our experience that we'll have declining numbers of respondents each year that we do this. I would hope that we could get 100-125 this year.

Second, we provided cardboard backers to [USPS] Stamp Fulfillment Services, preprinted with information about the APS. John Hotchner played an important role in that, and Kim Kowalczyk designed the backer and did a very good job with it. If you had asked me last month, I would have reported that this project had been a failure. What we found is that it's off to a very slow start. They were used to prepackage philatelic materials — we're not sure which ones — but they were being sent out, but I suspect most are still in Kansas City. Our timing was very bad: We got the backers to them just in time to see portions of Kansas City shut down with the anthrax scare.

What we're finding is that as these backers get into circulation, the response is increasing. We now have 33 inquiries from those backers, and we've gotten 8 new members from them. My sense is that this is going to accelerate during 2002.

By the way, those backers cost us \$1,940, and I'm inclined to do a backer of a different size and get it out into circulation. We did a backer last time about the size of a #10 envelope and what we would like to do this time is maybe something the size of a full sheet, and we're working with them now. Gary Stone and the people at the Postal Service have been very, very cooperative.

De Vries: Right after the anthrax scare, they started using these things about how the powder in orders was corn starch, so I think they may have pushed our cards aside because of the anthrax scare.

Lamb: But they're moving out now, because we're really starting to get results.

The number of new members who joined us from the **Internet** continues to increase. During 2001, 40% of all our new members joined via the Internet. The Internet Sales Unit gains us 50-75 members a year; that's the best estimate

that we have. Kim's Internet correspondence courses are getting us 25 new members a year, and we are continuing to target our correspondence courses principally at beginners. We would like to get an intermediate course out there. Ada has been very helpful to us with those beginner courses.

Our relationship with the **Postal Service** is better than I have ever seen it. Cathy Caggiano has been an excellent Director of Stamp Services; she's very receptive to concerns of stamp collectors. She would be here this weekend at this show if she were not on medical leave; her replacement, Dave Failor, will be here for this show.

Failor has been helpful in dealing with the question of irradiation. **Irradiation** is one of the most serious threats facing the hobby today, and we have been working very closely with the Postal Service to try to find out what their intentions are on this. I think we've all seen horror stories about items that have been burned or destroyed in the mails. When this came up, Peter asked me to see what the Society could do. Doug Clark and his committee did some excellent research into the problem, but they said before they could go any farther, they had to see what techniques were being used by the Postal Service.

I called the Postal Service. Fortunately, or unfortunately, there are a lot of industries that have problems just like us: This high-intensity heat is not helpful for pharmaceuticals, it's not helpful for plastics, it's not helpful for high-tech. I suspect that under certain circumstances, your L.L. Bean zipper might even melt under this heat, so there are a lot of people weighing in with the Postal Service on this problem.

The Postal Service position is that right now it's only being done in five ZIP codes in the Washington, DC, area, and they are all government addresses, and then only on selected mail, targeted mail.

Their intention they say is to widen this much broader, they really want to protect people against bio-terrorism, but at the same time, there are a lot of practical problems with this, and I think they're just as happy right now they didn't get the money they wanted to solve this right now. I have talked to insurance providers to see if we can get extra insurance. I think there are things we can do to protect the Society. For example, there are ways we can handle bulk mail in our shipments, through special handling with the Postal Service, but that doesn't help the hobby as a whole. That doesn't help the collector in California who wants to mail some stamps to a dealer. I think we have the need not only to protect ourselves, but also to protect our collectors. However, at the present time, it's a very limited program, but we will stay in touch with the Postal Service and ask them to let us know if they intend to broaden it.

One of the things this Board has asked about is that we get a **counter on our Web site**. We do have counters now; it's been in effect since late December. The first full month's results are available: I was astonished when I saw that StampStore gets more visits than the entire APS Web site. We got 113,400 visitors at StampStore in the month of January, and 113,000 — a couple of hundred less — came to the entire APS Web site. The hits per visitors are about 16 on the average on APS site and about 61-62 per visitor on StampStore, so people are going there and looking for stuff.

Klug: Do you have counters on all of the different pages, or just selected ones?

Lamb: It is possible to get counters on every page, (but) it is not as easy to read as you would think. We really have to decipher them because it has URL numbers, so you have to find out what that number is and go check the page. I got a list of used, most used and least used, pages. The data needs a lot of refining. There are a lot of pages that are out there on the site, technically, but people can't get to them. Quite obviously, those show up as least-used pages. You've probably seen the February front page is out there now, but we also have last December's front page still accessible, or even, I suspect, January a year ago, and those obviously do not get many hits. It's going to take us some work before we can really refine that.

Our youth and education program has been very active, and Ada has been very helpful in doing it, and that sort of leads into Ada's report.

## **YOUTH REPORT**

Prill: The youth activities break down into several different groups. One is the **All-Star Stamp Clubs**. That's a little disturbing, because it looks like from 1999 to 2000 it was fairly stagnant. The number of clubs, and way down in the number of participants, and this year it's down even further. In '99, there were 61 clubs and 2300 members. Then it went to 58 clubs and only 1500 members. And this year, Doris [Wilson] says she's still receiving memberships but there are only 38 clubs and 600 members.

It appears that we're not keeping the members that we get in the All-Star Stamp Clubs. Kids aren't continuing from year to year, teachers aren't continuing from year to year. That's a program that needs to be looked at. Maybe we're not doing enough follow-up to make sure we retain the groups.

The **Web site** [[http://www.stamps.org/kids/kid\\_StampFun.htm](http://www.stamps.org/kids/kid_StampFun.htm)] is excellent. I suggest you look at it. I don't know how many hits we're getting on it, but if we can direct kids to the Web site, we all know kids like to use the Internet. I think that's a very good way of reaching other kids.

There are some programs that we're doing in conjunction with other groups. One is the possibility of working with the Postal Service and the National Wildlife Federation on the **National Stamp Collecting Month** program this year; they're doing bats. APS can help them and they can get our name out there.

What I find the most exciting outreach devoted to children is the **Stamp Camps**. Cheryl Edgcomb has been phenomenally successful in bringing kids into the hobby with multi-day Stamp Camps. The kids come for 3, 4 or 5 afternoons or maybe even some whole days. They do hands-on stuff, and at the end, they produce an exhibit. There's also stuff they take back to their schools or girl scout groups or whatever it is, so they keep going.

Ken Smith is helping Cheryl out with various aspects of that. I think anything we can do to support that is good, because it's not just a one-shot deal. You can bring a group of kids in and give them some stamps to play with. When you really totally immerse them in a multi-day program, it seems to work. I've seen some of these kids in the Youth Championship.

The Staff would like to put together some programs on CD-ROM, possibly based on the stamp camps or other things; a beginners' album, either downloadable or on CD-ROM, a coloring book. The Staff has lots of ideas; what they don't have is funding.

Zeigler: We appreciate your report, Ada, and the Board really commends Cheryl for the work she's been doing. I think it's very salutary, it's the best hope for the future of the hobby.

Clark: And also Kim and Doris.

Clark moves to accept the Executive Director's report; Leshner seconds. Passed by unanimous vote.

Clark moves to accept the Youth Report; Zeigler seconds. Passed by unanimous vote.

#### **APPROVAL OF "PHONE VOTES:"**

- The minutes of the Board of Directors meeting, August 21-22, 2001
- The minutes of the Board of Directors meeting, August 25, 2001
- Minutes of the General Membership meeting, August 25, 2001.

Moved by Zeigler; seconded by Clark. Passed by unanimous vote.

McCann reminds that, during the votes, he is presiding and Klug is voting.

**Hotchner** joins meeting by telephone.

## **SOCIETY ATTORNEY:**

Zeigler: Dave Flood apparently tendered his resignation in October, after many years of service to the Society. I would suggest the Board or the Executive Director, if they have not done so already, acknowledge that service at least by means of a letter or other public indication of their appreciation.

