

American Philatelic Society
General Membership Meeting
Saturday, August 25, 2001
Donald E. Stephens Convention Center
9:00 a.m. Room A
Rosemont, Illinois

Minutes of the American Philatelic Society General Meeting

President Peter P. McCann called the General Membership Meeting of the American Philatelic Society to order on Saturday, August 25, 2001 at 9:05 a.m. in Room A of the Donald E. Stephens Convention Center in Rosemont, Illinois.

President McCann introduced the members of the APS Board of Directors and APS Executive Director Robert Lamb, who in turn introduced members of the APS staff who were present. President McCann introduced local show committee members.

President McCann and Executive Director Lamb distributed awards to those present that had been APS members for 25 and 50 years, and Century Awards for recruiting 100 new members within the year were awarded to Edward L. Davidson and James R. Mettler.

McCann: Presented a synopsis of the actions taken by the Board at the Board Meetings on Tuesday and Wednesday, August 21 and 22.

In the course of discussion of some of the things we have been doing with the Match Factory, it became clear that some of our operating procedures were antiquated in terms of routine purchases and contracts. Our Bylaws Committee met by teleconference and they submitted a new bylaw that was ratified here by the Board that will make it easier for the staff at State College to operate in terms of signing contracts. In doing this, it still preserves the Board having ultimate approval for any purchases and contracts of a certain size or for contracts that have anything to do with changes in policy. This new bylaw will be printed and published in *American Philatelist* and the membership will vote on it.

We took a final vote and put into effect changes to the Rules for our World Series of Philately Shows to incorporate new exhibiting divisions. This was primarily the responsibility of the Committee on the Accreditation of National Exhibitions and Judges, chaired by Janet Klug. The new rules read a little bit complicated but give guidelines to our shows and judges that will make them more inclusive to different types of exhibits that are a little more unusual and that people want to exhibit. We are not designing new rules because we anticipate people might want to show this material. These are things our members have been showing and have been frustrated because there haven't been standards for judging them. We set up a framework to be more inclusive so these exhibits could be judged along with traditional exhibits. It is likely most of the shows will be standard exhibits that have been with us for a long time, but this gives us a chance to be more inclusive. McCann was pleased the Board passed this initiative, and commended Klug and the Committee for the hard work they did on this.

The Board voted to set up a new APS Forum. We had one in State College as an experiment in April when FIP President Knud Mohr was in this country. We invited him to come to State College, and about 25 people including Board members and some members who are interested in international-level philately came to State College for a day to meet with Mohr in a forum. They came at their own expense and it was a very interesting daylong session. The results of the forum will be published. There are minutes and an Executive Summary that are available.

The concept of the APS Forum is that members could get together to discuss problems affecting the Society and present ideas on how they could be solved. We will publicize ahead of time what the subject of the forum will be and will invite members who indicate they would like to participate. The first forum will address the declining membership in the APS. We are concerned about this. We believe the APS has a lot to offer stamp collectors. We will try to figure out innovative ways to promote membership with people who are also concerned about the problem.

Two members of the APS sent a proposal to the Board asking that the APS discontinue future cooperation with the Boy Scouts of America because of their discrimination policy. This proposal generated a lot of e-mail discussion in advance of our meeting. The Board determined this proposal deserved more thought. It was too important in terms of implications for the Society and so the Board remanded the proposal to the Ethics Committee and to the Outreach and Diversity Committee for further study in the context of the impact to the American Philatelic Society. We will get recommendations from them.

We had an extended discussion on the budget. We are seriously looking at ways we can save money on the basis that our year-to-year operations break even. We don't need to make a profit, but we need to establish our annual budgets so that our income covers our operating expenses. We are looking carefully at ways we can do this. One of the most important things we looked at was a proposal from our Finance Committee to raise dues \$3. We have not raised dues since 1994. Since then postage costs have increased several times. We are losing money on *American Philatelist* because we don't take in enough to cover the costs. McCann was not entranced with the idea of raising the dues. We would probably lose some members who are on fixed incomes. McCann devoted a column in *American Philatelist* about the proposed dues increase. The Board discussed this at length and decided not to have an official dues increase, but we have eliminated the discount members get for sending in their dues early. There will no longer be a discount for those who pay their dues before January 1, but there will not be a penalty for late payment, either.

