

Minutes
General Membership Meeting
February 9, 2002, 9:00 a.m. PST
Riverside, California

Janet Klug, Vice President, presiding.

Present — Board: Ann Triggler, Roger Schnell, Lloyd de Vries, Nancy Clark, Ada Prill, Steve Washburne.

Executive Director Bob Lamb introduces staff: Barb Boal, Kim Kowalczyk, Dennis Gilson, Scott Frazier, and "the blue streak darting across the floor," Ken Martin. [applause for staff]

American Philatelic Research Library president Charles Peterson introduces APRL trustees: Lois Evans-de Violini, Ken Lawrence, David Straight, Danforth Walker.

Klug thanks the SESC AL and Riverside groups and other volunteers for their help. Says it's a wonderful show, a really charming venue — the whole town of Riverside is charming. [applause for the volunteers]

President's Report

Klug: The Board met Wednesday and Thursday for a total of 9½ hours. Among the business conducted, the Board:

Hired a new society attorney, Virginia Eisenstein, to replace David Flood, who retired in October. She has already proved an asset to the Board.

Approved President Peter McCann's appointment of John Flannery as chairman of the Ethics Committee, replacing Jeanette Adams.

Approved site selection criteria and mission statement for Stampshow and the APS winter show, based on work by an ad hoc committee chaired by John Hotchner.

Increased the frame fees for adult exhibitors who are not members of the APS who wish to exhibit at those two shows.

Klug points out it would be cheaper to join the APS.

Heard presentation from *American Philatelist* acting editor Barbara Boal on out-sourcing production of the magazine.

Approved Boal's strategy for cost-saving and asked for a full progress report on the effectiveness of the plan in one year.

Editorial functions of the AP will for the time being remain in-house as they have been.

Heard a progress on the Internet Sales Unit.

Reviewed the Board and Officers' liability insurance policy.

Approved a change in the APS/APRL investment policy

Approved a change in the election policy, proposed by Bob Zeigler, that would give candidates for office an extra month to solicit nominations from APS chapters. This was done because nominations from APS chapters current concentrate in the month of December, when many chapters do not meet.

Passed a resolution to protest the U.S. Postal Service's censorship of cachets and other philatelic material, as proposed by Lloyd de Vries. There's been progress on that already.

Approved a policy to not accept advertising for a period of two years from a philatelic firm that has been named in a criminal suit.

Reviewed the Project One fund-raising program

Voted to purchase the Match Factory in Bellefonte, Pa.

Vice Presidents Report

Klug: Explains role of vice presidents and the Board of Vice Presidents. Most complaints are handled by Director of Complaints Helen Bruno, who does a "phenomenal" job facilitating communication between disputing parties. Once communication is re-established, most of the disputes are resolved. When that cannot be done, the complaints are then sent to the BVP. The Board of Vice Presidents meets every eight weeks, or three times since the end of August, and so far has handled 18 complaints. It has also ruled on five other cases, and served in an advisory capacity on several membership applications.

The most visible case that this BVP has had to handle is the well-publicized alleged auction bid-rigging activities of several well-known stamp dealers. The BVP has taken action at this meeting, but it would be inappropriate to announce that action

until the individuals have been notified. Members will be notified of the actions taken through the pages of the American Philatelist.

Secretary's Report:

De Vries: Says he has duly recorded the actions of the Board and Society, and have published them as required.

Treasurer's Report:

Clark: Says she has reviewed and signed the vouchers of the Society, as provided in the By-Laws. Has maintained her policy of openness as Treasurer by including the Board in Finance Committee meetings and increased the participation of financial and investment professionals on the finance committee.

After reviewing the changes in the balance sheets of the last two years, we decided that some of our funds had more exposure than we thought was prudent. We re-examined the entire investment portfolio, and recommended to the Board that a larger portion of our assets be given to fixed-income and relatively secure investments. The Board has concurred. (end Financial report)

Executive Director's report:

Lamb: Says he really enjoys what he's doing, it's not just a job. Thanks members for their support over the years and at the shows.

Financial situation for the last two years has been very tough. Last year, projected expenses were slightly over \$3.5 million. However, the actual was \$60,000 below that. Income also dropped, largely because of a \$60,000 decline in income from American Philatelist.

There were some bright spots to offset that. The insurance program had been budgeted at \$45,000 but instead brought in \$74,000. Notes that the Riverside show would have lost money except that Hugh Wood has underwritten \$20,000 of the costs.

Income was down \$46,000 below budget, but expenses were down \$60,000. If you exclude the investment area, the expenses were at the lowest level since 1996. Lots of belt-tightening in State Collage to accomplish that.

