

LNC Executive Committee Meeting

Teleconference

November 19, 2001

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Present: Jim Lark, Chair
Ken Bisson, Vice-Chair
Deryl Martin, Treasurer
Steve Givot, Secretary

Joe Dehn (CA), Region 2 Representative
Elias Israel (MA), At Large Representative

Absent: Michael "MG" Gilson de Lemos (FL), Region 4 Representative

Also present: Don Gorman (NH), At-Large Representative
Mark Nelson (IA), Region 1 Representative

Staff: Steve Dasbach, National Director

Lark called the meeting to order at 8:35 PM EST.

Item: Setting of Agenda

The Committee approved the agenda without objection.

Item: Consideration of Authorization to Withdraw One Certificate of Deposit from the Reserve Fund

Dasbach updated the Committee on the current financial situation.

Dasbach said that today \$8,511 was processed plus over \$2,000 in accounts receivable income was booked from Walter Karl. He said that today he wrote a postage check for \$1,000.

Dasbach said that two batches of BREs were received today. These included 17 and

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30 envelopes.

Bills due by Friday total \$26,808. He said that bills due next week total another \$16,233.

Dasbach reviewed some of the large items that will be due this month.

Dasbach said that there should be enough money available for tomorrow's payroll.

Givot moved that the Executive Committee authorizes the Treasurer to withdraw one certificate of deposit from the reserve fund if, in his judgment, it is necessary to provide needed liquidity.

Israel seconded.

Givot said that the current situation is fluid and changes rapidly. He said that where we are today and where we will be in a week or two can be quite different. He said that it can be difficult to get people together on short notice. He said that he trusts the Treasurer to use his judgment wisely.

Gorman said that this sort of motion should not be adopted without the approval of the full LNC. He said that all LNC members need to be brought up to speed on this because it is far too important.

Israel said that he supports the motion. He said that he trusts the Treasurer's judgment in this matter. He said that he believes that the motion is superfluous because the action taken by the LNC at its October 2001 meeting – although it did not specifically amend the LNC Policy Manual – made its intentions on this clear.

Dehn said that he disagrees with Israel about the need for this motion to authorize the Treasurer to withdraw funds from the Reserve Fund. He said that since the LNC Policy Manual was not amended, the requirements stated therein remain in effect.

Dehn asked Dasbach for an answer to his question regarding what spending could be cut in the short term to reduce spending by \$25,000 per month. Dasbach said that most of these cuts have already been made. He said that recurring expenses are about \$125,000 per month including staff. He said that recurring monthly costs include the staffing costs of \$44,015, UMP payments of \$37,000, rent of \$7,550, LP News costs of \$10,665, and miscellaneous common costs (utilities, equipment leases, repair, bank fees, credit card fees, etc.) of \$10,409. He said that the remaining \$15,636 consists of

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governance, basic bank fees, membership renewal costs, inquiry response, Liberty Pledge News, media relations, material sales costs, web site operation, convention retainer, and other expenses.

Dehn expressed concern that the party is running out of money. He said that the party has a special problem now because of the postal service, but that the problem started before that problem surfaced. He said that, in his opinion, the fact that we were unable to build a reserve fund as planned and have needed to take money out of the Reserve Fund is a warning that we have an ongoing problem that is more than the problem with the postal service. He said that this began before the attack in September. He said that the party should have taken steps to cut expenses previously. He said that this was discussed, but no action was taken. He said that it is better to do so late than never. He said that putting it off and cashing in the final certificate of deposit without cutting expenses may leave the party in a position where there is nothing left to draw on.

Dehn said that it would be unacceptable to bounce checks. He said that it would be unacceptable to fail to make UMP payments. He said that it would be unacceptable to borrow to meet ongoing expenses. He said that this makes it clear that we must start cutting expenses now. He said that the final certificate of deposit is the only thing assuring making the next UMP payment.

Dehn moved to amend the motion by adding the words: "This approval is conditional upon cuts in regular expenditures of at least \$10,000 per month prior to cashing the final certificate of deposit."

Givot seconded the motion for purposes of discussion.

Givot asked Dasbach which expenses he would cut to meet this requirement.

Dasbach said that he would ask the LNC what it would like the staff to stop doing, so that he could determine which staff positions to eliminate.

The amendment failed 1 to 4 with Lark abstaining.

Martin said that looking back at the financial statements that he receives weekly, it was about sometime in May that the party peaked out with about \$47,000 in payables that were more than 30 days past due. He said that over the past months, one use of incoming funds has been to reduce this amount to zero.

Martin said that the current policy was passed at the October 2001 LNC meeting. He

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apologized for not anticipating that a formal change to the LNC Policy Manual would be appropriate to fully implement the new policy. He said that he wanted to see if the new policy would operate effectively before modifying the LNC Policy Manual to include it.

Martin said that it does not look like it will be necessary to cash the last certificate of deposit to meet the party's financial obligations prior to the December 2001 LNC meeting.

Martin said that the current membership level is consistent with prior first-year and later renewal rates and was somewhat predictable. He said that he believes it was an error to suspend membership prospecting early in the year as that has affected the current situation negatively. He said that he pointed this out in his first report as Treasurer in April 2001.

Martin said that he is upset with himself that he did not perceive the potential delay in receiving mail which has contributed to this problem. He said that he can see beyond the current situation when the backlogged mail is finally delivered.

Martin said that – looking forward – we need to keep an open mind to all possibilities, including the possibility that we may have to borrow money at some point in the future, if needed.

The motion passed 4 to 0 with two abstentions. Dehn indicated that he abstained because he feels that this does not address the real problem.

Lark asked Dasbach if he had received any indication from the postal service about the return of regular service.

Dasbach said that he spoke with the postal service today. He said that he was told that current mail is being hand processed – which delays it somewhat. He said that he read in the newspaper that the Office of Homeland Security has delayed delivery of the older mail until the Postal Service can affix a sticker indicating that sterilization may have resulted in damage to contents such as film, biological materials, and other things which we are not expecting to receive.

Dasbach said that in November, thus far, \$127,000 has been raised. He said this is \$16,000 more than the average month in 2001.

Dasbach said that there has also been an outlay in October of \$32,000 for postage for a mailing for which no returns have yet been received. He said that \$9,000 for the

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associated list rental had also be paid in October.

The meeting was adjourned at 9:13 PM EST.