

APS Board Meeting Minutes Bellefonte, Pennsylvania October 19, 2006

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

Call to order: 9:00 a.m., by President Janet Klug

In Attendance: Janet Klug, George Fekete, Alan Parsons, Ada Prill, Wayne Youngblood, Nick Carter, Jack Flannery, Peter Martin, David Straight, Wade Saadi, Peter McCann, Virginia Eisenstein (APS counsel).

Staff: Peter Mastrangelo, Ken Martin, Rick Banks, Barb Boal, Mercer Bristow, Tom Horn, Wendy Masorti.

Guests: Foster Miller

Presidents Welcome:

*****Vote:** To approve the minutes of the August, Illinois meeting.
Motion by Wade Saadi, seconded by Nick Carter
Passed unanimously.

Executive Director Report

Peter Mastrangelo: “My Executive Director’s comments today will be brief, so that we can conserve our time for the Strategic Plan and budget considerations. First, I would like to cover two items as follow-up from our last board meeting.

- 1) “Board members asked for an organization chart of APS staff. They are included at your places.
- 2) “There was a question as to whether or not chapters were not participating or dropping their participation in sales circuits due to the postage costs. Our research indicates that this is not the case.

“The APS Sales Division offers discounts to APS chapters for purchase levels from their scheduled sales circuits with the return postage. 82% of the chapter circuits sold enough to qualify for discounts. (1% for \$20-29.99; 2% for \$30-49.99, and 3% for \$50+). The average discount is between 2.7% and 2.8%. Five years ago there were 207 chapters receiving circuits, we presently have 185 chapters. Reasons chapters have had for dropping participation are varied -- ranging from reduced attendance, irregular meeting

schedules, disbanding or variations of the above. None of the chapters noted a problem with postage costs as a reason for dropping circuits.

Website Update

“We are on track to test the website at the beginning of November for a live launch at the beginning of the year. Most navigation items have been worked out. We are now in the process of updating content. About 75-80% of the content has been submitted to Rex Media for inclusion, and we continue at a steady pace to update the remainder. Due to recent price increases on eBay, we are re-evaluating our own pricing structure for posting of members’ items on eBay. Additionally, we are moving forward on new software, which will upgrade the library capabilities on the website. This will take a little longer to integrate. When we launch, eBay has to evaluate our site before we go live with our eBay participation and the library function may still be under construction.

“At the last meeting we showed you some of the eBay pages, here is what we have developed for our Home Page, with a member log in function (gives brief tour of sample pages).

Headsville Post Office (with Smithsonian Institution)

“Our fundraising for Headsville is progressing well. Returns are starting to come in from our initial mailing. We are making good progress toward meeting the Washington 2006 match. In addition to the fundraising we are doing for Headsville, we maintain contact with the Smithsonian regarding their progress. As of yesterday, they are part way through crating the exhibit. Once we get clarification on acceptable temporary storage facilities, we’ll execute an exhibit loan agreement with them. In the meantime, correspondence has gone out officially requesting the creation of a ‘public contract station.’ We also are working with the county and Bellefonte in trying to expedite a decision from the state regarding our application for an infusion of economic development funds to support the project.

“In other matters, we have just come back from the Mega Event in New York City. While I was there I used the trip as an opportunity to attend the Collectors Club meeting. I want to thank Wade Saadi for taking the time to make appropriate introductions while I was there. Additionally, while at the Mega I had the opportunity to meet with Jim Roselle of ASDA to establish a closer professional relationship as well as meet many other key members in the region.

“Within the next few weeks, I will be attending the Postal History Symposium at the National Postal Museum, which will afford the opportunity to meet the Postmaster General. Additionally, David Failor and company will be traveling here to Bellefonte in mid-November to discuss our relationship with the USPS.

“Are there any questions?”

Peter McCann: I don't see on the Organization chart who will be handling member disputes.

Mastrangelo: That is under Membership Administration; Wendy (Masorti) will continue to handle the complaints.

Peter Martin: One of the things we discussed at our last meeting is the possibility of the APS allowing chapters to accept credit cards by processing them through the APS. You were going to go back to see if it was feasible.

Mastrangelo: We have not officially discussed, but we believe it is problematic.

Al Parsons: Chapters or affiliates?