Virginia Eisenstein has been suggested. I think she has a marvelous legal education, Yale Law, top 10 percent — you can't do much better than that. She has been a partner in a law firm in State College, so she's convenient to headquarters.

I wrote to you all a brief description of her practice.  
[January 14, 2002]

Pursuant to a suggestion from Peter McCann, I have interviewed Virginia "Ginny" Eisenstein, attorney, by telephone. This will serve as a report of that interview.

Virginia is a 1968 Yale Law graduate with a general practice in State College. She has a two-person firm in which she is the senior partner. The firm name is Eisenstein and Bower. She has been in practice since 1975. Her husband has an academic job at Penn State.

Her firm has existed in its present form since 1984. She has achieved a "bv" rating in Martindale-Hubble, the lawyer directory. This is the second-highest rating and means that her peers regard her ability as high to very high. Her firm seems to handle a typical small-town caseload, with real estate, probate matters, and family-law matters being the most common types of cases in which she becomes involved. She does not do any criminal representation. It appears that she is well known all around the State College legal community. She is personable and very bright, and comes highly recommended by Dave Flood. She is an APS member, collecting Russian railway markings among other things, and has been for quite some time. She volunteers a lot in service to the community, and has served as President of the local Centre County Bar Association and has been active in support of the local chamber orchestra and the Central Pennsylvania Festival of the Arts. She has worked to a limited degree with not-for-profit corporations, and has assisted at least one in getting a 501(c)(3) exemption. She has already consulted with Bob Lamb on the Match Factory Project and has advised that if the Society proceeds with the purchase, it should be sure to get a policy of title insurance, as her preliminary research discloses that the property has passed through many little-known corporations, leaving the title status somewhat murky. She also advised that under Pennsylvania law, there is a merger doctrine that wipes out any prior commitments, written or oral, if they are not expressly incorporated into the closing documents and the deed.

Apparently Virginia has already been invited to Riverside and can be available for the Board meeting. I have not discussed hourly rates or a basis of compensation but can do so if anyone wishes. (I did not wish to go very far before I had a sense of the Board.)

As far as I am concerned, Ms. Eisenstein appears to be a worthy candidate. The fact that she has been strongly recommended by Dave Flood weighs heavily with me. However, I have long ago learned from personal experience that a half-hour interview falls miserably short as a dependable way of gauging what a person is really like. So, if Virginia comes to our meeting, I would encourage you to form your own impression. If any of you have any further questions about her, I will try my best to answer them.

Asks Eisenstein to describe her experience with Not-For-Profits.

Eisenstein: We have a general-civil practice. We don't do any criminal law, but we do do a variety of different types of work. I represent a number of businesses, I do real estate, different kinds of commercial law, I do wills, estates, trusts, a whole variety of things of that nature. I represent a number of non-profit organizations, among them the Centre County Airport Authority, the Women's Resource Center in State College, the Boalsburg Village, Conservancy, the Council of American Embroiderers. It's kind of similar to the practice of Dave Flood.

I am a general practitioner. If anything of a very specialized nature needed to be done, we would recommend someone who is specialized; for instance, for complex tax matters.

I'm a stamp collector, I collect Russian railroad postmarks.

McCann: Why do you want to be the Society Attorney?

Eisenstein: I was asked if I might be interested. Dave seemed to think it might be a good idea. When people ask me if I'd be willing to represent them, I mean, why not? One of the reasons I particularly, though, would be interested in this engagement is because it has to do with stamps. I've been a member of the APS since 1984. At one time, I was very active in 10 committees in the Mount Nittany Philatelic Society. I haven't gone to their meetings in a number of years, though, because I have other responsibilities.

Lamb: In one of the first meetings Virginia and I had, I had to get some help with some of the legal issues that we get, and she asked if she could come over to see *me*, because she wanted to go to the Sales Division to buy stamps!

Eisenstein: I spent \$65 that day!

Prill: Did they give you a discount?

Eisenstein. No.

Lamb: The same one we give the Board!

De Vries: You've said in a couple of cases "we do this, we do that," referring to what your firm does. But this would you be representing us, not your entire firm?

Eisenstein: Right. The only organization that I've mentioned that's not my particular client was the Council of American Embroiderers, and that was my partner's. My partner is doing a hearing for me tomorrow because I'm not in State College, so in emergencies there's back-up.

Klug: Do you prefer "Virginia" or "Ginny?"

Eisenstein: My friends call me "Ginny."

Klug: Are you working for the APS, the APRL or both?

Eisenstein: It would be the APS. If the APRL wanted me to give them advice, I would have to wonder in any particular instance if there were a conflict of interest, and if the answer is "yes," then the answer to them would be "no, I can't."

Peterson: In the normal arrangement of things, because of the joint staff function, the Executive Director and staff being responsible for both organizations, I would expect that in any non-conflict situations we would certainly and receive the benefit of her exhaustive knowledge.

Eisenstein: Yes. I wouldn't have any problems at all in a non-conflict situation.

Zeigler: Has anything been discussed in terms of compensation and things like that?

Lamb: Yes.

Zeigler: Is this on an hourly or...?

Eisenstein: It's hourly.

Lamb: We don't usually talk about compensation in public session.

Zeigler moves to retain Eisenstein as the new Society Attorney; Clark seconds. Passed by unanimous vote.

#### **ETHICS COMMITTEE CHAIRMAN:**

Klug: Peter has appointed upon the Board's confirmation John Flannery, who ran for Board of Directors and came in, I believe, fifth, to be Ethics Committee Chairman. Jeanette Adams has resigned her chairmanship of the Ethics Committee. She had hoped to have a report for us by this meeting, but she has been ill lately.

Lamb: Jack Flannery has shown a lot of interest in the Society, he regularly attends Summer Seminars, he participates in other Society activities, and he's been looking for a way to help the Society. He ran for the Board and just narrowly missed being elected a Director-at-Large last time, and just from a personal point of view, he's an excellent candidate.

Leshner: I've met him on a number of occasions, including Summer Seminars, but I've also met him at many stamp shows, and I've exchanged e-mails over the years.

Prill: Jack lives in the Rochester area, and I've known him fairly well for years. He's an excellent choice. He's a very careful person. He really thinks before he opens his mouth.

De Vries: Does he have any specific credentials for the Ethics Committee?

McCann: No more than any of our past [chairmen]. We've picked people who tended to have a very balanced and what we like to think of as an ethical approach. Jeanette happened to be a lawyer and the person before her was a businessman. I don't know what you would consider to be...

Lawrence: I think Jack does have some special talents that apply to the kinds of ethical problems that face us. He has spent a lot of time pondering questions of intellectual property, which are sort of the cutting edge these days of conflict and resolution. He's very thoughtful about that....I think that alone makes him a splendid candidate.

McCann: I spent a good hour with him on the telephone reviewing some of the problems that are facing the Ethics Committee, and he had some extremely thoughtful and what I thought extremely balanced, very fair approaches. I was very impressed with his reaction.

Clark moves to confirm Flannery, Prill seconds. Passed by unanimous vote.

#### **POLICY ON SHOW LOCATIONS:**

Lamb: The Board got a copy of John's e-mail report:

February 5, 2002

What follows results from the request made by Pres. McCann last September for a set of recommended explicit show site selection criteria as a guide to the society's HQ staff in proposing, and the Board in making, future selections.

Background: The APS HQ staff has in the past researched possible show sites based upon general guidance that has built up over the course of years; much of it recorded in one or another set of minutes of board

meetings, but some of it individual opinions not expressed on the record, but stated in private conversations. What follows is an effort to collect all relevant guidance in one easily referenced document.

