

APS Board of Directors Meetings

Sheraton Arlington - World Cup Room (1st Floor)

Arlington, Texas

Thursday, February 19, 2009

PUBLIC SESSION

Meeting called to order by President Wade Saadi at 10 a.m.

Directors present: Wade Saadi, Steve Rod, David Straight, Nick Lombardi, Wayne Youngblood, Dan Walker, Joann Lenz, Michael Dixon, Denise Stotts, Janet Klug

Staff Present: Peter Mastrangelo, Ken Martin, Rick Banks, Virginia Eisenstein, society attorney

Guests: Dealer Representative Jim Dempsey, APRL President Ken Grant, Kurt Lenz, Foster Miller, Lloyd deVries, Douglas Clark, Steve Reinhard

I. President's Welcome

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

A. August 13, 2008 Hartford Meeting

B. September 22, 2008 Phone Meeting Electing New President

C. September 29, 2008 Phone Meeting Confirming appointment of Lombardi

D. November 17, 2008 Phone Meeting approving 2009 Budget

E. January 28, 2009 Phone Meeting

F. February 2, 2009 Phone Meeting

Moved: Dan Walker to accept all minutes as presented

Seconded: David Straight

Vote: unanimous

Moved to executive session at lunch:

G. February 19, 2009 Executive Session actions on Carter Volunteer Awards, Luff Awards and APS Show Auctioneer Contracts (if applicable)

III. Reports

A. Society Attorney Virginia Eisenstein

Discussion of Lawrence case and EEOC filings

Moved to accept: Walker

Seconded: Janet Klug

Vote: unanimous

B. Executive Director's report: Peter Mastrangelo

My winter report to the Board presents both a positive and challenging picture for the APS and APRL. The state of our national economy and its impact on our budget, programs and services presents challenges that ripple through our entire organization. Yet, the manner in which we have and will approach these challenges over the course of

the coming months is a positive testament to the resolve that our staff and volunteer leadership have and will exhibit to insure that we continue and position the APS/APRL to provide meaningful programs and services to our membership and the hobby. The formation of the joint APS/APRL Long Range Planning Committee at recent meetings of both Boards is an important step in that direction.

Finances

At our Board meeting Treasurer Dan Walker will provide a more detailed report on our finances. As you are fully aware, due primarily to a larger than anticipated membership decline, we adjusted our 2008 budget mid-year, eliminating certain positions within the APS and APRL. As we approached the end of the year, with the onslaught of the nation's economic downturn, we continued to adjust our expenditures including the elimination of an additional position. We started to feel the impact of the economic downturn in Sept./Oct. experiencing declines in Internet sales, circuit sales and Expertizing. Our ad revenue in the American Philatelist, however, remains a bright spot. For calendar year 2008, the APS operational budget experienced a net gain in operating income exceeding expenditures by \$27,479 prior to depreciation. The APRL experienced a net loss of \$199,608 prior to depreciation and net rental operations. (Note: these are internal un-audited figures. Our annual audit will take place this spring.)

The bottom lines in the APS/APRL Operational budgets, however, reveal only part of the story. The APRL, for example, was dependent upon the APS to allocate over \$195,000 in 2008 for the salaries and benefits of APS employees who serve as library staff; we have not been able to fund depreciation costs for capital expenditures for both organizations; and rental property operations which flow through the library budget posted a \$40,611 net loss for 2008. In considering both budgets together for 2009, we would need to utilize over \$400,000 in unrestricted financial resources to balance all budgets and funds, approximately 9-10% of our combined needs. As we move forward for the remainder of the year, we will continue to adjust our expenses in light of revenue generation from all sources, including donated resources. While this approach may be necessary in these economic times, it is only a short-term stopgap. Staff leadership will be constructively engaged with the Long Range Planning Committee in addressing these important issues.

Membership Promotion and Retention

While there will be a more detailed discussion on Membership Promotion and Retention at our Board meeting, a few statistics and observations are important here. As of December 31, 2008, we posted 40,064, a decline of 2,801 members from the same period the year before. At the end of April last year our membership rolls declined to 38,743. At our Board meeting last August we shared plans that we had developed and implemented with the goal of reaching 40,000 members by the end of the year, upon which our revised 2008 operational budget was predicated. We reached that target. Presently, our membership renewals are tracking favorable to and slightly ahead of last year's renewals. Yet, let us not lose sight of the fact that we have had a downward trend in membership levels for the past decade or so. Efforts to address this and account for the

aging of our membership base must be taken into consideration in our long range planning.