The main part of the Board meeting on Wednesday consisted of a presentation to the APS Board and the APRL Trustees by the Vitetta architects about the Match Factory project design and overall costs. Lamb will talk about that in more detail. The architects presented a very straightforward plan. They are specialists in renovations of old buildings. The schematics were very interesting and we were impressed with their design concept. The finance proposal to issue municipal bonds is a clever way for a nonprofit Society such as the APS to fund a project of this size. It is very attractive in terms of revenue enhancement for the Society. As we proceed along, that looks like the method we will use to finance the project. During the course of the discussion there were some questions about taxes on taxable rental income. There are implications in terms of revenue that would come into the Society, and we did not have the answers. Since then Lamb, Frazier, and Clark have spent a lot of time with auditors and tax accountants to find out the answers to those questions. We will have a meeting with the new Board of Directors today at 11:00 a.m. and this will be presented at that time. On Wednesday, the Board issued a sense of the board statement that they wished to continue with the project if the financial questions could be addressed to the Board's satisfaction.

Vice Presidents Report:

Gordon Morison: The Board of Vice Presidents of the American Philatelic Society is the conscience of the membership. We meet every other month to hear complaints from members about other members. We attempt to look at the issues and resolve disputes if possible. We attempt to enforce the Code of Ethics for the Society. Staff in State College handles most of the complaints. Helen Bruno is our Complaints Manager. She has a knack of talking with both parties and quite often that is the end of the problem. They are instructed to speak to each other instead of us. That works out most often, and everything is taken care of.

Occasionally, some of the issues cannot be resolved. There might be ethical issues. We had 71 cases that came to the Board of Vice Presidents last year. We had our last meeting on Thursday to review our cases, and heard 14 cases at that time. Our process is if there is a complaint, we schedule it for a hearing. At that hearing we invite personal appearance by the person who is making the complaint and the person against whom the complaint is being made. They have time to talk about it in person if they so desire to give us all the facts. They can also provide the background for the hearing in writing. Of the 71 cases we heard last year, we actually expelled 32 people from the Society. If you consider 71 cases against 50,000 members, that's not a bad number. It speaks highly that our membership in general is a good, honest, ethical group.

The Board of Vice Presidents expelled 32 members in the past twelve months. It offered consultation with the staff on 12 cases, we dismissed six cases because we felt there was no cause for complaint, and we rejected three membership applications after review of the applicants' past history.

After the Board of Vice Presidents renders the decision, the individual has the right to appeal at the Appeals Tribunal. The Appeals Tribunal is the rest of the Board of Directors without the Board of Vice Presidents. The Board of Vice Presidents functions as prosecutors at the Appeals Tribunal. We had three cases that went to appeals in the past year.

We have five cases pending that we will be turning over to the new Board of Vice Presidents. One of the pending cases is one you have read about in the papers. That is the alleged ring of auctioneers. We have taken action as the Board of Vice Presidents. We have written to the individuals involved and asked them to respond to us their view of the situation. No decision has been rendered. We are still gathering information and that will be turned over to the new Board to follow through.

The key to everything the Board of Vice Presidents does is that we have a system of due process whereby each party may present their case before final action is taken. We appreciate the opportunity of serving the membership and wish the new Board of Vice Presidents good luck.

McCann: Mentioned Morison was going off the Board after serving two terms as Vice President and two terms as Director-at-Large.

Secretary's Report: Janet Klug: As her last report as Secretary of APS, Klug thanked the membership for allowing her to serve in that capacity and wished Lloyd de Vries good luck in that capacity.

The Secretary has taken the minutes at the Board Meetings and General Meetings of the APS and signed all legal documents of the Society according to the bylaws. Klug reminded members that minutes of the Board Meetings go up on the APS website as quickly as possible and suggested members read them and become active and interested in the business of the Society.

Treasurer's Report:

Nancy Clark: As Treasurer of the Society, Clark has reviewed the APS financial transactions and signed all vouchers on a monthly basis and assumed fiduciary oversight. Our members have responded to the idea of a dues increase. It was rewarding to see several creative ideas for the future. It was also rewarding to see so many members who value the services the Society offers. In the eight years since the Society last raised dues, it has increased services. These include the All Star Stamp Clubs, Internet Sales Unit, credit card ability, computerization of the APRL accounting system, the APS website, color in the *American Philatelist*, Internet courses, and a youth department. Some members suggested we institute a larger increase. As a nonprofit service oriented organization, we are not looking to make a profit. Rather, for the fiscal health of the Society, we need to break even to maintain the financial security of the Society. However, the Board decided not to make an across the board dues increase of \$3, but to eliminate the discount for early payment of dues, leaving the dues at \$25 per year. The staff at State College has done some major belt tightening to curb escalating expenses of doing business, and to continue to provide services to our members. We have reduced staffing by 7 positions.

On July 21 at a called meeting of the Board of Directors at State College, the Board adopted a resolution authorizing the issuance of municipal bonds for the purpose of funding the purchase and renovation of the Bellefonte facility that will become the new APS and APRL headquarters. The future looks bright indeed when one considers the rental income the Society will receive from the Match Factory property. This venue will not only allow us to expand the facility we currently have, but also will provide us with substantial rental income. The willingness of the Bellefonte Industrial Authority to allow us to issue municipal bonds takes the immediate financial burden off the Society that allows us to proceed.