Mission Statement: As this effort progressed, it became clear that a clearly understood mission statement for our shows is needed. For this I turned to the Committee on Accreditation of National Exhibitions and Judges (CANEJ), chaired by Janet Klug. The result of their efforts, in which Ken Martin participated, is the following mission statement:

'STAMPSHOW shall: Provide a national showcase for the American Philatelic Society and for philately in general; Deliver educational opportunities for philatelists, from beginners of all ages to advanced specialists; Give positive public exposure to the hobby of stamp collecting and to its participants; Present a varied marketplace for collectors, using only dealer members of the Society; Support and give exposure to APS affiliates and local chapters; Provide an opportunity for collectors to meet and socialize; and, Present both an open philatelic exhibition and the annual Champion of Champions, STAMPSHOW World Series of Philately, and literature competitions.'

CANEJ also proposed the following introductory statement, which I believe is more in the nature of guidance to the staff as site selection and exhibition management criteria than as part of the Mission Statement: "STAMPSHOW is an annual philatelic exposition operated by the American Philatelic Society. STAMPSHOW shall have financial self-sufficiency as its goal. The venue will be suitably adjusted to achieve that goal and these objectives." I think that we can say that "venue will be suitably adjusted to HELP TO achieve that goal...." but the fact is that location does not determine whether there is a profit or loss. It is only one cost center and can be offset by creativity in profit centers.

A separate Mission Statement was not proposed for the Winter Show, but I would propose that it would include the second through sixth items from the STAMPSHOW MS, but substitute the following for the first:

"Provide a national showcase for the APS and for philately in general, but generally in a smaller venue not large enough to be considered for the annual Convention;" and that the following be substituted for the seventh: "Present an exhibition that features non-traditional and/or experimental forms of exhibiting."

Proposed Site Selection Criteria: Because there are presently two annual exhibitions, I will present the proposed criteria in three forms, as follows:

I. Criteria Common to Both:

A. There needs to be enough space available to accommodate the projected exhibition, society tables, children's area and bourse requirements and enough associated space within walking distance for senior citizens so that adult educational and fraternal meetings can be held. Likewise for APS Board meeting facilities.

B. The locations should be easy to find and get to by local public transportation; also bright, attractive and welcoming, so as to promote the attendance of the general public.

C. The shows should be located in markets that give our dealer members some sense of assurance that they can make a reasonable profit after expenses by having a crowd to sell their wares to.

D. Both shows should be located in a succession of cities that are geographically dispersed so as to bring the shows within easy travel distance of most members of the Society at least once every four years.

NOTE: This does not preclude holding the Society convention in a single city say once every other year or every third year, but no single group of local volunteers should be responsible for putting on an APS convention year-after-year (often in addition to their own home show.)

E. Site selection should be guided by a goal of making the shows financially self-sufficient. NOTE: This does not preclude the Board from making a judgement that deficit spending is warranted when some aspect of the

Mission is significantly enhanced by doing so, and the non-monetary benefits may contribute to the Society's bottom line in other ways.

F. Shows should be located in areas of cities in which there is a range of moderately priced to high end lodging for the convenience of members attending, and it is desirable that the same range of eating establishments be located nearby.

G. The exhibition hall should contain or have nearby moderately priced eating and seating facilities so that attendees are encouraged to come and stay for full days.

H. To the extent possible, the show location and date should fit into a continuum of shows and bourses on preceding and succeeding weeks that will attract dealers who are traveling from one show to another.

I. There should be shopping and activities (museums, theater, sports, etc.) that can act as secondary draws; especially for collectors who want to travel to a show with their family members. NOTE: Keep in mind that it is the show and not the city that should be treated and seen as the primary attraction.

J. There should be good air connections to the cities selected.

NOTE: Price of the ticket is more important than the availability of direct flights.

K. Experienced and enthusiastic volunteers are essential in adequate numbers to both plan (with HQ) and operate the majority of the show.

L. There should be availability of nearby (walking to) facilities for official food functions.

M. The convention bureau should be enthusiastic about hosting us; showing a willingness to solve rather than to accept situations that are problematic to the APS. It should also have good local media contacts that can help with local promotion.

N. The local Post Office should be enthusiastic about participating at both shows, but especially at the Winter Show where they are likely not to have national resources to support them.

## II. Criteria Specific to STAMPSHOW:

A. The show site needs to be able to support requirements that have been jointly set by the APS and partners with which we have a signed agreement. (NOTE: Currently ASDA and the USPS)

B. The show needs to be located in a city where there are at least \_\_\_ number of Society members within easy driving distance (100-150 miles) of the show site. NOTE: Discussion has tended to center on the total population numbers for given areas around candidate cities, but that is not the best predictor of good attendance; what does that is the number of APS members, and perhaps the number of other collectors as measured by what we have on record for our 700 local chapters in a given distance from the proposed city.

## III Criteria Specific to the Winter Show:

A. The show needs to be located in a city where there are at least \_\_\_ number of Society members within easy driving distance (100-150 miles) of the show site. (See NOTE with IIB above.)

B. Candidate cities should in general not be in an area severely and repetitively impacted by poor weather in the time slot being considered.

C. Given the smaller nature of this show, it is desirable to consider venues that are directly associated with if not located within a hotel. Board Action Requested: That the Board discuss, amend as it wishes, and approve both the Mission Statements and the Show Selection Criteria. In doing so, it is also recommended that the Board discuss, and adopt if appropriate, a principle that calls for the staff to seek three geographically

dispersed locations where we could alternate STAMPSHOW on a routine basis. This would require buy-in from a local committee, and perhaps a greater investment in those committees to assure their enthusiastic cooperation. But there is great benefit in regularity, and being able to settle on specific locations that satisfy the majority of the criteria would allow us to also fulfill the mission statement more reliably.

Hotchner: Invites discussion of the report.

Prill: Could you tell us a little more about your thinking about possibly having the shows return to some locations on a three-year rotation?

Hotchner: Given the difficulty we've had lately in finding good locations, I think that the time has come that we need to at least consider the possibility of moving the show among three specific places, with the idea that there are some real benefits to that, and that we still have the winter show, if we're going to have the winter show, to move around to more geographically-dispersed places.

The fact that we have had a fair amount of outcry among the dealers over the Michigan decision, for example, is something with which we have to contend. It may work out to be a wonderful place, as Houston was, despite the fact that we had some complaints about that. But I think we need to deal some consistency into our own program and not be doing things that the dealer community sees as being precipitous.

I'm not saying that this is something that we absolutely must do, but I think it is something we need to consider. I'd certainly be interested in hearing from Staff on the subject. This is something we have talked about before, and kind of started down that path with Chicago, but it never did seem to happen, and I don't at this point recall why.

Washburne: Regarding #I-D:

D. Both shows should be located in a succession of cities that are geographically dispersed so as to bring the shows within easy travel distance of most members of the Society at least once every four years.

We currently have the sort of East-Midwest-West rotation. Are you intending that that should continue?

Hotchner: Yes, very definitely.

Washburne: Do you see a four-year sequence of places, such as Northeast, Southwest...I don't see how it's going to be possible to bring it within "easy travel distance once every four years" to every part of the country."

Hotchner: I think "easy travel distance" includes direct flights. I would say that Chicago is pretty much a direct flight from almost any place. Washington, New York, Boston are direct flights from a great majority of places.

Washburne: Then why not say "direct flight?" Continuing on that point, there are a number of cities, and this goes somewhat to point K, "enthusiastic volunteers are essential in adequate numbers to both plan (with HQ) and operate the majority of the show." What Martin distributed to us was an outline of the various cities and the pros and cons. And there are a great number of cities in which volunteers are a problem. We're seen as 500-pound gorilla competition.

Martin: Not sure any cities want us to repeat. The most recent one that he thinks might be interested in hosting our show again in the relative near future would be Cleveland. I don't think Chicago has any interest, I don't think Providence has any interest. I don't know if Milwaukee, in 1997, would have any interest. The cities that I see having interest are weaker cities that the Board has already turned down. I guess that's my greatest concern about the three-year [rotation], is finding a location. From my perspective, it would be a lot easier if we didn't have a three-year rotation, but a lot easier assuming we have adequate volunteer support. If a city like Chicago, which has nearly as many collectors as any geographic area in the country, at least among the people who volunteered this past August, aren't interested in hosting again at least for the near future, I don't see many cities. I don't think the financial amount we put forth is going to have a significant impact on that.

