

LNC Meeting

Sheraton Crystal City Hotel Crystal City, VA April 10-11, 1999

Present: David Bergland, Chair
Hugh Butler, Vice-Chair
Mark Tuniewicz, Treasurer (arrived during Chair's Report)
Steve Givot, Secretary

John Buttrick, At-Large Representative
Mike Dixon, At-Large Representative
Bill Hall, At-Large Representative
Jim Lark, At-Large Representative
Mary Ruwart, At Large Representative (attended on Saturday only)

Bette Rose Smith (CO), Region 1 Representative
Joe Dehn (CA), Region 2 Representative
Dan Fylstra (NV), Region 2 Alternate
Ken Bisson (IN), Region 3 Representative
Chris Spruyt (NC), Region 4 Representative
Jim Turney (VA) - Region 5 Representative (joined the meeting during Region 2 (CA) Report)
Bob Franke (IL), Region 7 Representative
Geoff Neale (TX) - Region 8 Representative

Also present: Richard Schwarz (PA), Region 5 Alternate

Absent: Ed Hoch (AS), Region 1 Alternate
Scott Lieberman (CA), Region 2 Alternate
Terry Savage (NV), Region 2 Representative
Barbara Goushaw (MI) - Region 3 Alternate
Gary Ilardi (FL), Region 4 Alternate
Muni Savyon (MA), Region 6 Representative
Ken Lindell (ME) - Region 6 Alternate
Jackie Bradbury (MO), Region 7 Alternate

Deryl Martin (TN) - Region 8 Alternate

Vacant: None

Staff: Steve Dasbach, National Director

Bill Winter, Director of Communications (Attended all day Saturday and arrived during the Carver model discussion on Sunday)

Dan Smith, Affiliate Services Manager

George Getz, (attended Sunday only)

The meeting was called to order by David Bergland at 9:06 AM EDT.

Item: Announcements

There were no announcements.

Item: Credentials

Givot reported that Turney is now the Region 5 Representative and Schwarz the Region 5 Alternate.

Item: Check of Paperwork

Dasbach listed the materials which should each member should have.

Additional items were also distributed.

Item: Approval of Minutes of December 1998 Meeting

Buttrick noted that his name should be included among those listed as absent.

Givot moved adoption of the minutes of the December 1998 meeting with addition of Buttrick to the list of those absent.

Butler seconded.

The minutes were approved without objection.

Item: Setting Agenda

The Committee reached consensus on the order of the reports of Regional Representatives and additional time for the Region 7 report as requested by Franke.

Butler said that Tuniewicz (who was not then present) would prefer to place discussion of the proposed Reserve Policy prior to discussion of the Carver model.

Bergland said that this would be taken up when Tuniewicz arrives.

The agenda was adopted as revised without objection.

Item: Region 3 Report

Bisson referred to his written report, saying that the only change reflects the fact that WV will hold no convention this year.

Bisson reported on his efforts to raise funds for Project Archimedes. He asked LNC members who have not already contributed to this funding effort to do so.

Franke asked how he could add names of individuals to be contacted for solicitation as major donors.

Dasbach said that names could be given to Crickenberger or him.

Item: Region 2 Report (NV)

Fylstra reported on LPNV's fundraising efforts. He said that their most recent efforts raised more money than was raised all of 1998. He said that the state party had moved from no fundraising effort to an active fundraising effort, from no membership growth effort to an active membership growth effort.

Fylstra reported on proposed ballot access legislation in NV. He said that it is modeled on WA law. He said that the proposal would be negative for LPNV. He said that since his report was written, the outlook had improved. He said that the proposed law is not likely to pass, and that whatever new legislation is passed is likely to be either neutral or positive for LPNV.

Bergland said that he received a telephone call from the Executive Director of LPNV regarding an issue involving Jim Burns. He asked for Fylstra to explain the matter.

Fylstra said that the issue relates to the use of the LPNV mailing list by Burns. He said that prior to this time, LPNV did not have a formal policy regarding use of its mailing list, but that this is now being addressed.

Item: Region 2 Report (CA)

Dehn reported on officer changes within LPCA as a result of its recent convention.

Dehn said that most LPCA activity relates to two initiative issues: the Steve Kubby prosecution relating to California's Medical Marijuana Initiative (Proposition 215) and a recently passed cigarette tax initiative.

Dehn said that LPCA's biggest problem is that it has practically no candidates running for office this year. Almost all state offices are partisan offices elected in even numbered years. He said that he is aware of only two individuals running for nonpartisan office this year. He said that next year he expects that LPCA will

contribute about 100 candidates to the national goal of 2000 candidates in the year 2000. LPCA is working to achieve that goal.

Bergland said that he is involved with the Kubby matter. He said that LPCA Chair Mark Hinkle appointed a five-person panel to pursue this. He said that the group will be meeting with the Sheriff of Orange County to address their handling of Proposition 215 related issues. He described efforts to work with others regarding the cigarette tax proposition.