APS' investments have not done as well as had been expected, losing \$96,000, versus a projected \$64,000 increase, for a net budget shortfall of about \$150,000. In addition, there was a shortfall of \$133,000 in unrealized income. That's a total of about \$325,000 less than what was expected. Lamb is delighted the Board has approved a more conservative investment policy for the coming year.

There has been a decline in the Sales Division for about two years; the value of the inventory in the Sales Division dropped from about \$13.1 million in 1999 to \$9.2 million in 2001. Mostly competition from the Internet. People were taking stamps that they had been selling in the Sales Division and putting them on eBay and other sites.

However, in 2001, members discovered that the Sales Division was the best place to sell low-cost stamps, and inventory has come back up, by \$300,000 in 2001, \$80,000 in January.

Next step is to make the Sales Division much more efficient. Filling out all those forms is just as tedious at State College. Hopes to announce modernization plans at Stampshow in August.

Internet Sales has shown a dramatic increase. Commissions were raised, from 10 to 20%, in January, and since that time, Internet Sales has been a moneymaker. The volume has soared -- \$71,000 in September, \$85,000 in October, crossed \$100,000 in December, and in January, \$109,000. Average per night is \$3500.

More members visit StampStore than the main APS site.

Membership maintenance is very hard. APS has the same problems as local clubs. Historically, APS has been getting its members out of the hobby -- stamp shows, stamp clubs -- to maintain membership. Now have to go outside the hobby, to bring people into the hobby, not only to help ourselves but to help everybody else.

Visits many clubs. Some are growing, some are not, but the ones that work at growing, grow.

Local clubs can write to APS for names and addresses of APS members in their areas.

Lost about 1,000 members in 2001; Lamb expects about the same loss in 2002.

The Internet is the biggest single source of new members now, about 40% of the new members. StampStore, the Internet correspondence course given by Ada Prill and Kim Kowalczyk are good sources on the Internet.

John Hotchner helped get the U.S. Postal Services Stamp Fulfillment Services to include a cardboard insert with some orders. Just starting to go out. So far, there have been 33 inquiries and 8 new members. Expecting that number to grow as more of the backers are distributed.

Another innovative promotion was the one where 25-year members can give a one-year membership free to anyone not currently a member; 156 did so. Too soon to know the retention level of that group. Considers this promotion successful.

The Kansas City (SFS) promotion is just one indication of the very close relationship the APS has with the USPS. Believes the USPS has recognized the importance of stamp collectors. The Postal Service is important to the APS. Lamb believes the current relationship of cooperation has been successful.

One area where the USPS has been helpful has been with irradiation. Peter McCann and Lamb went to USPS to ask what could be done to protect members' material. USPS suggested taking items to special processing centers, but that would only help APS, not the individual members. Eventually, the USPS said it was only irradiating certain categories of mail to four ZIP codes, all government agencies in Washington, DC. USPS would like to broaden the program, but doesn't have the funds to do so now. The USPS has promised to notify APS if the program is broadened.

So, unless you're sending stamps to someone at a government office in the Washington area, you don't have to worry about damage from radiation.

Recognizes Doug Clark's Preservation committee for working on this problem.

Lloyd de Vries was concerned about USPS attempts to censor first day cover cachets. Started with the Cole incident; USPS thought some cachets were tasteless and began to impose restrictions. Required that artwork be submitted with orders for blank FDCs.

USPS informed APS yesterday, after a Board resolution deploring the restrictions, that it has decided not to continue requiring artwork in advance.

Have gotten many complaints from collectors that certain new issues are not being sent to their post offices. Because of APS discussions with the USPS, its Distribution office now requires every post office to get some quantity of every new U.S. commemorative stamp, even if it's only one sheet. Complaints dropped off sharply after that.

Presentation of 25-year membership certificates.

Questions from the floor:

Foster Miller, relaying a message from the Virtual Stamp Club: APS said members would be notified via the American Philatelist about any dealers expelled because of the auction bid rigging scandal in 45-60 days. Could that information possibly be made available in a more timely fashion on the Web site or elsewhere?

Klug: Yes, that would be possible. (Lamb agrees.)

Member: Asks that the current editor of American Philatelist.

Klug: Introduces again the editor, Barbara Boal. Boal made a presentation to the Board of some cost-saving measures she would like to incorporate. The Board approved, and asked her to report back in one year. Can't predict what the Board will do at that point.

Member: Doesn't understand the issue regarding editorial decision-making, how it can go outside the APS when it's an APS journal.

Klug: The editorial is staying in-house.

Member: But why "for the time-being?"

Klug: The Board is taking a year to review whether APS will save as much money as promised. Klug believes editorial will always stay in-house; APS was looking at other things besides editorial.

Different member: Understands there is a capital campaign under way for the Match Factory. Asks for more details, who is being approached, and what the long-term plans are to purchase the property.