Triggle: Could you clarify that a little bit? You're saying that the APS is wearing out its welcome at these shows?

Martin: The people are not willing to commit to a similar support immediately or for a number of years.

Lamb: "Wearing out our welcome" is a strong term. I think what happens is an APS show is an awful lot of work, and these cities have very thin bases of volunteers. They're tired after an APS show. They say, "We were delighted to have you here, but please don't come back next year."

Washburne: I think "wearing out our welcome" expresses it very well. I think that's one of the major problems. What John has in this proposal are just wonderful ideas. The APS depends on volunteers to make a show financially viable. We don't charge admission any more, and we don't want to go in the hole on a show. Without volunteers, putting in a lot of unreimbursed hours, it's very difficult to run a show. So we are between a rock and a hard place. I don't have a solution. I do think we endorsed Grand Rapids, and I think Grand Rapids will be a wonderful show. I think the sales will be there. I feel as Director of one of the major shows in the country, dealers will always complain, "It's a terrible show, I didn't even make my table money — Where can I sign up for next year?"

Prill: The same ones year after year say that.

Washburne: I would suggest that we not try to be everything to everybody. I won't even mention point H — "show location and date should fit into a continuum of shows and bourses on preceding and succeeding weeks." Stampshow has traditionally been the last weekend in August. I don't know of any show that's the third week in August, either. There are shows, of course, the following Labor Day weekend. To have the show in the East, Balpex is just the following weekend. It may be convenient for dealers, but it cuts into business at Balpex. The show location and date fitting into a continuum of shows" is more the APS' wearing out its welcome.

Our show in Philadelphia is scheduled only six weeks after the APS show this year. It's going to hurt us very much this year. I think we'll survive, but to some extent, the APS is a 500-pound gorilla.

Hotchner: The last paragraph is an attempt to try to fit most of the criteria that has been set out earlier in the paper...The charge to the committee was to lay out all of the criteria that we were considering. Obviously, we are never going to be able to hit 100% on every one of those criteria. I think if we could do a rotating thing every three- or four-years, we would come closer, but failing that, the thing that we have to do is to try to do is prioritize the criteria as best we can, and meet as many as we can in making our selections.

Zeigler: I think that we have to be especially sensitive to the express wishes of show committees across the country because shows generally have become a little more shaky from a financial standpoint in the last years, and even a very strong one like Chicago would probably get a lot shakier if we kept visiting the same place every three or four years. I think their concern is justified because...the show doesn't even have to be in the same location. If it's within a couple of hundred miles, and it showed up a few weeks before, it's going to have an impact on your show. I tend to agree with Steve [Washburne]'s concerns that we have to be very careful and sensitive to the wishes of the local show committees.

De Vries: Asks Martin in any given year, if you're told that a show has to be in a certain part of the country because of this rotation, are you able to place a show that meets our other criteria in a certain region. Haven't there been problems getting hotels and venues — 'you can have it this year, but you can't have it the following year or the previous year?' I seem to recall you giving us an example where someplace wasn't available in 2005 but it's available in 2006, or vice versa.

Martin: I think as John said, no show is going to meet every single criterion here. In fact, for very few shows are we going to find a local post office that's enthusiastic. We have found some — Providence and Riverside. But that's been few and far between. There have been many of our August shows that without the financial support of [USPS] headquarters, I'm not sure we would have had anybody from the post office present.

I do think that in almost all cases, we could find a location that meets most of the criteria, targeting only one-third of the country.

McCann: Reminds Board that this committee came about because the last time we picked a show location there was a lot of concern by a number of the board members that we were getting just one or two places thrown at us, and we felt we needed to know what criteria were being used, although obviously Ken has very strong criteria. John's committee was set up as a specific result of asking, "What are the criteria we're going to use?" and when we evaluate these shows in the future, we need to have these criteria laid out so we can look at them. We're trying to set up a system so that the Board has an idea what the criteria are and how the various candidates meet these criteria....We're just trying to establish a framework so the Board knows and can have some input into it.

Martin: Although formalized, this really would not change anything. These are basically the same criteria that have been used in the past.

Leshner: As I recall, we had something from you, Ken, that sort of analyzed the possible locations. One of the issues that I think I heard was that we do not command enough hotel room nights and so forth. Is there a possibility of joining up with, for example, the American Numismatic Association, which is a much larger association, has a show in August, although not the last weekend in August before Labor Day (I believe a week or two earlier), and therefore get into some of the larger venues that we wouldn't otherwise get into. I'm sure there's also some crossover in membership between the two organizations. Separate halls — we could have our size hall, they could have their larger-size hall within the same larger facility. I think there's maybe some merit at looking at that. Maybe you have some insights into what additional problems we'd run into.

Zeigler: Moves to approve the mission statement and the show selection criteria, as requested by John. Seconded by Schnell.

Triggle: Regarding the association with the coin people, on a local level, we've had some stamp-and-coin or coin-and-stamp shows for many years, and it's a lot easier in many respects for a dealer to bring along coins than it is stamps. We seem to, as a society, have graduated from that, to have our stamp shows, rather than postcards or whatever else. I'd hate to see us being swamped by a much larger organization.

Leshner: I see it as piggybacking to have two shows in the same location. We could do some advertising together, I think there may be some savings in costs there, if we advertise the two shows in the same location. There are some other potential savings for us. We might overcome this issue that our people prefer to stay at home and drive to the show and don't stay at the hotel. I think it's worth looking at, at least.

Klug: Reminds Martin that the Board suggested something very similar to this a year or so ago.

Martin: There's been on-and-off contact with the ANA. First, they are actually a smaller organization, about 30,000. I believe they also use less exhibit space than we do, considerably less. They do tend to fill hotel rooms better than we, but I'm not sure whether adding on our hotel rooms would be enough to get the additional exhibit space that we need. A lot of convention centers are using formulas based on this many hotel rooms for x number of square feet of space. It's something that has been looked at. St. Louis has been pushed a little bit as a possible location for an ANA-APS show, but at this point, nothing has come to fruition. It's not the top of either organization's agenda currently. There is not much crossover in membership, very little. I think the last Hollander shows that about 4% of APS members collect coins. We did once try advertising STAMPSHOW in the ANA journal. Based on the registration forms, not a single person indicated that they attended or learned about it that way, so I have since done no further advertising in their publication. It's relatively cheap because their advertising rates are low compared to us.

Klug: What about the ephemera society?

Martin: The ephemera society is a small, loose organization. We're trying to work more closely with them. They had a meeting at our Chicago STAMPSHOW (2001). They originally were going to have a meeting at Riverside and pulled out because they couldn't get anybody to represent them. As of now, they're planning to have a meeting at Atlantic City, but I would not guarantee it. I have them on the participating society list, but I don't feel it's a 100% commitment there.

Lamb: We have in fact been in contact with ANA quite a bit. We ran a joint show with them about seven, eight years ago in Cincinnati. And the way it worked in Cincinnati was they had one weekend, we had the following weekend, and there was some effort to "pump" the two shows. It was a nice thing to do, and everyone was happy with it, but I don't know that it benefited the attendance. We have been in contact with them about shows, following the Board meeting last year. The problem is that they, too, work five years in advance, so that if we're talking about doing something jointly, we're talking about 2007 or 2008 or later. However, I think it is something that we should continue to pursue and we will.

Thinks the committee did a good job on the mission statement, but has a problem with one sentence: "Present a varied marketplace for collectors using only dealer-members of the Society." I would like to say "Present a varied marketplace for collectors and for the dealer-members of the Society." A mission statement is not a place to impose restrictions, that should be done in a different forum anyway, but when you're talking about a "varied marketplace," we try to get the post office there, we try to get philatelic agencies there, and I don't think we want to say we'll *only* have dealer-members of the Society.