P. Martin: Both if they feel they need it.

Klug: The costs involved are relatively high.

Rick Banks: Credit card processing is expensive and time consuming. We lost money by accepting credit cards on behalf of Washington 2006. If we did do something like this, we would have to hire additional staff due to the time involved.

Mastrangelo: We will look into it further.

P. Martin: I think it is worthwhile to look into. Let the chapters know it may be expensive, and let them decide if they want to use it.

Klug: Does it make sense to offer this when today we have Paypal? Paypal is so much easier and any organization can do Paypal.

David Straight: Paypal is out there but a lot of people do not know how to use it. We should train the chapters/affiliates on using Paypal; maybe come up with information on how to set it up and use it.

***Moved by **Straight** to accept the Executive Director's report, and seconded by **George Fekete**.

Vote: Passed unanimously.

B. Society Attorney's report:

Virginia Eisenstein: "In August, at our joint meeting with the APRL, as part of the management letter, it was suggested that a policy be developed concerning the capitalization of in-kind donations. It was recommended we get some extra advice on

this. Since that time, I have provided Peter the names of four or five Philadelphia tax attorneys with accounting backgrounds who specialize in non-profit tax matters.

“I have begun to review the suggestions for the Openness Policy. I will have a full report on the pros and cons of the ideas in February where it will be discussed in open meeting.

“I drafted and revised the book contract, which I believe is now ready for the *Liberty Series* publication.

“I think everyone is aware of the program that we have had with eBay to make the trading environment on eBay safer. If anyone identifies a stamp as misidentified or not as represented, it is referred to the Stamp Community Watch Committee. If the committee believes there is a high likelihood it is misidentified or not as represented, it goes to the APS for review and report. Frank Sente coordinates that part. Recently there have been two disgruntled sellers who were offering stamps for sale. In one instance, the committee believed an item clearly showed staining representing removal of a cancel. eBay took the item down (the item was being offered for \$4,500), and the seller is upset. The other matter is regarding a Scott 360 which was never regularly issued on bluish paper, but this guy says he has one postally used and is offering it for \$13,000. Frank and the members of the Stamp Watch Committee believe it is really a 334. Another item is a Scott 544, or it is represented by the seller to be a Scott 544, which the committee believes to be a flat plate (printing). We are in the process of responding to the inquiry on that. The program is not without potential problems. We handle quite a large amount of referrals every month and the consensus is that we are actively involved in trying to make the stamp environment safer.”

Jack Flannery: I don't recall you bringing up eBay before in terms of a working set of problems. What is the nature of this current problem?

Eisenstein: We have a seller who put a stamp up, which probably has staining, and he is representing as mint. He is threatening to sue us, even though it is eBay who takes down the items, not us.

Flannery: Do we have some liability protection from eBay?

Eisenstein: No we don't. We tried to get indemnification from eBay, but Bob thought that in general the program was so worthwhile that we went ahead. The risk is that we could be shouldering the cost of defense of a suit.

Wade Saadi: Do we have Employee Errors & Omissions (EEO) insurance for that?

Eisenstein: I hope we have some kind of insurance.

Saadi: If we have EEO insurance we would be shouldering much less risk as long as it covers the eBay program.

Eisenstein: There are two types of potential liabilities. One is the disgruntled seller, the other is the possibility that a buyer buys something that we didn't take any action on.

Klug: In your legal opinion, is the APS protected at a distance with the way that the program is now set up so that we have at least some partial indemnification from any potential law suits?

Eisenstein: No, not now. We continue to try to get eBay to give us at least some protection. I have been in touch with their attorney. Their lawyer listened to our concerns and said let's talk internally and maybe we can come up with a different kind of a business arrangement that would offer protection. At one time eBay had in its seller instructions a waiver so if you went on eBay and posted something, you didn't have any cause of action against eBay. And the way they used to have that written it also protected against people who were agents, affiliates, suppliers, whatever. So my suggestion had been to couch our contract in terms of one of the protected categories. They changed their seller instructions so that was not a way to go. eBay is a large organization. They have our concerns in mind and presumably are coming up with some alternative arrangement that would better protect us.

