

LNC EC

November 17, 1998

Present: David Bergland, Chair
Hugh Butler, Vice Chair (joined during Project Archimedes discussion)
Mark Tuniewicz, Treasurer
Steve Givot, Secretary
Joe Dehn

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

Also present: BetteRose Smith (CO), Region 1 Representative
Ken Bisson (IN), Region 3 Representative
Jim Turney (VA), Region 5 Alternate

The meeting was called to order by Bergland at 8:35 EST.

Item: Approval of past EC Minutes

Givot asked for final approval of all pending EC minutes.

The EC agreed on the following procedures and timetable.

Minutes thru and including September, 1998: Givot will send the current version to all attendees for review. All proposed corrections will be emailed to Givot by Friday, November 27.

Minutes for October, 1998: All proposed corrections will be emailed to Dehn by Friday, November 27 Dehn will make required corrections and email final minutes to Givot.

Minutes for November, 1998: All proposed corrections will be emailed to Givot by Friday, November 27.

Givot will send a formatted hard copy of all EC minutes thru November, 1998 as well as draft LNC minutes from July 5, to HQ as soon as possible after November 27.

Item: Illinois Ballot Drive

Givot reported that LPI had a small positive net worth at the end of the ballot drive. He reported that presently, LPI has a negative net worth of about \$18,000 as a result of the substantial costs of defending the Republican-initiated petition challenge. Givot asked the EC to consider recommending to the LNC that it provide financial

assistance to LPI to help LPI recover financially from the costs of defending the petition.

Dasbach reported that of the \$30,000 authorized for expenditure in support of Illinois ballot access, \$20,000 had been spent. Givot clarified that \$18,000 was provided during the petition gathering period with another \$2,000 provided in support of the petition challenge defense.

Dehn asked whether any funds would be required for year 2000 ballot access in Illinois in 1999. Dasbach and Givot answered that petitioning for 2000 cannot begin until May, 2000.

Tuniewicz asked whether the EC was currently authorized to provide an additional \$10,000 to LPI based on the total of \$30,000 already authorized and the \$20,000 actually provided to date.

Dasbach responded that the additional \$10,000 was, in fact, already authorized by the EC and could be paid to LPI on his authority.

After considerable discussion, the EC decided not to make a recommendation to the LNC. Instead, Givot agreed to prepare a report for the December, 1998 LNC meeting detailing the sources and uses of funds for the ballot drive and petition defense and to make the request for additional funding directly to the LNC. Givot indicated that he would do so.

Item: Project Archimedes Update

Dasbach referred to his written report.

He also noted that a new letter has been used for the November mailing based on testing which showed an 18% improvement in response rate with no offsetting reduction in contribution size.

Dasbach said that the October mailing tests identified a new list of 250,000 names that he expects will be profitable.

Item: Operations Update

Dasbach referred members to the written report he had prepared.

He emphasized that with the election behind us, Ron Crickenberger will be spending about 20% of his time courting major donors.

Tuniewicz asked if a reply had been received from the accounting firm regarding the issue of how to account for a potential UMP liability.

Dasbach indicated that although he had called the firm, they had yet to reply. He indicated that in the near future he intended to begin calling daily until he gets a response.

Dasbach said that simply adding a liability to reflect future UMP payments would have a detrimental effect on LNC's balance sheet. He indicated that he favors one of two possible solutions to this matter.

One solution would be to change the description of the phase out of UMP, calling it a cancellation provision. He stated that if the description were changed, it could be characterized as a contingent liability and would not be reflected on LNC balance sheet unless the state chose to withdraw from UMP.

The other solution would be to change the manner in which LNC records pledges. He stated by showing a rotating expiration date for each pledge (instead of recording it as a pledge in perpetuity), it would be possible to establish an offsetting asset to balance any UMP liability shown on the balance sheet.

There was agreement among Dasbach and the EC members that it is important that this matter be brought to closure prior to the December, 1998 LNC meeting.

Item: Discussion of Draft 1999 Budget

Tuniewicz asked for Dasbach's "best guess" as to the 1998 operating results.

Dasbach indicated that he felt that the most likely outcome would be for revenues to equal expenses for the year, resulting in no net income. He indicated that the widest range of variance from that expectation would be plus or minus \$100,000.