Clark moves to amend the mission statement by striking that clause. Zeigler and Schnell accept the amendment.

Passed by unanimous vote. Hotchner is thanked for his hard work.

### **WINTER SHOW 2003 (BILOXI)**

Lamb: There's been a lot of discussion about the future of the Winter shows. Next year is scheduled for Biloxi, Mississippi. If not for the \$20,000 subsidy that we're getting from Hugh Wood to subsidize this show [Riverside], this show would lose \$20,000. Biloxi is a cheaper location, it's going to cost us less money, but we're going to get enough less dealers that we're probably looking at another \$20,000 loss. The issue is, does the Board want to proceed with it on that basis, or should we reassess? I don't think we'll do a lot better at any other location. Ken puts a great deal of work into picking locations, and I don't know that we have one better.

Martin: For a winter show, without any subsidy or major funds, we're not likely to make money or even break even, unless we attract 100 dealers or nearly 100 dealers. Doesn't think we will break even in Riverside even with the \$20,000 subsidy; it will be close. Thinks he said with 75 dealers and a \$20,000 subsidy, we would break even, but unfortunately, we don't have 75 dealers here in Riverside.

This is largely because of the overhead that we have associated with doing a show that local shows don't necessarily have, even if it's a national [WSP] show. If we got the hotel or facility and even all the decorations — the table and everything — free, we'd probably need 30 dealers at least just to break even, by the time we do our shipping and other items.

The implication of that, I think, is the only locations that we are likely to get 100 dealers for a winter show would be somewhere on the East Coast, and if we're trying to keep the winter show in warm climates, that restricts us to the South. There's not a lot of sentiment for Florida, currently, and that certainly narrows the choices. It doesn't let you rotate or get to many different locations. So I think we have a long-term problem: Either we have to find someone to provide a regular, significant subsidy or major sponsor type thing; we have to look at it as a service to members, as some of our other society services which are done on a subsidy; or we just can't afford to continue the winter shows.

Klug: What commitment do we have to Biloxi right now?

Martin: I have delayed and delayed and delayed, and we could get out of it at this point with basically no significant penalty.

De Vries: What sort of a moral commitment do we have to Biloxi? We told them we were coming.

Martin: In my opinion, we have a lot greater moral commitment than financial.

De Vries: We told these people we were coming, and then to pull out on them a year in advance...

Schnell: Asks for clarification on what costs are included in this show. For example, we're having this meeting here. Are the Board costs included in this show?

Martin: No, but shipping stuff out, but [included are] his flying to the show, his hotel room, advertising the show. We're doing a lot to keep these costs as low as possible. For this show and in Chicago [summer 2001], we used volunteers to put on donated 3¢ stamps, six and seven of them, to mail out. I don't think we can cut the costs too much more. There are things such as society tables that are provided free, meeting space, which cost us, and we could perhaps cut back to smaller facilities, but you'd still have that overhead, but with fewer dealers, so I don't think going down to a real small [facility] is going to help us financially. It just doesn't show out in the projections. Really the only way for a show to be making money would be to increase dealer booth fees substantially, and doesn't think that's going to work in these times.

Schnell: Other than your specific costs coming out here, is any of your salary apportioned for the show?

Martin: Yes and no. Depending on upon whether you're looking at the operating costs on the budget statements that you get, there is a direct-cost line and then currently we're charging basically 20% of the Communications Department. It's much more complex than that, and the percentage that we've assigned has varied over the years. Basically, 20% to winter show, 80% to the summer show.

Frazier: Some of the history of the direct costs on the winter shows, not including any of Ken's [costs?]. Houston, 1998, we lost \$27,000. Orlando, 1999, we lost \$23,000. Portland, 2000, we lost about \$12,000. That was a very good show—

Martin: —but we did not have great dealer support.

Frazier: This past winter, we were in with Aripex.

Schnell: But I want to know where the costs are.

Lamb: The biggest cost (these are budget figures)...the decorator for this show is \$25,000. The publicity and promotion for this show is \$15,000. The convention site (hall), \$12,500. Youth area, \$1500. Frame transport, \$6,000. Security, \$7,000. Operations...(Martin: everything that isn't covered elsewhere) \$3500; Ken's travel and direct expenses. The awards are \$2,500. Exhibits, \$3,000. Judges, \$3,000. Exhibits, \$1600.

Schnell: I wanted to see where we're spending the money.

Martin: But some of the things you have regardless. Local committee, or payment to local groups, a fee that we've paid traditionally, both reimbursement and other, and regardless of whether you have 10 dealers or 50 dealers. But we need 30 dealers even if we don't pay anything for the convention center or decorator.

Lamb: Indirect costs, for Ken's whole office operation, we would charge between \$15,000 and \$16,000 against this show.

Washburne: Believes Houston was the first or second show that we did on our own; before we piggybacked on local shows. Did we lose more or less when we piggybacked on local shows?

Frazier: We lost less. For instance, this past winter, we were in Arizona, we lost \$11,000 on that show.

Lamb: We *spent* \$11,000.

Frazier: ...but we had no income.

Martin: We had income only for the single-frame exhibits.

Clark: Did Aripex make money?

Martin: Yes.

De Vries: You said that with smaller shows, the problem is smaller venues for us, fewer dealers, therefore smaller revenue, but then how do these other groups, like the Philadelphia group or Americover, how do they make money? I assume they're not shelling out \$11-\$12-\$15,000.

Martin: Are they paying \$5,000 or more to the local committee? Do they have the shipping of all the materials, whether it's Martin driving a truck or shipping them via Subway Stamp Shop's truck or however?

Lamb: Do they pay decorators?

Martin: Some of them do, some of them don't. Some of them are using hotel rates to subsidize; that's something we have not done. We have tried to keep the hotel rates as low as possible. Almost every city will offer [subsidies] but it's been our policy to get the rates as low as possible, to get as many hotel rooms utilized, to keep our options open for the future. In a few cases, he has gone to World Series shows and stayed outside the show block to save \$30 a night on the room. You can call them "kickbacks" or "defrayal" but that's a policy that we have not pursued. We could, potentially, but that's going to result in lower room utilization and probably upset members, where they can get a rate considerably cheaper. For example, in Atlantic City, there's another group at the same time with a rate at the same hotel that's significantly higher than ours.

De Vries: Americover's hotel rate has stayed below \$100, although they are having some price pressure on that, too, but for the next several years it remains below \$100. Wonders about \$6,000 to ship frames, maybe these are some expenses that can be re-examined.

Martin: In Riverside, has managed to get frames from SESCOAL, and from Orange County, so we didn't ship any frames. However, it's not going to come in much less than [\$6,000]; by the time we have a truck pick up the frames, there's a fee for getting the frames from the storage area, there's a fee for the people who pick them up and deliver them, to take them back, to put them back in storage. We're paying a small amount to SESCOAL for the use of their frames, and we're not saving a great deal.

McCann: Does Americover make money every year, or do they break even?

De Vries: They make money every year.

McCann: And they move around all over the country.

De Vries: Yes.

McCann: How many frames do they have?

[consensus]: Around 110-120.

McCann: How many dealers do they have?

De Vries: Not sure.

Miller: For the first time last year [2001], Americover did not make money, we had a small number of dealers [but] we think that's a one-time problem

McCann: If a smaller show like that can move around the country like that every year, to different hotel sites, and have at least 100-150 frames, which is what we want for the winter show because it has experimental exhibits, doesn't understand why the APS can't change the parameters for holding its winter show. Feels strongly that if we give up the winter show, we give up the innovative exhibiting thing that we've been trying

to do that's been very popular. If we go back to piggybacking onto another show, we lose that. Something doesn't translate here. Doesn't understand why we can't do the same thing that a much smaller society can do and break even. "I don't care what numbers you throw at me, it just doesn't make sense."