The Campaign for Philately and the American Philatelic Center

The April issue of *The American Philatelist* will report on the progress of the Campaign for Philately and at our joint Board meeting with the APRL on Feb. 20, I will provide a more detailed overview of this past year and our plans for next year.

By the end of 2008 we raised almost \$541,000 in cash contributions from 3,649 givers and \$166,570 in multi-year pledges from 23 individuals. While we had a slight increase in the number of givers, cash gifts decreased by \$112,000. This tracks with experience of non-profits throughout the country due to our economic downturn. The bright spot is the number of commitments we have received in multi-year gifts.

While we are in the midst of an economic downturn, it is not the time to curtail our fund raising activities. We need to present our case in a more forthright fashion and target our efforts where they will yield the highest return. We need to adapt our message and solicitation strategies in light of the need to utilize additional unrestricted resources for operations. Additionally, the American Philatelic Center also remains a fund raising priority with our roof systems on the undeveloped portions of the complex in greatest need.

Website

Deputy Executive Director Ken Martin will be making a presentation on our website development at the Board meeting. Last August I reported to you that we entered into a contract with Link Computer Corporation to redevelop our website. Significant progress has been made. We continue to stay on track, within budget and continue to reach our established milestones each month. The significance of this effort cannot be understated. It will change the way we do business on the net and interface with our members affording us with new opportunities to communicate with our members and the hobby. It will be a valuable tool in helping us implement reach those goals and strategies developed through our long range planning efforts.

Division Updates

The structure of the remainder of this report will be by major department function:

Editorial, Media and Public Relations

Advertising in the *American Philatelist* resulted in a six year high. The department is presently working on the second volume of Dick Winter's book, *Understanding Transatlantic Mail*, which will go on sale in the fall. Other books were added to our inventory for sale to our members. About 45 press releases were issued during the year as well as 8 sets stamp album pages. Our e-newsletter is view monthly by over 8000 members.

Membership Administration

As of the end of 2008 we had 40064 members, a decrease of 6.5% from the prior year. Throughout the year, we posted 2956 additions to our membership rolls and 5757 losses. Our website remains our biggest recruiting tool with 924 applications received, followed by our business reply card program with 350 applications received. We conducted a variety of member recruitment activities including a chapter promotion, an e-mail promotion, post show mailings to non-members, former member reinstatement mailings, WSP show raffles and advertising. We published a new member handbook which is sent to all new members along with coupons promoting discounts on a variety of APS programs and services. We continue to issue our chapter newsletter and are working on implementing the new dealer membership program.

Education

In 2008, we conducted a sold out Summer Seminar with over 80 students participating. We conducted courses outside of Summer Seminar at the APC and at various shows with 40 in attendance. 22 students were enrolled in online courses (two courses are running presently). At our two shows we held merit badge workshops; adult beginner classes and managed a youth area at Charlotte (200 in attendance). The Young Philatelic Leaders Fellowship has raised sufficient funds to sponsor two Fellows to participate in one year of the program. With Stamp Camp USA we have worked on a Head Start Pilot program using stamps in the classroom, providing five Head Start classrooms in PA with lesson plans, supplies and teacher training to support the program. Young Stamp Collectors of America (YSCA) has about 700 members receiving the YSCA newsletter and eligible to participate in the YSCA on-line chat each month. We count about 1300 members in about 50 All Star Stamp Clubs.

Expertizing

Almost 5500 items were expertized in 2008. This is down from just over 6,000 the prior year. Conversely, APS Quick ID provided identification for over 1219 items, up 669 from the year before. We started to see a downward trend in items submitted in the Sept./Oct period for Expertizing and an upward trend during this time for quick ID.

APRL (Library)

The APRL served an increased number of requests (1509) over both 2007 and 2008. The APRL received the State Revenue Society library. Materials from the COPAPHIL library will also be received in the spring. The APS/APRL co-hosted the third annual Postal History Symposium with the NPM. The symposium will be held at the APC in the fall of 2009.