Lamb: The Board voted to buy the building. The fund-raising campaign has not yet been publicized to the members. The membership has really opened their pocketbooks to the APS. Last year received more contributions than in any previous year, about \$200,000. Amounts from \$1, \$2 or \$1,000 or more.

Now that the decision to move ahead with it has been made, Lamb expects a much more focused campaign to raise money for it. Present building belongs to the Library, Match Factory will belong to the Library. APRL president Charlie Peterson is already looking into fund-raising. Lamb says members will be hearing from APS/APRL soon.

Member: Purchasing is one thing, renovation to make it useable is much bigger. What projections have you made to plan the renovations and make it useful to the organization?

Klug: Right now there is money in place to purchase the Match Factory. Once that is done, the Board will have to receive a report on the financial aspects, and that will also need to be approved by the Board.

Peterson: Looking into a possibility suggested by state legislators to seek grants. There will be a meeting February 15 of Lamb, Peterson, others, plus state and local representatives. Such legislation, if introduced, would make the project a lot easier. APS/APRL will only develop what it has the money to do; don't intend to get ahead of revenues in hand.

Tim Bartsche: Asks to hear mission statement on the Match Factory.

Klug: That was a mission statement on shows.

Bartsche: Is there a specific business plan for the Match Factory?

Klug: No, we have not received one.

Member: Any prospective tenants?

Lamb: Doesn't want anyone to think the APS/APRL is jumping into cold water without a considerable amount of work. Have architectural studies that outline each stage of the project, and the costs. Planning to do Building 18, the block warehouse, first. That building has 6 modules in it; there are commitments on 3 of the 6 modules, and interest in two others.

To develop all 100,000 square feet, the entire project, would cost \$7.5 million, but \$75 a square foot is quite reasonable. Have scaled down plans; developing only APS/APRL portion of the building, not tenant portions, but will proceed in cautious steps. First, develop Building 18, get tenants in it, get income from it, assess situation financially. Can even divide main structure into two pieces. About half the building is going to be APS/APRL, half tenant. Have the flexibility to do either half first, depending on the financial prospects.

Member: Is there any relief in taxation because the APS is a non-profit corporation?

Lamb: Yes, but it's the APRL that gets the tax relief, because, under Pennsylvania law, it is a public library, so no sales taxes on purchases. Property taxes on the non-commercial portion of the building would be waived; commercial portions probably would be subject to property taxes. There is a commitment from the Borough of Bellefonte to waive the property taxes on the APS/APRL portion of the building.

Ted Bahry: Much apprehension by many members because there isn't enough information. Any effort to get this information out?

Lamb: Yes, at 1 p.m. this afternoon, Peterson is hosting a meeting to answer questions.

Member: Would like to see a slide show.

Dennis Gilson: No slides, but drawings on display now in the lobby, and these drawings will be at the session. There are pictures of the Match Factory, old and new, on the Web site.

Member: What was the actual vote on the Match Factory purchase?

Klug: Six in favor, four opposed.

Bahry: How much long-term debt do the APS and APRL have now?

Clark: None. No short-term either.

Peter Iber: In the last 18 months, what is the reduction in portfolio value. No balance sheet has been published in a number of years.

Clark: The balance sheet has been published on the Web site.

Iber: What's the reduction in the portfolio's value after the fall of the dot-coms and 9-11?

Al Kugel: The value in the first year of the Bear Market was \$360,000; no final figure for 2001, but it was about \$300,000, so the percentage was 20%.

Bartsche: What is the status of the winter shows?

Klug: Have asked for plans not to keep losing money. There are no plans right now beyond Biloxi in 2003. Have to see if the shows can be financially feasible.

Member: What's the planned move-in date for the Match Factory....and will there be an event for the general membership?

Peterson: "Subsequently."

Klug: When it's ready.

Lamb: Every single member will be invited to Bellefonte for the opening.

Klug: It's going to be a big party.

Clark: Should serve free franks.

Member: Why not attach the winter show to an existing show?

Klug: That is what the APS used to do before independent shows. AmeriStamp Expo was originally an American Association of Philatelic Exhibitors show; combined the two so as to try experimental things, such as Display Division. APS cannot come in and take over another show; look how much space is used at this show. If the winter show cannot be financially viable, however, then that option will be looked at.

Lamb: Plugs Stamp Cruise, this year to Bermuda; it's a lot of fun. CruiseWorks has a booth here at the show.

Washington 2006 seems as if it's far in the future, but it will be here before we know it. Gordon Morison is handing out literature about the show as members leave the meeting.

The member present with the lowest membership number moves to adjourn. Bud Sellers has #23867, but Bob Cunluff has 15,000-something. Cunluff moves to adjourn; seconded by Bahry. Motion carried.