Executive Director's Report: Robert Lamb: Thanked everyone for coming to the show and remarked what a wonderful place Chicago was to have STAMPSHOW. This is the largest stamp show held anywhere in the world this year. It is such a big show because of the support you have provided.

We have had some personnel changes in State College this year. Bill Welch, our editor for 14 years, retired. We will all miss Bill's distinctive style with the magazine, but we were lucky. Shortly before his retirement we had just hired Peter Martin to be our fundraiser. Peter had just come from being editor of *Scott Stamp Monthly* and was able to step in and do both jobs. If the day was a little longer we could give him a third job.

The Society continues to be very strong. We have gone through a conceptual change. In the past we had not worried about making specific services profitable because we had our investment income to fall back on. As a result, some of our services have not been as efficient as they should have been. Last year the market didn't do as well and we find we don't have that investment income to fall back on. We have reduced our overhead so that the programs will be self-supporting. After a lot of belt-tightening, the programs themselves will be breaking even.

The programs are doing well. For the past three years the Sales Division had been dropping its inventory. For 27 consecutive months we had less than the month before. That was due largely to competition from the Internet. Out of the 7 months of this year, the Sales Division has increased three of those 7 months. We think the problem has bottomed out. The inventory is now at about \$9.3 million and that seems to be leveling off. That is important to us. We have 7000 members who use the Sales Division, but there are also a lot of Chapters. The sales books are an important part of chapter programs.

Internet Sales will be one year old next month. Sales continue to be just under \$2000 a day. That has been a remarkable success. We have 7000 people signed up for Internet Sales. We have gone through a bit of summer doldrums. We found that because it has been so successful we had to do some major reworking of the site. If you have logged on in the last week you will notice that it moves much faster. We now have a T-1 line at headquarters, which means you will get the information as quickly as your computer can handle it. We are reworking the search capabilities. We have reworked the forms so that you include more information about postal history. We are adding new icons so that it is much easier to search for used or unused stamps without having to go through the whole inventory.

The Expertizing Service has broken all records. Last month we got more stamps in for expertizing than we have gotten in any month ever in the history of the Expertizing Service. July broke the record that was set in June, which broke the record that was set in March, which broke the record that was set in February. It is due to two things. The first is that Internet Sales makes it

much easier to have stamps expertized. We get about 50 certificates per month off the Internet. More importantly, it is due to the fact that members are more sophisticated and recognize there are a lot of bad stamps out there and they want to make sure they buy good stamps. It helps us get the bad stamps out of circulation.

There are diagrams in the back of the room that give the architects' renderings of the Match Factory project. For those who have seen the awful pictures that have been running in *AP* throughout the year of an old, drab factory and think it is really hard to see the vision in this project, now the illustrations will help to see that vision. There will be a presentation by the APRL Board later in the day about the Match Factory. Everyone is invited to attend.

Our Insurance Program is doing very well. It is running about 20% above what was projected for the year. Our shows are doing well. This show is excellent. The next Winter Show will be in Riverside, California. The Winter Shows were a new program for us. They started off slowly. We are still not making money on them. We are losing less money each time, but next year we were projecting a loss of \$8000 that we just can't afford. Fortunately, Hugh Wood, our insurance provider, offered to underwrite any losses we have on that show up to \$20,000. We will break even on that show for sure.

The Internet Correspondence Courses have been a major success. They have appealed principally to beginner adult stamp collectors. We have run five different sessions. We are planning another series in the fall. We have a new program that we launched on First Day Covers was very successful. If you are interested in building your stamp skills, get in touch with us. We'd like to have you enrolled in those courses.

The APS is a wonderful organization because of its members. The members help and support the APS. Whatever we do, we get good help from our members. We are very grateful. Our donations are coming in quite well. This year our reference collection will exceed \$1 million in book evaluation, and that is because of the stamps members have donated. We had a wonderful collection of Independent Africa donated to us by a man who had been collecting since 1959. Lamb will go to Cincinnati to pick up another collection of early U.S. that has been donated to the reference collection.

New Business:

Morison: Presented a resolution:

Resolved that the American Philatelic Society expresses appreciation to Al Kugel and the local committee for this outstanding exhibition. We appreciate the effort taken by the local committee to make this all possible.

Resolution was seconded by Klug and passed unanimously.

Induction of New Officers

William Bauer swore in the APS Board of Directors for 2001-2002.

Adjournment: George Brett moved to adjourn sine die.

The meeting adjourned at 10:10 a.m.

Respectfully submitted:

Attest:

Janet Klug, Secretary

Peter P. McCann, President