Circuit Sales

About 4,000 members receive sales circuits purchasing stamps from about 675 sellers (about 4,400 users). As of Dec 31, 2008 current inventory is 37564 circuit books (41345 at the end of 2007) with a value of \$8.1 million (\$8.65 million at the end of 2007). The average value per circuit book is \$215.70. Total sales for 2008 exceeded \$1,750,000, generating over \$350,000 in commissions.

Stamp Store

Our member-to-member Internet stamp sales experienced a 9.6% decline in 2008, yet posted figures above 2006. Gross sales amount to \$1.36 million, compared to \$1.5 million in 2007 and \$1.3 million in 2006. The number of orders for 2008 (10652) is about level with the previous year. Presently StampStore lists over 300,000 items with prices totaling about \$4.6 million. The average sale for 2008 was \$127.89 compared to \$140.09 for 2007. While our sales fell behind 2007 (our best year ever) and they exceeded 2006. Similar to Expertizing, sales started to dip sharper in the Sept./Oct period.

Shows and Exhibitions

Charlotte and Hartford shows both resulted in net gains. Our show in Arlington looks to be another success with about 100 dealers. The facility rentals at the APC for 2008 continue on an upward trend. We will be hosting the WE festival this spring as well as a U.S. Classics Society gathering in conjunction with this year's Postal History Symposium.

Moved to accept: Walker

Seconded: Nick Lombardi

Vote: unanimous

C. Treasurer/Finance & Audit Committee - Dan Walker

Dan, do we need an attachment here?

Moved: Janet Klug

Seconded: Denise Stotts

Vote: unanimous

D. Dealer Representative Jim Dempsey

Early entry for dealers, dealers identified as APS dealers. Dempsey will poll at dealer breakfast. **He will report to the board with recommendations prior to the Pittsburgh meeting in August.**

Dealer membership card in process.

Conservation update.

State of economy in stamp market from dealer perspective. Oct-Nov some drop beginning... Sales down 20-35% down for dealers by the first of year. Report is flat from UK. Thinks market will rebound because of high number of retired people that still have disposable income.

Moved: Walker

Seconded: Stotts

Vote: unanimous

IV. Old Business

A. Membership Recruitment & Retention -- Peter Mastrangelo

Membership trend discussed, as well as major sources of new members.

Suggestion that we approach Jamestown, Kenmore, etc. to get more distribution of business reply cards, etc.

An update on various efforts, including prospect mailings, show attendees, book raffle, etc (slide in show)

Straight recommended cutting off services in Jan. Insurance losses due to non-returned circuits. Discussion deferred. **Staff will look at situation and report to board prior to Pittsburgh meeting with practical recommendations.**

Discussion on the ratcheting downward of membership and its effect on our projected revenue.

Extended discussion on membership trends, possibilities and the lack of solutions.

Cost per new member addressed (\$100 acceptable)

Moved to accept report: Walker

Seconded: Joann Lenz

Vote: unanimous

Staff will follow up with Kenmore, Jamestown, etc... for BRCs

B. Dealer Registration Status Ken Martin

Moving forward with program, including a dealer newsletter, \$25 fee to be identified as dealer, verification status, etc. Due by July 1, membership cards issued. Expect a large number of dropped dealers.

Concern about how many that will lose dealer status will also elect to leave APS

Will we identify full- vs. part-time members? Yes, F R and P prefixes will be in site

Website listing is primary benefit received.

Moved: Walker

Seconded: Klug

Vote: unanimous

C. Editorial Resource Committee - Mastrangelo/Martin

Barb Boal joined by telephone.

The American Philatelist Resource Group

Purpose: To be a working resource/support for the staff of *The American Philatelist*.

- to provide feedback to the staff regarding issues/problems that arise
- to share ideas for features/columns, etc.
- to vet questionable articles
- to identify and solicit articles

Members of the Group: The Committee will be staffed by Bonny Farmer and Barb Boal with members (so far) – Bill Welch, Wayne Youngblood, Alan Warren and Barbara Harrison – with participation by Ken Martin.

Meetings: The group will attempt to meet in person at least once per year plus at least three times per year via phone conference. Most communication will be by e-mail.

Initial Task: While the member survey expressed very high satisfaction with *The American Philatelist*, a readership survey published in the AP and available online could provide significant additional data to help the group make more informed recommendations.