Mastrangelo: In the meantime we do have liability insurance. Understand that in this process we review stamps that may be misidentified and inform eBay of our opinion. We have only advisory power, eBay makes the decision to pull the item. We continue to have discussions with eBay. There is a lot of activity that Frank reviews. More often than not, while a seller who might have his item taken down may initially be incredulous, once the program is explained they often thank Frank. It is a consumer protection program. And as Frank reported to us in Chicago, most instances are not fraud but rather simple misidentification. Are we going to get some complaints? Yes. Are we going to have people complain to us and threaten us? Most likely.

Flannery: I ask that we take a present-time snapshot to explain the benefits and risks and then make a decision as to what level of risks we are willing to accept. We need to become conscious of all the risks.

Klug: That is a good idea.

Parsons: On the openness policy you spoke of, does Pennsylvania have a sunshine law and does it cover non-profit?

Eisenstein: Pennsylvania has a sunshine law for government entities, but it does not cover non-profits.

Saadi: Just to understand the EEO side of it, if we have this policy, we find out what Jack has requested and see the risk analysis and risk benefits. If we have an EEO policy in place is there any risk you can foresee to the APS? One way to handle this is to get an EEO policy to cover risks – is there any down side?

Mastrangelo: That is part of the analysis.

Eisenstein: We can't prevent people from suing.

Saadi: Is there any similarity with the Expertizing service -- where people come back dissatisfied with result?

Mastrangelo: Part of the difference is that we are providing a service in expertizing where there is a guarantee and a return policy, refund, etc.

Wayne Youngblood: As eBay makes the decision to pull the item, I think we are pretty insulated. Are we the only collecting area on eBay that has this type arrangement?

Mastrangelo: Coins do as well. I will call the ANA to see what type of experience they have had and how they are handling it.

Klug: That is a good idea.

***Moved by **Parsons** to accept the Society Attorney's Report. Seconded by **Fekete**.

Vote: Passed unanimously.

Old Business:

Board Contact of Chapters:

Saadi: Since our last meeting a lot of items have been posted on the APS website, downloadable forms, posters, etc. Peter is going to show us how to navigate from the front page of the website so that this can then be explained to your chapter contacts on your call list.

Mastrangelo: If you take a look at www.stamps.org, our home page has a top item called Chapter Membership Special. Here you will see links to "Promotion Material" and "Recruiting Material." Under Promotional Material you will see information describing the membership special, a link to the special application and -- if you scroll down -- you will see posters, a generic press release, etc. Under Recruiting Material you will find bookmarks, a quick guide to member services, special applications, etc.

Youngblood: After the promotional period has ended, will you be leaving many of these resources on the web?

Mastrangelo: Yes, and we plan to add to them.

Parsons: The Elmira club has already used the posters twice.

Foster Miller: We have used this information twice in the last 24 hours. The only problem our club has is that there are not a lot of people that are not APS members.

Saadi: We now need the telephone contact list that APS is providing.

Ken Martin: We have copies of each chapter's annual report. The reports include meeting place, president, representative information etc. They do not all provide a report on an annual basis and in some cases they do not include all information requested. I have packets for each one of you based on the segmentation of chapters that Wade made a few months ago. The information is not for public release, this is for only board member use. Contact the APS for any additional information needed or with updates that you may find out.

Klug: Will we be providing a formal feedback form or a means to report any information we learn from the groups we call? Can you provide an e-mail of the types of things you would like us to ask and report on?

K. Martin: Yes, we will send an e-mail out to all of you by Monday with information we would like you to share and questions to ask. We also ask that you let each club know that in their upcoming CAC they will be receiving a copy of a DVD from the History Channel entitled *Stamps: An American Journey*.

Saadi: Once the talking points are received, let's try to get these call done in the next 30 days. That way it ties in with Stamp Collecting month and with the half-price special. Who should we report to when our calls are complete?

Klug: When you finish making your calls send an email to Wade, Ken, and Janet.

New Business:

Consideration of new Affiliate: British West Indies Study Circle

K Martin: The British Indies Study Circle has requested affiliate status, they have been in existence since 1954. They have sufficient membership and APS members, and they have a quarterly journal. Are there any questions?

McCann: I am a member of this society, it is a fine group. It publishes very scholarly articles and it has worldwide membership. They very much want to join the APS.