Dasbach said that LNC began the year with liabilities exceeding assets by about \$10,000.

Givot asked what Dasbach estimated the current assets and current liability would be at year end.

Dasbach said that LNC's net worth is a very good proxy for the difference between current assets and current liabilities.

He noted that a number of items which LNC's auditors have added to the balance sheet include greater assets than liabilities.

Item: Campaign '98 Report

Crickenberger reported that LP candidates won 17 races and lost about 800. Only one LP incumbent lost a reelection bid. Bill Masters – candidate for sheriff In Colorado won by a four-to-one margin. LP candidates were elected at least three countywide offices as well as one state rep race (VT). LP picked up ballot access in three (perhaps four) states.

Crickenberger also noted that the Reform Party lost ballot access status in 19 states.

Dasbach reported that LP candidates won two partisan contested county races in Indiana and that both candidates ran as LP candidates only.

Crickenberger discussed the possibility of helping LP candidate Neil Randall help pay off his remaining campaign debts. He indicated that the amount of money required to do was on the order of \$1,500.

Item: Web Site Project

Dehn reported that a scheduled presentation by the potential developers had been postponed twice because they were not ready.

Dasbach said that he hopes to be able to report progress next month.

Item: Plans for Success '99

Dasbach reported that scheduling was progressing well with only one seminar requiring rescheduling.

He also reported that Jim Lark will be assisting in developing the curriculum. He indicated which individuals would be assisting in presenting certain workshops.

Bergland asked what the financial impact of the program will be.

Dasbach said that, based on current projections, an average of about 20 attendees will needed to breakeven. Overall, he said that he expects the workshops to break even.

Item: 1998 and 2000 conventions

Dasbach reported that Stuart Reges has provided the information required. He said that he would finish reconciling the financial reports of the convention in the near future. He said that the FEC reports regarding convention revenue and expenditures appear to be correct, however internal financial records apparently do not accurately reflect all of the information accurately and are, therefore, out of balance.

Dasbach said that the impetus for doing this is to assure that prior to moving forward with Balcom Group, this accounting should be resolved.

Item: Future meeting to discuss budget/reserve

Givot suggested that the EC schedule an additional meeting to review the budget and to develop a proposal to formally establish some sort of financial reserve and establish a written policy regarding its creation and use.

Givot said that an EC meeting to review the budget would provide an opportunity to catch possible errors and to answer many questions prior to presenting the budget to the December, 1998 LNC meeting.

There was a brief discussion of this and there was consensus that it would be beneficial to hold such a meeting.

Givot suggested that a meeting (perhaps the same meeting) be held to formulate a proposal to present to the LNC regarding establishing a financial reserve. He said that it would be better to bring the LNC a proposal than create a situation where the LNC might draft one on the fly. He cited the difficulty of developing such a draft within a large group in a limited time frame.

Dehn said that having the EC draft such a proposal for LNC consideration was preferable because the EC would be much closer to the implementation of that policy, and that it makes sense to have the EC recommend a policy which the EC felt comfortable following, rather than have the LNC draft a policy which might be more difficult for the EC to follow.

Dasbach said that he could easily present (within the budget proposal) monthly targets to set aside money in a reserve as it comes in. However, he said that he has a problem with setting a written policy limiting how this should be done because he feels a rigid policy would constrain management or the EC into occasionally being forced to miss opportunity which it clearly does not want to miss.

Dasbach said that he did not oppose a policy which focused on notification of when reserve funds are being spent.

Givot said that the reserve policy can be very flexible -- allowing management and the EC the ability to employ funds in the reserve when truly needed. He said that such a policy can simply assure that an explicit, fully-informed decision is required to use funds held in reserve and that adequate notification of appropriate people when this is occurring can be made mandatory.

Dehn and Tuniewicz both said that the current EC discussion on this topic demonstrates the need to have the additional EC teleconference to better determine a course of action..

Bergland suggested that interested EC members should prepare their own drafts, circulate them, discuss them, perhaps amend them, then discuss their refined proposal at another meeting.

There was consensus that a meeting should be held by telephone on Tuesday, November 24 at 8:30 EST with two agenda items: (1) possible EC recommendation on a policy relating to establishing and maintaining a financial reserve, and (2) review of the proposed budget.

The meeting was adjourned at 10:00 EST.