Zeigler: Co-chaired and ran an Americover show in Indianapolis (1999), and the economics are decidedly different than one of our winter shows. What they're doing is pulling in people from all over the country to come in and take hotel rooms. They'll go to a hotel and say, "We want a hotel that will give us free exhibit space, a whole convention floor, for x' hotel rooms. We're going to fill them all." And they do it. The reason is that is the only show of its type. Most of the people have to use the hotel, they're not really in a position to have a local buddy they can stay with, so the economics work out very well for them.

Miller: That is exactly how we do it, and generally the hotels don't want that many room-nights, around 350 is the most we've had.

Martin: There are two or three major differences. One, can get free space, possibly 100,000 square feet of free space at the Phoenix convention center, if you want to go there in August. They've even been offering subsidized decorators to get people to take space in Phoenix in June and July. They've pulled back a little, but they had a widely-promoted offer. So you have to look at the locations.

Two, 150 frames is far different than the parameters he understood for our winter show. That's less than half the frames that we've been doing, that would be a definite scaling back, that's less than the number of frames we require for a World Series show. That would make some difference.

Perhaps the biggest difference is that we've tried to make the winter shows special. We want to have a U.S. first day ceremony, which takes a relatively-large room, we also want to make seminar rooms and meeting space available to societies — not on an unlimited basis; some societies were told that space was not available at Riverside — but we use much more seminar and meeting rooms than any other stamp show. If we want to cut back to only two seminar rooms, and when the judges' critique is going on you don't have room for anything else, that's changing the parameters. Thinks our shows would become much less special and not much different from any other World Series show.

McCann: First, the winter show is *not* a World Series show, and second, you're proposing to abolish it because we can't afford it. That's not logical.

Martin: No, doesn't want to abolish it, but can't tell the Board it's feasible. Has looked at numerous hotels that would meet the criteria that was just passed, but they want more for their exhibition space than the convention centers we've been looking at, and that's why that, while we have several very strong World Series shows, like NAPEX and WESPEX and Philatelic Show [Boxborough, Mass.], three of the strongest that are in hotels, we also have many other strong World Series shows that aren't in hotels, such as Philadelphia. That's something that doesn't work for everybody in every area.

When we're looking at the South, or the West in February, it's much less likely that a hotel is going to have rooms that they're not going to otherwise fill, so that they give us a great rate or give us all this space. If we're looking Buffalo or someplace like that in February, yes, the options are going to be much greater and we're going to have great things, just like Phoenix in June.

Believes shows like NAPEX and WESTPEX have long-term contracts for every year. A hotel would be willing to make more concessions if there's a long-term contract. When we may never come back, or come back once every five years, it's harder to get concessions.

Klug: Is there any way that you can see to break even on the winter show?

Martin: Yes, three ways. Attract about 100 dealers; scale back the amenities that we're providing, meaning the number of exhibit frames, meeting and seminar space greatly; or find sponsorship or other support.

Klug: Who did you have in mind for sponsorship or other support?

Martin: Doesn't have any good candidates, but ANA gets over \$100,000 for its annual their August show in sponsors alone. ["The Money Show" —de Vries].

Washburne: Didn't the Mega-Event show only have about 80 dealers? New York is certainly the strongest bourse in the country. How are we going to get 100 dealers?

Martin: Thinks only a few locations on the East Coast could get 100 dealers.

Hotchner: Maybe one of the differences between Americover and our winter show is the amount of money that is assigned to our costs in running Ken's office. How much is that? And is that what our debit is?

Lamb: We apply \$15-16,000 from Ken's office against the show, and my understanding is that this \$20,000 deficit does not include that.

Frazier: That's correct.

Lamb: So the \$15,000 is in addition to those actual direct costs.

Hotchner: Agrees with McCann that he doesn't understand why we have that much of a difference between us and Americover.

McCann: Thinks the Board has to make a decision if it wants to do away with the winter show or piggybacking again or re-examine the basic parameters, but it has to break even. So we have to re-do those parameters, and he doesn't think the Board has done that yet. This has come up before.

Prill: One of the biggest items was the \$25,000 for the decorator. What do we get for that, and would it be possible to scale that back significantly?

Washburne: At every convention center, you pay for every chair and every foot of drape, every flush in the john you pay for. The costs in major cities like New York and Philadelphia are astronomical; it's a little bit less at the Valley Forge Convention Center, but there's really very little you can do about them, unless you want to go to just having nothing at all, just card tables set up.

Prill: Same way for ROPEX, but the entire budget there is much less than \$25,000. Perhaps there's another style of drape or something that would cost less.

Lamb: Martin has really tried to wring out every dollar.

Martin: The decorator bill won't be \$25,000 at Riverside, in part because those numbers were originally done for 100 dealers, and there are only 55, but there's only 55% of the income, but the decorator bill will be \$10-15,000. That was bid out to at least a dozen different decorators, even some outside California.

Triggle: Moves to form a committee to look at a budget for the winter show. Schnell seconds.

Washburne: Doesn't think a \$25,000 loss is a huge loss; it's less than 50¢ a member. If we say we're not going to have a winter show, because it costs too much money, thinks we'll wind up losing members, because even if members don't go, it's advertising, promotion for the Society. Doesn't think 50¢ per member is excessive. If we lose more, we lose more. Praises Martin for doing a great job on the winter shows. Would hate to see us go back to piggybacking on other shows, because the APS is a gorilla and is going to knock those shows right out of the water. Thinks we should go to Biloxi and other small markets if there are people who want to have us, and take the show on the road.

Clark: The people at Peach State Stamp Show would love to have the APS for a winter show.

Miller: Is Hugh Wood still subsidizing us after this show?

Lamb: He might be talked into doing another show. When this was first discussed, was told it might be an \$8-10,000 subsidy. When told recently it was going to be \$20,000 "he didn't blanch too much." Thinks Wood is a possibility, but would be hard-pressed to find another potential sponsor, and even if Wood agrees to subsidize Biloxi, doesn't know if he could be talked into doing \$20,000 a year from now on.

Martin: Went into Riverside believing we could get 75 dealers, and it would break even, with the Hugh Wood subsidy even making some money. Two years ago, SE SCAL had about 65 dealers; it seemed as if we should be able to get 10 more dealers. But this year, SE SCAL had 30 dealers...

De Violini: No, 45.

Martin. That's a generous count, but it's definitely a much smaller number. Dealer support is important to the winter show. Atlanta and Norfolk, if we continue, are the two cities he has in mind for future shows. We might be able to get 100 dealers there, but isn't sure. With 100, we would likely make money or at least cover our costs. But those are East Coast locations. Any West Coast locations, 100 dealers is unlikely. We couldn't sell all the booths at Santa Clara, and that turned out to be very successful. The majority of our dealer members who do shows are on the East Coast, and many of them will only drive, and won't drive for a 3- or 4-day show; maybe for an International.

De Vries: Was curious when Martin said the budgets for winter shows include a \$5,000 donation to the local committee.

Martin: Not quite \$5,000 for Riverside, but for most of the shows, we've had a significant amount. \$3,500 for Riverside, and additionally we try to compensate for some of those volunteer hours. For Chicago, we provided \$5,000 in cash plus reimbursement of expenses. Hasn't seen final figures for Chicago, but if bourse fees are included with help, it probably cost \$15,000 in support of the local area.

De Vries: And we still have trouble getting volunteers?

Martin: That's correct. That's why I'm saying this sort of money is not guaranteeing it for everywhere.

De Vries: Would think that is a significant difference between some of these local shows, including Americover, the smaller shows, is that we're shelling out thousands of dollars to the local committee, and you say we still can't get people anyway.

Martin: That comes in several ways. That includes giving volunteers of a certain number of hours free tickets to the banquet, for example, or money paid to local clubs, one of which in Chicago, Martin is told, is sending the check back and is donating it to Project One. Sometimes we get some of it back.