***Moved by **McCann** to accept the application of the British West Indies Study Circle for APS Affiliation, seconded by **Nick Carter**.

Parsons: Why no bylaws?

McCann: I asked that question to the chairman, and he stated we never needed them.

Klug: I believe in order to apply for affiliation you must submit your bylaws.

K Martin: We will look into that. (Note: Subsequent research indicates that we have no formal requirement that chapters or affiliates must have bylaws.)

Fekete: Motion predicated on the answer of bylaw requirement?

Klug: Yes.

Vote: Unanimous

CANEJ Proposals

Klug: Revisions of WSP rules for shows... If you remember, this came through about a year ago with requested changes. Changes have been incorporated and I would like to present them to you on behalf of Ann Triggler.

***Moved by McCann to approve the revisions, and seconded by **Saadi**.

Ada Prill: Page 5, section 9 indicates WSP shows need 2,500 pages/156 frames. My problem is with Number 8, where it states exhibitors are limited to two competitive multi-frame exhibits. After the frame minimum requirement has been reached it seems like the show should have discretion to accept more than two exhibits from a single exhibitor. I recommend changing it to say – “exhibitors are limited to a maximum of two multiple frame exhibits to count toward the minimum frame count” and leave the extra frames open.

Klug: That has never been proposed before. This is not a proposed change, those are the current requirements. We will refer this to CANEJ for their consideration.

Prill: Problem two is page 6, where the number of one-frame Exhibits is limited to 12. The word “Adult” should be added to clarify that one-frame youth exhibits don’t count toward this maximum.

Klug: Okay, that makes it clear.

Prill: Next, on page 8, number 1, underlined area the last sentence “This counts as one exhibit for each of the joint owners toward any two-exhibit maximum that may be imposed by shows, per Rules for Shows B-8.” Is this imposed by show? This is not imposed by shows it is by CANEJ.

Klug: Strike “toward any two-exhibit maximum that may be imposed by shows, per Rules for Shows B-8.”

McCann: Amend motion to incorporate suggested corrections.

Fekete: Let’s clarify: Let’s say two people submit two exhibits together – they are done. Where as if we would have submitted separately we could have had four total -- or one jointly and two separately, depending on how we do it. Why not say up to four no matter how you get there? I don’t understand the reasoning.

Klug: The reasoning is because one or two people could fill a show.

K Martin: The only way you can put them (exhibits) in jointly is if you are family members. And I don’t think you want a family to dominate a show.

Fekete: If two family members go in jointly on two exhibits, now they have a maximum of two exhibits. If they had gone in separately they each could have two, totaling four.

Klug: I suggest that when Ada asks for CANEJ consideration of allowing more than two exhibits per exhibition after the minimum frame requirement has been met, she could address this as well. It is a good point and should be addressed.

McCann: We need to approve the next item “Accreditation of Ameristamp Expo as a National Show” before we approve these revisions as the revisions mention this.

Klug: Move to B2 Accreditation of AmeriStamp Expo – recognize as national.

***A motion was made by **Carter** to approve APS Ameristamp Expo as a National Exhibition, and seconded by **Prill**.

Parsons: What are we doing here?

Klug: The purpose here is to allow awards won at AmeriStamp Expo to count as national awards.

K. Martin: We are enabling those people to qualify for international FIP exhibits by getting a vermeil or higher at AmeriStamp Expo.

McCann: All it is doing is taking a show that exists and saying these medals are now national medals.

Klug: It would not change the way the show operates in any way.

*****Vote:** Unanimous.

Klug: Now back to Revision of WSP Show Rules as amended.

*****Vote:** Vote to approve revisions as corrected.
Unanimous

Southeastern Stamp Expo Request for Bye for a 2 day show

Klug: The Southeastern Stamp Expo inquired about obtaining a bye to have a two-day show. We have not received any official request because they are still in the consideration process. They have a board meeting on October 23 and we might get a request from them at that time.

K. Martin: I spoke with them yesterday. I told them that if we didn't have anything by yesterday, we couldn't do anything until February. They told me they are going to make their decision then it is up to us if they stay a national show or not. Their show is in September but they have to sign a contract with facility before the next board meeting.

Klug: We could accomplish this in an e-mail vote.