By May 1 the Resource Group should develop questions to be published in the June issue of *The American Philatelist*. Preliminary results of this data will be shared with the Board at its Pittsburgh Stampshow meeting.

Spoke about the need of an updated readership survey – perhaps done online as well as printed.

Requests for how-to features, computer use, maps, travelogues,
Suggestion that non-renewals who stated *AP* as reason be polled.

Moved: Walker

Seconded: Lombardi

Vote: unanimous

D. E-mail Newsletter and Website Development -- Ken Martin

Report on attached sheets... (***Ken, need attachments***)

Total of 8,498 for Feb. issue is the largest rate of opened emails; a 45% open rate, which is quite high, with 1,000 forwarding rate.

Members seem to be less interested in news than original content, such as album pages 10,000+, tips, USPS related, photo tours, computer wallpaper

Sidebar: free downloads, resource links, new on site

Seem to have a formula for each issue, album pages, tips, photo tour, member special, USPS related, promoting the hobby, marketplace, staff photos, etc..

Would welcome trivia and tips by board members.

Each issue should look very visually different.

Possibilities for fundraising or advertising in issues. Concern about turning people off.

Hard to know if there is any effect on renewals.

Website (***Get schedule slide from Ken***)

\$245,000 expected, \$190,000 paid so far...

Moved: Walker

Seconded: Lenz

Vote: unanimous

E. Long Range Planning Committee Wade Saadi

Brief discussion of makeup of committee.

Moved: Straight, that the “provisional” nature of Saadi’s chair be removed and he appointed as actual chair of committee

Seconded: Walker

Vote: unanimous

F. Bylaw Revisions - Attachment 6 Wade Saadi

Introduction of documents and a few small changes

Moved: Straight

Seconded: Walker

Vote: 10-0-0

Approved bylaws revisions will be placed on 2009 ballot for membership vote.

G. Philatelic Conservation Committee Report
(report from Roger Rhoads)

Philatelic Conservation

In my role as Chairman of the Preservation and Care of Philatelic Materials Committee I have been asked to research the subject of philatelic conservation as voiced by Jim Dempsey, APS Dealer Representative, in his letter to Ken Martin of July 24, 2008. In his letter he has asked the APS to create a philatelic conservation service as a place to send stamps and covers that “need help in mitigating the ravages of time” through “ethical renewal”. I discussed this with Jim, and both of us agree that this term would include removing such non-postal markings such as dirt, fingerprints, grease, tape residue, foxing, toning, rubber band stains, and hinge removal. It would not include repair of tears, replacement of missing paper, erasing or improving cancellation markings, changes to gum surfaces (e.g. removing the hinge but not smoothing the gum) or other such “improvements”. The intent would be to not change the collectible from the appearance it had when it was received in the mail stream by the recipient.

Janet Klug pointed me to Linda Edquist of the National Postal Museum as a resource. I discussed the subject at length with Miss Edquist and found that the NPM uses such services on a regular basis and recently added a staff member as a paper conservationist. She went on to state that the outside services used in the past have always been members of the American Institute of Conservationists (<http://aic.stanford.edu/>). She suggested that this is quite important as being evidence of established skills in paper conservation. Linda also supplied me with two such services that the NPM has used successfully in the past as follows:

Northeast Document Conservation Center
100 Brickstone Square
Andover, MA 01810
(978) 470-1010
<http://nedcc.org/home.php>

Conservation Center for Art and Historic
Artifacts
264 S. 23rd St.
Philadelphia, PA 19103
(215) 545-0613
<http://www.ccaha.org/>

I spoke at length with Christopher Solowski, Associate Conservator, at NEDC and Rolf Kat, Senior Conservator for Project Development, at CCAHA. Both had significant knowledge of the subject and felt quite confident of their company’s abilities in those areas, though both admitted that they generally have been asked for improvements that go beyond my description of “ethical renewal”. Miss Edquist also gave me references of three other firms that are AIC members. However, I did not call them as the NPM has not used them in the past.

There are some differences in the two services. In both cases an estimate would be given prior to work being done. However the NDCC has a minimum job requirement of \$500. This may include 5-10 stamps or perhaps a few more. In other words, they prefer to take on groups of items rather than individual pieces. The CCAHA works in a slightly different manner. They would take an individual or a group of pieces and write a

documentation of the work to be done along with the estimate. This initial work would cost \$100 at a minimum.

