

LNC Executive Committee Meeting

Teleconference January 19, 1999

Present: David Bergland, Chair
 Hugh Butler, Vice Chair
 Mark Tuniewicz, Treasurer
 Steve Givot, Secretary
 Joe Dehn

Staff: Steve Dasbach, National Director
 Ron Crickenberger, Political Director

Also present: Ken Bisson (IN), Region 3 Representative
 Chris Spruyt (NC), Region 4 Representative

The meeting was called to order by Bergland at 8:33 EST.

Bergland said that it would be preferable to end the meeting as soon as possible so that Dasbach could watch the State of the Union address.

Dasbach said that he would be issuing a news release based on the speech the following morning and that staff had already lined up three media interviews regarding the address.

Item: Financial Update

Dasbach reported that December, 1998 ended with revenues about \$55,000 below forecast. He said that about \$22,000 of the revenue shortfall was represented by funds received before year end, but not entered into LNC's computer system by year end. He said that expenses for the month were about \$10,000 higher than budgeted, resulting in a negative variance from budget of \$65,000 for the month.

Dasbach said that the delay in data entry resulted in large part from the absence of a key employee whose work was done by another individual who processed receipts at a slower rate.

Givot asked if these funds received before year end could be accrued and reflected on LNC's books as of December 31 as undeposited funds.

Tuniewicz and Dasbach said that this could be done, but that is not how it has been done in the past, nor it is how they recommend it be done in the future.

Tuniewicz cited delays in depositing funds resulting from a staffing issue as a problem that might be addressed by employing lock box services.

Dehn said that LNC has, at times, "stopped the clock" for the purpose of assuring that funds received were entered into bookkeeping systems on dates reflecting their date of receipt rather than their date of entry.

Givot suggested a footnote to financial reports should be considered, in cases such as this, to reflect that December's revenues and January's revenues are off by an offsetting (\$22,000) amount.

Dasbach said that December renewals were sent out about a week late. He said that, to some extent, this delayed receipt of related, offsetting revenue from December to January.

Dehn asked Dasbach to quantify the amount of unentered receipts at the end of a typical month.

Dasbach said that normally data entry is caught up at the end of each week and that normally the heaviest volume of revenue comes in earlier in the month. He said that the carryover of undeposited, unentered funds from December to January is unusual.

Butler said that a few years ago there were some invoices that were not entered by year end.

Dasbach said that in that instance the invoices were accrued into the prior year even though they were not entered into the computerized system during that year.

Dehn asked for information on the other \$33,000 in revenue being below expectations.

Dasbach indicated that about \$10,000 could be accounted for by renewal notices having been sent out late. He also said that there had been a misestimate in the revenue from a fundraising letter (that even though it was a relatively good letter, returns had dropped off more sharply than expected).

Bergland asked Dasbach what the final operating results for 1998 would show given Dasbach's previous projections indicating year end results ranging between a surplus of \$100,000 and a loss of \$100,000.

Dasbach said the net result for December would be about \$65,000 worse than previously projected. He indicated that the final operating loss for 1998 would be

approximately \$165,000, if the previously mentioned \$100,000 loss figure proves accurate.

Givot asked what Dasbach's plan was to operate given this result.

Dasbach said that he planned to use revenues received in response to the annual report mailing to recoup last year's operating loss. He said that he would then plan to go to major donors before making additional Archimedes mailings.

Item: Transition to new accounting system

Dasbach said that accounts payable had been entered into the new accounting system and balanced for October, November, and December. He said that accounts receivable had been entered for October, November, and December and will be balanced in the near future.

Dasbach said that the next step will be to enter totals from the database system and reconcile revenues with bank statements.

Dasbach said that current year information is already being entered into the new system. He said that Dunbar is generating reports showing vendor balances and that currently checks are being cut by the new system.

Dasbach said that year end FEC reports will be generated by both systems and compared for accuracy.

Item: MIS Update

Dasbach said that Dunbar and he visited Dan Gallagher in Maryland to see a demonstration of the current implementation of the new management information system (MIS). He said they had provided Gallagher input and that changes will be made reflecting their input.

Dasbach said that Gallagher will be moving the new server and the new workstation to LNC headquarters. These are scheduled to be installed at the end of next week.

Dehn asked whether data entry was planned to be made into the old system with reports coming from new system.

Dasbach confirmed that data would initially be entered into the old system, that the new system's data would be repopulated from the old system, and new modules would be tested with the repopulated data. He said that working new modules can be used as

developed, since repopulation of the new system from the old system is a straightforward process. He said that there would be a period of parallel data entry to assure that the new system was working correctly.