Carter: Is this becoming a problem?

K. Martin: Their facility significantly increased the charges for their space.

Klug: Yes, there are cost issues for a lot of shows.

Flannery: In Chicago we spoke of this. We requested that any shows applying for these kinds of byes provide a long-range get-well plan.

Klug: The chairman of the Accreditation Committee has asked both Okpex and Vapex for that documentation, and that should be presented to us in February. If South East Stamp Expo formally asks for a bye, then we will ask them for this documentation.

Fekete: Nick has a very important question, and perhaps in February we talk about a blanket rule for two-day shows. Because if these are going to keep coming up, we are going to be faced with this conversation every meeting.

McCann: I suggest we ask CANEJ for guidance on this.

Youngblood: What is the history of having to have a three-day show? If you can run a successful show in two days, why not let them?

McCann: Our show guidelines specify a three-day show.

Klug: There are judging problems. It is very difficult to get all the judging, get the critique in, have the awards done by the banquet, etc.

McCann: One of the most successful small shows in the country is the Plymouth Show outside of Detroit. They have always been a two-day show and they have no problem getting judges. They have great exhibits and it works very well. So we can't suppose that it doesn't work.

Parsons: Do they have some sort of blanket by on that rule?

McCann: Yes, they are grandfathered.

Klug: I will ask Ann Triggler and CANEJ to review the three-day requirement and report back to the board.

Prill: For clarification, this request is just for a one-year by?

K. Martin: We have not received a request yet. But my discussions with them would indicate that that is not the case. That is just speculation because we do not have anything official.

Prill: It sounds like they do not foresee ever going back to a three-day show.

Carter: While we are doing this, should we also contact ASDA (American Stamp Dealers Association) to find out how they feel about two- or three-day shows?

K. Martin: I recommend going through our dealer representative rather than the ASDA.

Klug: I will contact Jim Dempsey.

Strategic Plan:

Mastrangelo: I would like to review the Strategic Plan. I will follow the Executive Summary and then open it up to questions.

“When you hired me in 2006, you asked me to focus on three areas: a balanced budget, fund raising and membership recruitment. While working toward these aims, executive management will undertake a major review of employee policies and procedures, performance review and salary administration practices. We will also work to improve board and committee service and communications by assigning a staff liaison to each committee and utilizing the web to improve the flow of information and communication. We will continue the development of the APC through tenant income, donated funds and grant opportunities.

Communications (Editorial, Public Relations, Website)

“Our communications plans for 2007 include the launch of our new website, continued refinement of the *American Philatelist* and *Philatelic Literature Review*, the inauguration of a formal publications program and improved public relations. The Publications

Committee is meeting for the first time this afternoon. We have made an offer to fill the Public Relations job that Dana Guyer held. We are waiting for formal acceptance.

Marketing and Development

“With the recent staff realignment, we plan to redeploy resources to create a Director of Marketing and Development to help support the Campaign for Philately and develop a marketing strategy for the APS. In 2007 we will further engage our regional representatives and focus on our largest givers. Marketing will encompass the execution of a major membership survey and the inauguration of a two-year promotion plan with the aim of eliminating net membership losses by the end of 2008.

Education

“Education is key to the future of the hobby and our society. Our efforts for 2007 include the development and promotion of an educational curriculum that continues to address the interests of youth, beginning, intermediate and advanced collectors. Additionally, we are looking to expand offerings at stamp shows and the APC.

Expertizing

“Expertizing continues to be needed by our members. Our reference collection continues to grow through donated items. Our 2007 focus is to improve expertizing turnaround time, inventory significant items in the reference collection and better promotion through advertising and press releases. We will also continue to monitor and evaluate the impact of ‘grading’ on the hobby.

Internal Operations (Accounting/finance, Information technology, Facilities)

“Accounting/Finance, Information Technology and Facilities play significant support roles for the APS and APRL. In 2007, we will continue to place emphasis on transparency and accountability through the implementation and development of policies that assure the trust of our members, donors and other stakeholders. Additionally, we will continue to improve the understanding of our financial reports among Board and Finance Committee members, assess revenue streams and expense disbursements in relation to approved budgets and work to complete the American Philatelic Center. We will conduct an information technology audit, develop a computer inventory and replacement program and continue to improve our ability to serve our membership through the purchase of additional software and technical training for staff.