One other option is to work closely with a non-AIC member individual who has a similar philatelic service. Nancy Poli, Saylorsburg, PA (570-992-2770) has developed her business over the years as a service to philatelists and dealers/auction houses. Though she has not advertised, those “in-the-know” have quite successfully used her for a number of years. I spoke with Bill Weiss, long time postal history dealer, and he agrees that she does exceptional work and is easy with which to do business. I spoke with Richard Frajola, again a long time authority on postal history, and his thoughts were quite revealing. He is very familiar with Nancy Poli, both personally and professionally. In fact, her work is so good that her typical work backlog is very long, much of it being non-philatelic.

I was unable to speak with Ms. Poli until very recently as she had inadvertently left her phone off the hook while traveling. I discussed with her the intent of my study and the conclusions I have been able to put together concerning “ethical renewal”. As was previously suggested by Mr. Frajola., the cost associated with doing such was so high that only items valued in excess of \$1,000 would be worth the additional investment. She agreed with that statement and confirmed that her current work backlog was approaching two years. She also noted that she had been a member of AIC until recently when she dropped her membership.

Should you wish to know more about her work, Nancy Clark had her as a guest on her “Stamp Talk” radio show on WSRadio.com on April 8, 2008 discussing “Repairing the Damage”. This ½ hour show can be heard in its entirety (along with commercials) at

<http://www.wsradio.com/player/wsradio-player2.cfm/type/windows/show/APS-Stamp-Talk/segment/16991.html>.

On that basis, I would not recommend that the APS provide such a service for the following reasons. There would be a need for the APS to provide an internal person to coordinate this service, it would be quite expensive (perhaps well beyond the resources of the average member) and, if a group of individual submissions would be needed, a significant amount of time would be required before the items were returned to the owners. Very few of our membership would be interested in the dollars and time necessary. Those collectors who are at the high end of the collecting scale will already know of sources for such services.

I suggest instead that a paragraph be written on this subject in the Committee section that outlines the vales of such a service, the approximate minimum cost and the names and address of the two AIC firms noted above. Thus it would be left up to the individual to seek out the service on his own. The APS would then not take on any additional responsibilities.

Moved: Walker

Seconded: Stotts

Vote: unanimous

In addition, it was recommended that conservation information be placed on the web and published in member e-newsletter.

V. Working Lunch

- continued -

VI. New Business

A. Approval of Appointments

1. Alfredo Frohlich - Chair, Campaign for Philately

Moved: Steve Rod

Seconded: Michael Dixon

Vote: unanimous

B. Future Show Locations - Attachment 9 Dana Guyer

Short discussion of merits of each

Moved: Wayne Youngblood, to accept Milwaukee as location of Stampshow 2013

Seconded: Walker

Vote: unanimous

C. CANEJ Reports & Recommendations - Steve Reinhard

WSP show exhibit application protection wording...

"I agree that the decision of the judges shall be final, and hereby release and agree to hold harmless the judges and the American Philatelic Society, its officers, directors, employees, and representatives from any damages, including but not limited to damages to my reputation or that of my exhibit, suffered or incurred as a result of the judging."

1. World Series Show Rules - Protection of Judges

Moved: Dixon

Seconded: Walker

Vote: unanimous

2. Rossicapex

Tabled. No action necessary at this time, as ASDA does not have an agreement worked out with Rossicapex at this time. The request should come from ASDA and Rossicapex jointly.

Moved: Straight

Seconded: Walker

Vote: unanimous

3. One-time WSP Show Accreditation

Moved: Klug

Seconded: Walker

Vote: unanimous

D. Patron and Supporting Memberships - Janet Klug

Supporting and Patron Memberships Proposal

History:

From time to time the APS Board has considered proposals for classes of membership charged at a higher rate than regular membership. Many organizations and societies do this to raise additional funds for operations or special needs. In the APS' case, previous proposals have included incentives to encourage memberships at higher levels. Predictably, these proposals have been called the "e" word (elitist) and have not been adopted.

Background:

APS and APRL jointly require an additional \$538k to balance the 2009 budget. This need has been projected out into the future. Raising dues again is not an option. Staff is working furiously to reduce the budget deficit. It is a good time to reconsider voluntary ways members can help the APS and APRL with renewing as supporting or patron members.