Bergland reported on the election of a Green Party candidate to the CA state legislature. He expressed the opinion that the victory was a result of the winner's commitment to term limits. The loser did not make that commitment. He noted that CA ballots indicate which candidates have committed to support term limits.

Item: Chair's Report

Bergland said that because all of the "good work" is being done by other people, his remarks would be brief.

He noted that the timing of this meeting coincides with peak tourist season. He said that this limited facilities available which why there was no informal social gathering on April 9.

Bergland said that the overriding priority of the LP is its mission. He said that the ByLaws define the purposes of the organization. He said that these are:

- to move public purpose in a Libertarian direction by building a political party that will elect Libertarians to public office.

He said that, in his opinion, this is the central purpose of the LP. He said that current party building efforts are the central activities being conducted to achieve this goal.

- to be a political organization that is separate and distinct from all other political parties and movements.

He said that this is important because of statements by some candidates which do not appear to be completely libertarian and because of questions that have arisen about endorsement of candidates of other parties.

- To provide internal education

He said that this is important to assure that new members are aware of the party's positions on issues.

- To charter affiliate parties throughout the United States and to promote their growth and activities.

He said that much of the national party's ballot access, Success '99 seminars, and affiliate services support work to achieve this goal.

- To nominate the presidential and vice-presidential candidates and support their campaigns as well as those of the candidates of our affiliates.

He said that the organizing the national convention and the efforts of the Political Director in support of campaigns are examples of the national party's work in fulfillment of this portion of its mission.

- To engage in political activities

He cited the party's Defend Your Privacy activities as an example of this.

Bergland said that he is reviewing this list to remind himself and the LNC of its mission.

Bergland said that the foundation required to achieve all of these goals is membership growth. He said that he had set a personal goal of 50,000 members by July 1999 and 100,000 members by July 2000. He said that he believes that the latter is still an attainable goal.

Bergland said that membership growth is key to meeting our goals, but also poses challenges, particularly in the area of internal education.

Bergland said that it is important for LNC members to be more involved in helping to address the challenges. He cited the expressed needs of LPID and the response of LNC members as an example of how LNC members can help address challenges as they arise.

Item: Region 1 Report

Smith reported that LPAK has purchased the voter registration list from the state, has qualified for the ballot in 2000, and is working to increase registrations to become qualified as a major party.

Smith reported that LPMT is working to oppose a proposed tax increase. She said that ballot access was changed and that the new requirement will be either getting 5% of the vote for governor or gathering 5,000 valid signatures.

Smith reported on a controversy relating to the expulsion of a member by LPUT. Under LPUT ByLaws, the individual has been expelled, however, the national party has no means to expel him. She said that this individual is creating a problem for LPUT because he represents himself as a Libertarian to the media and the public. She expressed her opinion that something should be done to address the matter.

Dasbach reported on how UMP and LP ByLaws relate to this issue. He said that UMP neither causes nor exacerbates this situation.

Lark asked whether the LNC could pass a resolution acknowledging that this member has been expelled from LPUT and that if he chooses to run for office, he does so without sanction from either the national party or LPUT.

Bergland said that this could be done and would be appropriate.

Bergland reported on the ByLaws and how they affect this matter. He said that LP ByLaws do not address the issue of expulsion of a member. He said that the ByLaws do state that matters not covered shall be handled as described in Roberts Rules of Order. He said that Roberts does provide for expulsion, but would require due process provisions and procedures. He said that our organization currently lacks such provisions or procedures.

Givot said that we have found a missing piece in our ByLaws and procedures. He said that this should be remedied by developing due process provisions and procedures and putting them in place to address

problems prospectively. He suggested that the LNC address this missing piece by asking three attorneys Bergland, Buttrick, and Hall to develop recommended provisions and procedures and present them to the LNC for consideration at the August 1999 meeting.

Butler said that he agrees with Givot. He said that he has discussed what the national party might do to assist LPUT. He said that the state chair asked to have the national party list this individual as a "subscriber" rather than a "member," which the national party cannot do. He provided historical information regarding to the history of this matter. He said that LPUT has taken action and has given LNC two years to take action to address this problem. He said that following the approach Givot proposed would be the first step in this process.

Neale said that we should address this problem, because it may be helpful in addressing other issues such as those in AZ.

Dixon suggested that amending the UMP contract may also be a means to address a portion of this problem.

Dasbach said that amending the UMP contract would not resolve the problem, because the staff would still lack the authority to expel a member. He said that the staff does not have that authority under the ByLaws.

Smith related a problem with a former LPCO candidate who was convicted of shoplifting. She said that the candidate appropriately stepped down when this happened, but that if the candidate had not done so there would have been a problem.

Buttrick said that he liked the idea of taking a fresh look at what provisions or procedures LNC should have in place, but that he does not favor taking action on any particular instance today.