APRL (Library)

“While the APRL is a separate nonprofit corporation, it strives to operate as a seamless entity in concert with the APS. Efforts have been made in recent years to cooperate on the Board level. The establishment of joint committees in the finance and fund-raising area is an example of this cooperation. We will continue to explore additional areas of cooperation in 2007 through reviewing and updating common policies and procedures. Additionally, in 2007 upgraded catalog software with expanded capabilities will be integrated on the new APS website, the reorganization of the book collection will continue, and efforts to increase the *PLR* subscription base will be promoted.

Membership Administration

“Membership Administration works to insure quality service to almost 45,000 APS members, 600 chapters and 200 affiliates. In concert with Marketing and Development, Membership Administration works to attract and retain members. In 2007 Membership Administration will work with Marketing and Development in the planning, promotion and evaluation of a variety of new member recruitment efforts. We will work to strengthen our relationship with chapters and affiliates and to offer a variety of products and services beneficial to our members.

Sales Division (Circuit Sales and Internet Sales)

“With the staff realignment in 2006, the Sales Division includes both Circuit Sales and Internet Sales. During 2007 we will work to take advantage of cross-utilization of staff and volunteer assets. With the introduction of our new Website we will be able to implement an e-Bay auction option for StampStore submissions, improve search features and expand sales of related philatelic items. Circuit Sales will convert from microfilm to digital imaging and offer an eight-page circuit sales book. We will also implement a review procedure for StampStore items working in concert with Circuit Sales and Expertizing.

Shows and Exhibitions

“In 2007, we will work to assure the profitability of both the Winter and Summer shows by seeking sponsors to produce additional show income. We will strive to reduce expenses for APS shows by assessing costs as they relate to various show functions. Additionally, we will aid WSP shows by producing a new edition of *How to Run and Promote a Stamp Show*. We will work to attract casual collectors and the general public through such programs as *Stamps in Your Attic*. In concert with other departments, we will assist in utilizing the APC for philatelic related events such as the Airmail Show and Postal History Symposium.

“There is more detail provided for each of these areas. Any questions?”

Straight: What is the status of the Stamp Show Summit at Washington 2006?

K. Martin: There was a follow-up at Chicago and I intend to have a first draft done by January 1st to be distributed to anyone who attended either of the two meetings.

Straight: Please also send to all board members, even though many did not participate in the meetings.

Parsons: I have trouble distinguishing Marketing and Public Relations?

Mastrangelo: I use marketing in the very broadest sense. Don't think of marketing just as sales. Think of it in terms of analyzing your market. We start with the membership survey to get a profile of our existing members. In that survey we want to understand our market, and to survey non-members to find out why they are not members.

Klug: Do you have a target for completing the membership survey?

Mastrangelo: We have already communicated with the group that did our last survey to get a proposal from them. And, we have identified a number of other consultants that also do this type of work. Before the holidays we will issue an RFP and choose an appropriate provider.

Straight: Page 7 communications, number 3, will the opt-in email simply contain news and press releases or will it be other types of content?

Mastrangelo: We want to be able to distribute an e-newsletter on a regular basis. It will include monthly specials, things that are happening and changes to the site – to get members to visit the website often.

Straight: I was very happy to see the 16 supplement pages to issues of the *AP* that are otherwise loaded with important but not always stimulating reading.

Mastrangelo: We realize that when we run special issues like the election and recognition issues it takes up editorial space. Our goal is to be able to do an insert which does not take away from editorial space, but still provides the needed information.

Straight: On page 8, Marketing and Development – I think we need to clarify the process around the Tiffany Dinner and pins. There are times when we have people who donate in February or March and don't get on the Tiffany list until February of the next year. We need a process where people are recognized. If people don't show up to the Summer or Winter meetings and we are going to be at a WSP show, we can present these things at award banquets. It is better to present them in person and in front of their peers.

Klug: It gives additional recognition and publicity.

Straight: We need to clean that process up so everyone knows what is going on.

Mastrangelo: We will look into that.

Straight: Page 13, Library number 3, reorganization of the book collection. Any sense of the time frame?

Mastrangelo: It is a time-consuming process and we would need to ask Gini to get more specific on the timeline.