Prior attempts to get this adopted included incentives and additional membership benefits. This proposal differs. The primary benefit a member will receive is recognition. A patron membership also includes a free membership that can be given to a friend or family member, thus helping APS recruit new members.

Proposal:

That APS adopts supporting and patron membership levels. Money raised in this way will be added to the general fund to pay for operating expenses.

Supporting Membership: \$65 (includes regular membership plus a \$20 donation)
Supporting members receive a certificate of appreciation, a thank-you card, a receipt for a \$20 donation, and are listed in the April recognition issue of AP.

Patron Membership: \$100 (includes regular membership, a free membership to give to someone if desired, a certificate of appreciation, a thank-you card, a receipt for donation (this is the tricky part – a receipt for \$55 or for \$10 (\$100 less the cost of 2 memberships = \$10)?), and are listed in the April recognition issue of AP.

If adopted, the soonest this could be implemented would be for year 2010. That gives APS and APRL plenty of time to publicize and promote these memberships.

Potential:

If 5% of current paying members join at the Supporting level, that adds \$32,000 to the general fund in support of operations. If 1% of the current paying members join at the Patron level, that could add potentially 320 new members and \$3200 to operations; or \$17,600 with no new members.

Risk:

We run the risk of annoying members with yet another request for money. However, the need for additional funds IS A FACT. The board will have to decide how these funds are acquired, or what methods need to be employed to cut a half million dollars from the combined operating budget. This proposal actually has little risk and little cost, and has the potential to raise enough money to pay for at least one staff position.

That seems a risk worth taking.

Moved: Walker

Seconded: Stotts

Vote: unanimous, approved in principle, with details to be worked out by staff and presented to board for approval no later than August Stampshow

E. www.allaboutstamps.com portal Janet Klug

Need attachment

Goal is to grow hobby...

To gather all the best resources on the Web to lead beginning collectors to good information.

F. Minutes preparation, content and timeliness -- Wade Saadi

A discussion on minutes, their purpose, timeliness and how we should prepare them in the future. The idea of continuing verbatim minutes was rejected, as was the idea of recording and podcasting. It was eventually agreed that subject, motions and vote was all that was necessary, with the following statement resulting:

“The Secretary shall take minutes that include -- but are not limited to -- motions, action items and the actual vote. First-draft version shall be distributed to the board within 14 days of meeting for comment and feedback, and ready to be approved within 30 days of meeting.”

Moved: Straight

Seconded: Walker

Vote: unanimous

Although not a part of the discussion, it has been recommended that “action items” be repeated as a listing appended to the minutes (although the same purpose is served by placing action items in colored type).

G. Length of Terms of Board Members Joann Lenz

Discussion of whether two-year terms are appropriate, as board members are just learning the system after two years. Three- and four-year terms are possible.

Committee to be formed to study this. Lenz will head the committee, with Janet Klug, Dan Siegel and Wayne Youngblood to study issue and report to board at August Stampshow with recommendations.

Moved: Straight

Seconded: Dixon

Vote: unanimous

Approval of Executive Session actions

Moved: Lenz

Seconded: Walker

Motion to authorize staff to finalize contracts with Heritage and Regency Superior auction galleries to become official auctioneers for Pittsburgh Stampshow.

(need clarification: approval is not the three years originally discussed and applied for? Wayne)

Moved: Lenz:

Seconded: Dixon

Nay: Straight, Rod

Abstain: Youngblood

VI. Adjourn

Moved: Stotts

Seconded: Walker

Unanimous

Reiteration of “action items:”

Dealer Rep. Jim Dempsey will report to the board with recommendations (re: early entry, etc.) gathered during dealer breakfast prior to the Pittsburgh meeting in August.

Staff will look at when to cut membership services for non-payment of dues and report to board prior to Pittsburgh meeting with practical recommendations.

Approved bylaws revisions will be placed on 2009 ballot for membership vote.

Conservation committee report and information should be placed on the web and published in member e-newsletter.

Supporting and Patron membership levels were approved in principle, with details to be worked out by staff and presented to board for approval no later than August Stampshow.

Although not a specific part of the discussion, it has been recommended that “action items” (included in original motion) be repeated as a listing appended to the minutes (although the same purpose is served by placing action items in colored type).