Givot asked whether we are close to talking to affiliates about new formats or data they can expect to receive when transition to the new database is complete.

Dasbach said that we are close to that point. He said that some information had already been provided to Deryl Martin and others. He reminded the Executive Committee members that a single user version of the new database will be available to affiliates if they would like to use it.

Item: Success '99 Kickoff

Dasbach said that the first session, in Orlando, had at least 35 attendees. He said that one attendee was a former two-term state representative from Georgia. This attendee has run or managed 11 races and won them all. The attendee's feedback was that Success '99 was better than what he had seen by his former (Democratic) party.

Dasbach said that the session was profitable.

Dasbach said that the next session would be in Seattle. He said that it will be modified based on perceptions of the presenters and attendees.

Item: Web site development

Dasbach said that in February he plans to speak with representatives of Online Focus. He said that he will also be looking at alternative vendors. He said that two different individuals are interested in bidding on the job. One has prior experience in a comparably sized site.

Dasbach said that two different individuals have expressed interest in bidding on the job. One (Zero Defects) has prior experience in a comparably sized site. Dasbach said that Fylstra has looked at some sites developed by Zero Defects and was impressed.

Bergland asked whether it would be valuable to have Jack Dean look at the project. Dasbach indicated that Dean is the other person who had expressed interest and would be receiving information on the project.

Item: Turnaround on minutes

Bergland introduced the topic of the response time allowed for Executive Committee members to respond to minutes.

After some discussion, consensus was reached that Executive Committee members would be given one week to comment on proposed minutes. A member who has not commented within one week will be deemed to have accepted the minutes as drafted.

Givot asked Executive Committee members to please respond affirmatively in accepting the minutes rather than allow the week to lapse.

There was agreement that draft minutes would be distributed to all Executive Committee members, staff in attendance, and LNC members and alternates in attendance.

There was agreement that after draft minutes were approved, they would be distributed to all LNC members and alternates and posted to LPUS by the Secretary.

Item: FEC Roundtables

Bergland commented that Tuniewicz had expressed interest in attending FEC roundtables.

Bergland asked what these meetings are about and raised the issue as to whether we should we be sending people to attend.

Dasbach said that Tuniewicz has the best information on this topic. Dasbach said that, based on the information he has, he feels that we should attend some of these sessions.

Tuniewicz said that the FEC roundtables were periodic conversations -- lasting about 90 minutes -- for which the fee is \$20-\$30 per attendee. He said that typically about 10 outsiders attend each meeting.

Item: Trademark protection

Bergland asked for information as to the status of this project.

Committee members were in agreement that at its December, 1998 the LNC reaffirmed its prior authorization to proceed under the leadership of Bill Hall.

Item: Transition to Policy Governance Model

Bergland asked Executive Committee members if they felt it would be worthwhile to proceed to move in this direction.

Givot said that he believed that it was.

Tuniewicz said that he is uncertain about the details of the Carver model and what specific changes would result from adopting it.

Dehn said that he does not want to vote on such a transition until he understand the concrete steps that would be taken in implementing it.

Bergland said that perhaps Executive Committee members need to become more informed before discussing this further.

Givot said that perhaps it would be best to postpone further discussion and, instead schedule discussion for the February Executive Committee meeting.

Dasbach said that the pamphlet distributed to LNC members at the December, 1998 meeting has fairly well delineated steps which could be used to transition to this governance model. He said that at most the first three steps could be accomplished at the April, 1999 LNC meeting.

Givot said that it will take most of time from now until July, 2000 to get this done if we choose to do so. He said that it would be a terrible mistake to begin the transition and not complete it prior to the election of the next LNC in July, 2000. He said that we should move forward soon if we are interested in achieving this goal.

Item: Proposal on Reserve Fund

Tuniewicz and Dasbach said that they are not yet far enough along with the transition to new accounting system to have a good proposal ready.

Dasbach said that he is very comfortable in having a proposal ready for distribution prior to the February, 1999 Executive Committee meeting.

Tuniewicz said that perhaps a special meeting should be considered to discuss this topic. He said that, otherwise, a longer than typical February Executive Committee meeting would likely be required.

Dehn asked what sort of reports Executive Committee members could expect to receive.

Dasbach said that he is uncertain, because he has not yet seen the reports. He said that regardless of what the system produces, he would assure that a report equivalent to what has been provided in the past will be available, even if it has to be prepared manually.

The meeting was adjourned at 9:22 EST.