Straight: The bibliographies mentioned in number 6 -- published bibliographies are not best-sellers. Is there a reason for not putting them on the web?

Klug: Good idea – more effective there and you can do a search on them.

K. Martin: Some of the intent may be publishing them in the *PLR* or on the web.

Barb Boal: I believe it is a combination of both the *PLR* and the web. This item did not actually mean that we were going to print them.

Flannery: Page 10, Education – I look for vectors of direction, and number one is the only one I will reference. It talks about educational offerings addressing beginner, intermediate and advance collectors' needs. I don't see in the remainder of the language here anything that explicitly gives consideration to the advanced collectors' needs. The Summer Seminar does touch on this, but its effectiveness in doing so over the last 10 years has diminished dramatically. So I would like to see some examination of what has happened to cause the deterioration of Summer Seminar and what we need to do to restore it to its former greatness.

Mastrangelo: Those observations have not gone unnoticed. We are looking into bringing this up to date.

Fekete: This is loosely connected to the Strategic Plan - we have three volunteers. I am most familiar with what Richard does in the Library. I was thinking the Board might consider some kind of recognition for these people. They do a lot of work.

Klug: A motion or resolution of thanks can be done. So if you want to propose that, you may.

Fekete: I am not prepared to make a specific proposal right now.

Klug: If there are no other comments, let's vote to approve this document. We are not required to approve the document, but it is good to show that the Board appreciates the work that the staff has done.

***Motion made by **Flannery** to approve the Strategic Plan.

Youngblood seconded motion.

Vote: Unanimous

Klug: Because of the lunch arrangements for the dedication Ceremony for the Ambassador Robert E. Lamb Administration Department, let's skip to the Information Item on Election Procedures.

Election Procedures:

Carter: I would like to ask for clarification why the voting closes on June 9th.

K. Martin: It is set by our bylaws. A specific date based on the date of the annual meeting. The annual meeting is Aug. 11, 2007. It is something like 63 days earlier.

Carter: The Bylaws actually state it has to go by the deadline in which the magazine was mailed.

K. Martin: It is very complicated. I will be glad to go through individual Bylaws if you wish.

Mastrangelo: From what I can gather, we are in a position that we have to have the annual meeting date at some point and then we back date. And the other end is that we have the *AP* deadlines and it is coming together from both directions. We have to find a fine way of balancing that.

K. Martin: We really have no choice unless we change the *AP* schedule.

Carter: The forms for nomination -- is the form required or is a letter from the nominating chapter sufficient?

K. Martin: There are no forms required. These forms are provided as a convenience for chapters. Any letter signed by the president and secretary of a chapter is sufficient. And nominations will be accepted as a second if there is already a nomination.

Klug: My own stamp club, the Clermont County Stamp Club takes the APS election process very seriously. We bring the candidates to our members when the packet comes; we have discussions about it, the members vote on who they want to second. I just wonder if that is the exception of the rule. Do other clubs get involved?

Straight: We can't get the members to talk about it.

Prill: The members of the Elmira Stamp Club don't want to hear about the election and I don't think they have ever voted. The Rochester group has minimal discussions. A few members read the packets.

K. Martin: We will add this to the e-mail for the Board members to talk about when you call the Chapters. Just to remind them that chapters play an important role in the election and they can begin nominating/seconding December 1.

Fekete: Regarding the Candidate forum – I ask that as you plan this meeting, try to plan it so there is as few conflicts as possible and let the candidates know in as far in advance as possible. The forum is a membership service.

Klug: Ken and I will talk about how to work this out.

Break for lunch....

1:00 pm meeting resumes

2007 APS Budget:

Mastrangelo: You received the proposed budget in advance. I would like to turn the discussion over to Rick Banks to review highlights, then have Nick comment on the Finance and Audit Committee's view, and then open to questions.

Banks: For 2007 we project total income about 2.2% ahead of the 2006 revised budget. \$3,924,000 this year and in 2006 it looks like we are going to come in around \$3,842,000. That is an \$82,000 increase. Now, at this point I want to bring your attention to the first item under the "Specific Item/Expense Items." In that income we have included \$62,000 of undesignated donations to be used for operating purposes.