De Vries: And it's a different budget line?

Martin: That's right. But that's not something we can count on.

Klug: Calls question.

Zeigler, Triggler, Schnell, Klug, de Vries, Hotchner in favor  
Leshner and Washburne opposed.

Prill and Clark abstain.

Motion passes 6-2-2

## **NEW YORK MEGA-EVENT SHOWS**

Martin: Washburne has asked what we provide and whether we're providing too much or too little and whether we're paying too much or too little.

Washburne: That's correct.

Martin: Services we provide for the New York Mega-Event, one of which is a World Series show and the other now featuring Dealers Choice exhibits and does not have World Series of Philately accreditation. We prepare the exhibit prospectus and entry form, we post show information at the APS Web site, we solicit and accept exhibits, do all correspondence with juries, prepare jury notebooks, solicitation of society awards, provide advice on the floor plan and frame layout, make exhibit frame assignments, prepare frame labels, provide exhibits to fill holes, cover for no-shows, oversee if not do all the exhibit mounting and dismounting, do jury liaison, prepare palmares and award certificates, post award ribbons, run awards functions, assist in scheduling meetings and seminars, and acknowledge and return exhibits.

We bill for the following expenses, and have generally been reimbursed. Mileage and tolls for Martin to and from Mega-Events and Mega-Event committee meetings (probably 4-5 meetings in New York City a year), hotel rooms and meals for Martin during the Mega-Events, the cost to mail back exhibits, and some copying, phone and postage costs.

Direct costs that we do not recover: We pay Freeman, the decorator, \$2,250 each time we use the booth that we use at the Mega-Events (the same booth we use at Stampshow), we pay for electric so the lights on the booth can be turned on, and we try to piggyback on that same electric outlet, although we're not supposed to, [for the computer? Other equipment?], and depending on the location, that runs about \$250 for one outlet. In recent years, we've had a phone line so we could have one computer there to show the Web site or StampStore, it varies depending on the location of the Mega-Event, but it starts at \$350 for one phone line. We recover nothing for staffing the booth; that's charged to our recruiting budget line under Public Relations, so no hotel, travels meals for anybody staffing the booth other than Martin is recovered. There's a good deal of copying, telephone and postage costs that we do not recover, and we don't recover anything for supplies such as frame labels and material to wrap exhibits and so forth.

Indirect costs not recovered: We get nothing for staff salaries or overhead.

Clark: It's a very expensive event for us.

Schnell: Why are we involved?

De Vries: We're a co-sponsor.

Schnell: Why?

Lamb: It's a vestige of the arrangement we had with the Postal Service. This used to be one of the biggest recruiting shows that we had, by far, except for our own show.

Martin: In 1997, at the one that was at the Coliseum, we got almost 50 new members. In 1996, 1997, 1998, we were typically getting 40 new members at each of the New York Mega-Events. Unfortunately, at the last three Mega-Events, the number has not reached 20. It's still generally the best other than our own, but occasionally it's exceeded or equaled by one or two of the other World Series shows.

Washburne: The reason he brought this up is that when he was last on the Board, that was when the APS got into bed with the ASDA. Before that, those were merely World Series shows to which one representative was sent. What happened was the local committee was really dying out and to keep the shows going, the APS jumped in. At the time, he believes, the Board voted that the APS participation should be done at no net cost to the Society. Over the years, that has deteriorated to the point where it's probably coming close to our loss on the winter show.

Clark: Where do we stand on this a agreement at this point?

Lamb: The agreement has been renewed on a year-to-year basis, normally well into the fiscal year, so there is no agreement after August of this year.

Martin: We have pretty much already gone ahead and made some decisions. At this point in time, we're not planning to use the fancy Freeman booth at the New York Mega-Events; believes the ASDA, at least for the WSP show, has to provide us with a free table as part of the WSP criteria...

Washburne: At least equal to the normal dealer booth, six feet wide.

Martin: That's right, but we should save a couple of thousand dollars there, but there's still going to be a substantial [cost].

Lamb: But we also bill them for their booth at our shows. This is a new arrangement as of last year. So ASDA will pay for its booth at Stampshow — same prices, actually.

Clark: But we're still recruiting the exhibits and sending them back, which we don't do for any other World Series show, except our own.

Schnell: And salary.

Martin: They won't be paying the same prices because we don't go to venues as expensive as New York City. They'll be paying \$100 for the phone line versus \$350, et cetera.

Klug: Does the contract that we had that defines this stipulate that we have to provide all these things?

Martin: It defines that we're responsible for the exhibits, meetings and seminars, and probably defines us for more responsibility for meetings and seminars than we have actually had, but Martin has not objected when the ASDA handles that.

Washburne: One of the reasons the APS had to take it over is that Rev. [Charles] Fitz, when he was chairman, was getting a salary. It was not a generous figure for that time. He told Washburne he thought he deserved more, and essentially Joe Savarese [ASDA executive vice president] said he wasn't going to pay Fitz anything. That's why the APS came in.

Martin: Believes the ASDA is still paying a salary to someone for the shows, although he doesn't have any idea how much or how it compares to what Fitz got.

Washburne: It's a lot less than Fitz got.

Zeigler: What is this costing us, year-to-year?

Martin: Would guess it's around \$10,000 for the 2002 budget year, including any staff time.

De Vries: Figured about \$3,000 in non-recoverable expenses for each show, assuming reimbursement for the things usually reimbursed — \$2200 for the booth, \$250 electric, \$350 phone line. And we're not required to do the phone line, that's to promote the Internet Sales Unit, but that was \$2850, not counting staff time. Martin gets reimbursed for your meetings and your trips to New York.

Martin: Yes, although they've recently objected to that so Martin would not want to count on that in the future.

Lamb: We stop it, if they don't pay for it. Martin goes to New York because they pay him to go.

Zeigler: Moves to re-examine this relationship, and if we cannot negotiate something that results in a net zero or something close to it, that we terminate it. Clark seconds.

McCann: Asks Lamb if we negate this agreement, would it affect the money that we get from the Postal Service for Stampshow.

Lamb: Would like to look at it. The Postal Service support for all of the shows has been diminishing and that's the reason they started charging us for our booth and we started charging them for their booth, because until last year, the Postal Service covered all of this so that we didn't have any real problem. Would like to do a more detailed report; Zeigler's proposal is a very good one. Report at stamp show will put dollar figures on this, and will see what we're required to do with the agreement and what is outside it. Thinks some of these charges are not covered by the agreement at all, and should have no impact upon the relationship with the Postal Service. If we pulled out entirely, believes there might be a problem with the Postal Service.

McCann: If we're spending more money than we're getting in, Zeigler is right.

Lamb: Agrees.

Miller: It's worth much more than zero to the APS. We are still recruiting, even though the recruiting numbers are down, we are advertising the StampStore, which is very important, that should be an expense by itself, we shouldn't defer that to the ASDA, and the phone line is optional. If you do away with your \$2250 booth, you're reducing your costs immensely. Think it is worth some dollar amount, and zero isn't fair.

Triggle: Question on timing: When would we have to renegotiate the contract, before or after Stampshow? Could we hold off until after Stampshow?

Lamb: They won't get the contract to us until October or November, the beginning of their new fiscal year. They need it as a document.

Martin: It was November 16th for the current fiscal year.

Triggle: So we have time?

Lamb: Yes.

Washburne: Does the APS get involved with the Anaheim ASDA show?

Martin: This year it's the Santa Clara ASDA. The only participation planned at this point is sending one person, Lamb, to staff the table. We are not doing anything with the exhibits. In the past, we did do some. Doesn't think we did anything with the meetings or seminars other than our own, but we did help with the exhibits in the past for Anaheim Mega-Events. We have no contractual obligation because that show is no longer being supported by the Postal Service.

Klug calls the question.

Washburne offers amendment that the net cost to the Society be in line with other WSP shows. Zeigler and Clark agree.

