

APS Board of Directors Meeting

Electronic Vote

January 2, 2018

On Tuesday, 2 January 2018, Executive Director Scott English presented a financial update to the Boards of the American Philatelic Society and American Philatelic Research Library (**Attachment 1**) regarding accelerating payment of the 2016 loan for completion of the new library at the American Philatelic Center.

Action: Trish Kaufmann motioned the APS donates \$68,500 received from the Estate of Sheron Frezon in December 2017 to the APRL for the purposes of accelerated payment of the 2016 library loan. **Mark Schwartz** seconded.

Following the motion and second, the Board unanimously adopted the motion in an electronic vote completed on January 2, 2018.

APS Board Minutes

January 3, 2018

Submitted on behalf of Stephen Schumann, Secretary of the Board



AMERICAN PHILATELIC SOCIETY

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TO: Board of Trustees, American Philatelic Research Library

CC: Board of Directors, American Philatelic Society
Campaign for Philately

DATE: 2 January 2018

RE: Sustainability - Goal #1

Background

Upon commencement of the construction of the new Library at the American Philatelic Center in July 2015, unexpected code requirements, primarily a fire suppression system, increased construction costs by \$600,000. Since the contract had already been approved, the Board of Trustees voted on 7 December 2015 to approve a line of credit of \$600,000 through First National Bank (known as the “Bridge Loan”). The loan was approved and the full drawdown was completed by October 2016.

As of 31 December 2017, the outstanding balance of the loan is \$478,754 to be paid off by November 2021. The Bridge Loan payments are \$10,919/month or \$131,028/year. Given the pressure this loan put on the APRL cash flow for the 2018 budget year, we recommended a series of suspended payments to the APS through the life of the loan, which were adopted.

Sustainability – 2016 Joint Strategic Plan

In the 2016 Joint APS/APRL Strategic Plan, the first section was dedicated to Sustainability of our joint operations. Goal #1 under the Sustainability section was to eliminate the \$600,000 by the end of 2016. Unfortunately, we did not meet this goal.

One of the contributors was a decision to completely pay off FNB Loan #2 in June 2016 following the sale of the Inverted Jenny. This action reduced the APRL debt load by almost \$200,000 – eliminating an annual payment of \$26,784 through January 2026.

Revised Goal – Elimination of the Bridge Loan Debt by the end of 2018

The APS and APRL have jointly committed to this goal and the Boards, through the approval of the 2018 budget, have agreed that repayment of the mortgage debt remains a high priority. We not only took aggressive action at the end of 2017, but will continue to do so in 2018 to retire this loan before the end of the year and potentially other mortgages held by the APRL.

Pending Payment – January 2018

At present, we have a combined **\$280,348 available for a one-time payment for the Bridge Loan**. The sources for this payment are:

The APS/APRL are non-profit organizations, 501(c)(3) under the Internal Revenue Code

- **\$100,000 end of year donation from an anonymous donor.** The funds are donated to the library, but at the request of the donor, the identity remains anonymous.
- **\$100,000 donation to the APRL for naming of the auction catalog section of the library.** This is currently an unreceived pledge – but we understand the check is in the mail. Thanks to Ken Martin and Scott Tiffney for closing the deal on this before the end of the year.
- **\$68,500 from the estate of Sheron Frezon.** The payment was received in December 2017 as a split donation of \$68,500 to the APS and \$68,500 to the APRL.I will discuss further in the recommendation section.
- **\$9,728 from the estate of William Wallace.** The payment was received in December 2017.
- **\$2,120 from the Campaign for Philately “Debt Fund.”** This fund receives small donations throughout the year and we make payments toward debts at the end of year closeout.

APS Board Recommendation

- With this memorandum, I am recommending to the APS Board of Directors that they approve the donation of the \$68,500 received from the Frezon Estate to be included in this proposed January 2018 payment.
- ***If adopted, the APRL would be able to make a one-time payment of \$348,848 toward the 2016 Bridge Loan – leaving a balance of \$129,906.***
- Even if no other actions were taken by the end of 2018, the APRL would be able to retire the Bridge Loan with the December 2018 payment.

2018 Columbus Stamp Soiree

- The Campaign for Philately has already committed the 2018 Columbus Stamp Soiree to go toward mortgage-held debt for the development of the APC.
- The Soiree will be held on 9 August 2018 at the Ohio State House in Columbus, OH.
- Letters will be forthcoming to our donors to elicit support, but our goal is to exceed the \$55,000 raised in 2017.