Our total expenses are expected to hold steady. A 1% increase to \$3,924,000 versus 2006 of \$3,919,000. We have attempted to try and hold costs wherever we could. Our projected operating deficit is zero. With depreciation there is a \$135,000 deficit. We have included under the miscellaneous income category \$62,000 of undesignated donations that we would use to help balance the budget for operating purposes. We have also included under the ISU department \$50,000 of commissions income for the new eBay program. Using the same 20% commission rate, that means we would have to achieve a quarter million dollars worth of sales on eBay. This is a new item in our budget.

On the membership side from an income standpoint, we are projecting a loss of about 750 members in 2007. That is half of the loss in 2006. For our personnel expense line items, our total personnel expenses are up about seven tenths of a percent, or about \$14,000. Included in that is the 2% budgeted salary increase effective January 1. We included in that the \$45,000 savings that we will incur in going to a new health care plan. I have also put a line item indicating the effect of adding the new Deputy Executive Director position. We have included as part of 2007 operating expenses \$25,000 towards the membership survey that is under the Development Department. Any questions?

Flannery: If we did not use \$62,000 from donations and factored in depreciation we would be about \$200K out of balance. What is our strategy to come back into balance with taking those two items into account?

Banks: Our long-term goal is to get the budget balanced including depreciation. At this point, I don't think that is going to be reachable in the next year or so. We do include regular maintenance-type items in our budget, but certainly if you are looking at them in the long run you cannot continually go and not cover depreciation. From the standpoint of using donations, that is less than 2% of our total budget and our feeling is that in a non-profit world this is certainly not unusual

In earlier years we capitalized a lot of computer software, we do not do that anymore. You will see increased expense in the IT Department because we are not depreciating that anymore. That is one area you won't have to replace that depreciation because we are including that as an expense now.

Youngblood: In terms of total dollars, it is really a fairly small amount. But in establishing your assumption for membership loss, how did we come at the 50% loss?

Banks: We looked at where we are so far this year. The membership numbers that are occurring in 2006 is the income that is in here in 2007. We are currently 803 fewer as of September 30 in 2006, versus 2005.

Prill: Do we have any projection in here on the half-price memberships and how that is going to affect the bottom line?

Banks: We have attempted to take that into consideration.

Carter: The Finance Committee looked at this budget. Their feeling is that the \$62,000 was acceptable amount to take from donations. The Committee also asked for a market review of staff compensation. On membership we are now down to 803, on a 12-month basis, but note that three years ago this same measure was almost 2,300.

Saadi: Are we going to talk about APRL budget?

Mastrangelo: No it was provided simply for your information.

***Motion made by **Flannery** to accept the Budget.

Fekete seconded motion

Saadi: Where do you think the biggest risk is, based on the points on page one?

Mastrangelo: One of the unknowns will be once we go live with our Webpage how fast eBay will approve our webpage so that we can offer listing items for members. We are going to be more systematic and purposeful with fundraising.

Carter: Question to Board members: We send out monthly reports in paper form, it would be much more efficient if we sent them out in .pdf files electronically. Did anyone have trouble receiving .pdf files? This would save money.

Klug: Was everyone able to download the information on the .ftp site that Ken sent without any difficulty? This would be the way to do it.

Banks: We will put the October statements on the .ftp site and send an e-mail to everyone when they are posted.

Parsons: We take no income or principal out of the endowment to balance the budget?

Banks: We take the interest for book purposes only. We have never had to use cash from the endowments.

Mastrangelo: We are able to operate on our cash flow without having to go into our investment.

Carter: The endowment is only the Tiffany fund. We have a lot of investments because the general fund, membership fund and insurance fund are also invested. So when we are talking about the return on investments, it is return on all four of those funds.

Banks: We also have a sweep account with our bank, so until a check clears we are earning 4.08% interest and it is totally liquid.

Saadi: Because we used to depreciate software and we are not going to do that anymore, is that going to reduce our depreciation?

Banks: Yes, you will see depreciation continually reducing.

Carter: In 2004 our depreciation costs were \$170,000. It is now down to \$135,000.

***Vote to approve the budget: Unanimous

***Motion to adjourn the meeting made by **Fekete**,
Seconded by **Prill**.

Vote: Unanimous.