Zeigler: Has to be taken in the context of "What are we achieving?" If we are still recruiting well at this show, I think we'd all be inclined to be more tolerant, but if we're not...It ought to be in the same ballpark that we're spending at other shows. We should not be giving the show special favor if we're not getting something special in return

To re-examine the relationship for the Mega-Event shows, and bring its cost to the APS to something in line with other WSP shows, or terminate it.

Zeigler, Clark, Schnell, Washburne, Klug, Leshner, Prill, Triggle in favor.

De Vries opposed.

Motion passes 8-1.

**STAMPSHOW AUCTIONEER:**

Lamb wants to get Board's advice. Had had long-time relationship with Rich Drews of The Stamp King for all APS shows, but he had no objection if APS also had another, local auctioneer. We have had as many as three auctioneers at Stampshow. When Drews sold his company and the present company fell into financial trouble, APS has approached other auctioneers, but none was found who wanted to do the West Coast. Using Harmer & Schau at Riverside. Shreve has asked to be the exclusive Stampshow auctioneer, for which the company would pay and advertise regularly in the American Philatelist. Lamb feels it's time to tighten up our procedures and establish standardized fees for the auctions. Wants to know: Should we have one, premiere auction, or should we use a smaller, medium-size firm that's willing to allow local auctioneers, too.

Prill: Do we have to beat the bushes most years for auctioneers or are they coming to us?

Lamb: We certainly haven't had any trouble. When he would call a local auctioneer to offer the opportunity, 80% would say yes. Some would say they just didn't have the material for a good auction, but there's a lot of demand to be a Stampshow auctioneer.

Washburne: Is the auctioneer in financial difficulty one of the ones who was at Stampshow last year?

Lamb: It's Stamp King.

Washburne: What about the other auction firm at Stampshow last year?

Lamb: Not that he's aware.

Martin: They've submitted a proposal to us to do every Stamp show, including West Coast.

Washburne: If we accept Shreve's offer, that would push this other firm out.

Lamb: If we decide to go this way, we would go to major auction houses and do a bidding process and we would do this more formally. It's a question of philosophy, whether we want to turn this into a premiere auction. There was some sentiment that getting an auction house in the medium range of the market fit better with the broader APS membership than one of the high-end auctioneers.

Schnell: How much money are we talking about?

Martin: About \$10,000 in Chicago in auction revenue.

Schnell: What is Shreve talking about?

Lamb: Haven't gotten that far, but he's talking about a percent of the hammer price and advertisements in the AP every month.

Schnell: Significantly more than \$10,000?

Lamb: I would think so.

De Vries: The ad in the AP is about...

Lamb: ...about \$10,000, that's right. We didn't yet discuss what percentage of the hammer price that was going to be lower than from somebody from whom we don't require the ad in the AP.

Zeigler: Have we considered what this would be worth to an auctioneer? Have we looked at this from a business standpoint? Does it make sense? Does it make more sense to have continuity in an auctioneer, in terms of our own membership concerns and economic concerns?

Lamb: It does make sense to have continuity. Part of this package is also the estate auctions; it's also very useful to us to be able to give out the same auctioneer as the person who is responsible for the estate auctions.

Lawrence: Asks Hotchner if he remembers motion he sponsored several years ago requiring auctioneers regarding non-reporting of fictional sales and that sort of thing.

Hotchner: Yes, he remembers.

Lawrence: Was on the Board of Vice Presidents when we had questions about that sort of thing come up. Shreve has never been willing to obey that policy. We've never had a formal complaint against him for it, but he's been pretty emphatic that he won't obey it, and Lawrence thinks that needs to be taken into account as the Board considers this proposal.

Hotchner: Makes sense to him.

Lamb: Do you all see this as strictly a business issue? If you do, we'll get the proposal back to you.

Zeigler: Thinks we're duty-bound to consider it as a business issue, but also have to look beyond business to what this relationship means to us in terms of how this is going to affect the APS' visibility, too. Not saying that any particular auction firm might suddenly go down in flames, but they've been known to go down in flames, and if they do, and we're tied to one of those, we have a problem.

Washburne: We're not being [tied] to them financially or ethically?

Zeigler: Correct.

Miller: Thinks we have enough room to have two auctions...and giving the high-end and the low-end or someone who specializes in U.S. and someone who specializes in foreign would be beneficial to the Society. There's always enough room at the shows to have at least two auctions. Why put all our eggs in one basket?

Lamb: That's been our approach, to try to have several auctioneers representing a variety of material. Wanted a sense of the Board; will report back. Will try to continue the present arrangement and report back to the Board at Stampshow on the terms with the new auctioneer.

Klug: You're going to send it out to bid, is that correct?

Lamb: Not sure.

Zeigler: If you're thinking of tying APS to an auctioneer on an exclusive arrangement, believes that rises to the level of a policy decision, and the Board should be consulted where any decision of that type is made.

Lamb: Agrees. In the present arrangement, we don't have that same tie but believes we should have a centerpiece auctioneer, one that provides some continuity as we go around the country.

Washburne: To what extent is the APS involved when there is a dispute about a lot and its genuineness or salability.

Lamb: Not unless someone submits it to the Board of Vice Presidents.

Washburne: Brings it up because, once we're getting a percentage of the hammer price, then someone can say, "The APS is financially involved and has an interest in seeing that the money gets collected."

Lamb: We would apply the same...a different "arm" deals with that. Assumes the Board of Vice Presidents would apply exactly the same [criteria], whether it was an APS auction or any other auction. It's like expertising something that's sold at StampStore. The experts don't have any idea that that was a StampStore sale. They look at the stamp as the stamp.

Washburne: Has gotten things that definitely say "ISU" [Internet Stamp Store] on them.

Klug: Believes Lamb has the sense of the Board.

#### **AMENDING EMPLOYEE 403B ACCOUNTS:**

Lamb: Something required by retirement plan provider.

Frazier: Amendment required by the Internal Revenue Service that would allow a decrease in the minimum withdrawal from the 401k plan, or 403b in the Society's case, at age 69½. The amendment is actually in place, but it requires a resolution of the Board.

Clark moves, Triggler seconds. Passed by unanimous vote.

#### **EXHIBITING FEES:**

Schnell proposes to double exhibiting fees for non-member adults at the two APS shows, Stampshow and AmeriStamp. \$10 is the fee now; it would be \$20.

Martin: \$10 is a multi-frame fee for adults. There are very few exhibits that would fall under this. The greatest impact would probably be the World Series of Philately Champion of Champions participants. It might affect local WSP shows more, because a few of them, such as Indypex and Plymouth, pay those fees. Concerned whether this would be applied to youth exhibits or just for adults.

Schnell: It's only intended for adults; does not want to discourage youth.

Clark: So it would be double for adults.

Schnell moves, Zeigler seconds.

Zeigler: asks if single-frame exhibits are also affected.

Martin: Assumes it does. Single frames are currently \$20, assumes it becomes \$40.

Schnell: That's correct. The idea is to get people to join the APS. We had a C of C winner last year who was not a member of the APS.

Martin: And another C of C participant was not a member.

Schnell: Only the two APS shows.

Clark: Not for WSP?

Schnell: No, just Stampshow and AmeriStamp.

Zeigler: Why not exact figures? Do the fees vary by shows?

Martin: Thinks intent is that if we raise frame fees that the non-member fees remain at double.

Schnell: That's correct.

Martin: Would prefer not to put fixed numbers and then have to get Board approval when fees go up.

Schnell, Zeigler, de Vries, Klug, Washburne, Prill, Clark, Hotchner, Leshner in favor.

None opposed.  
Triggle abstains.  
Motion passes.

Martin: When does this take effect? Have already filled about half the frames for Atlantic City.

Klug: That would be an administrative decision.

Lamb: Suggests we do it for the next show after Atlantic City.

(General agreement.)

Clark moves to adjourn, Zeigler seconds, passed unanimously at 9:22 p.m. PST.