Givot moved "that the LNC requests Bergland, Buttrick, and Hall to develop a recommendation on procedures and due process provisions relating to expulsion of or disassociation with members and that they report their recommendations to the LNC for consideration at its August 1999 meeting."

Butler seconded.

Ruwart said that she recalls past days when some members were accused of not be libertarian. She said that thought should be given to where the line is drawn if this motion passes.

Franke said that if the motion passes, the individuals making such recommendations should take Ruwart's concerns into consideration.

Hall said that the group should do more than just develop procedures, but also present the pros and cons of adopting such procedures.

Fylstra asked if we couldn't distinguish between LP members and LP candidates, noting that being a member does not qualify someone to be a candidate unless that individual is nominated by a state or local party.

Bergland said that Fylstra's comments were good ones, but not pertinent to the motion before the LNC.

Neale moved to amend the motion to broaden its scope to include procedures for member complaints against affiliates. The amended motion would read: "that the LNC requests Bergland, Buttrick, and Hall to develop a recommendation on procedures and due process provisions relating to (1) expulsion of or disassociation with

members and (2) complaints against affiliates by members, and that they report their recommendations to the LNC for consideration at its August 1999 meeting."

Dehn seconded.

The amendment passed without objection.

The motion, as amended, passed without objection.

Item: Treasurer's Report

Tuniewicz reported that he has been busy in his work as Treasurer.

Tuniewicz reported on 1998 results. He said that in 1998 net income variance was a negative \$277,000. He said that this was largely the result of a negative variance of \$264,000 in revenues. He highlighted the major donor and convention items as significant components of the revenue shortfall.

Dasbach noted that about \$40,000 of convention fundraising was booked as major donor income, so that the major donor item was actually worse than shown, while the convention item was actually better than shown.

Tuniewicz said that, in general, staff did a good job in controlling expenses.

Tuniewicz reported that he is investigating the possibility of using lockbox services for Project Archimedes revenues.

Tuniewicz recognized Bill Redpath, Internal Auditor, and briefly discussed some of the activities that Redpath would be examining during the coming months.

Tuniewicz noted that the Executive Committee has passed a reserve policy and that there is an agenda item later in the meeting proposing that the LNC adopt that reserve policy.

Tuniewicz said that there had also been some discussion of establishing a line of credit in the form of an overdraft protection facility coupled with our existing checking account.

Neale asked for clarification regarding for highlighting (shading) certain items on Tuniewicz's written report.

Tuniewicz said that he highlighted the larger numbers to draw attention to them.

Fylstra said that he was pleased to be receiving the detailed report that Tuniewicz presented.

Fylstra expressed concern with the numbers reported. He said that he sees large negative variances in fundraising from existing members and large, but smaller positive variances in fundraising from new member prospecting. Fylstra said that he sees large negative variances in the cost of fundraising from members. Therefore, he said, it appears that we are spending more than budgeted to raise less than budgeted.

Dasbach discussed two items: telemarketing and the pledge program and telemarketing. He said that two passes through the telemarketing list were to have been made. He said that only one pass was made through the list. He said that the calls to CA were delayed. He said that the telemarketing pass was done later in the

year than planned. Because of the timing change and use of a single telemarketing pass, pledge income -- the objective of the telemarketing pass -- was down.

Dasbach said that less than anticipated revenues from monthly direct mail led to a decision early last year to reduce the frequency of those mailings to bimonthly.

Dasbach said that this year's direct mail is on target. He said that one of his priorities this year is to improve the performance of the pledge program.

Franke asked about the relative sizes of telemarketing costs and revenues which, he said, showed a very high cost of funds.

Dasbach said that this only takes into account one-time contributions. He said that significant pledge program income results from the telemarketing calls. He said that the old accounting system did not specifically report the pledge income which resulted from telemarketing calls. He said that the new accounting system would report this information.

Butler asked whether the perceived shortfalls are related to (1) bookkeeping/accounting systems limitations and coding discrepancies as opposed to (2) an actual reduction in "downstream revenue" from members as we experience membership growth.

Dasbach said that he does not believe that this is evidence of lower than projected downstream revenue. He qualified his answer by saying that there was insufficient data available regarding downstream revenue from those joining from last year's Project Archimedes mailings to reach a conclusion.

Tuniewicz moved that the agenda be amended to expand discussion of the reserve policy proposal be expanded to 30 minutes and the line of credit proposal discussion be reduced to 15 minutes and that the sequence of subsequent topics be changed to discuss the Carver model after discussing the reserve proposal and the line of a credit proposal.

Fylstra seconded.

Tuniewicz said that he believes that the LNC would be contradicting itself if it adopted the proposed Reserve and Line of Credit proposals subsequent to an affirmative vote to adopt the Carver model.

Givot said that any vote on the Carver model would be to transition to the Carver model, leaving the LNC free to operate otherwise until that transition is defined and complete.

Bergland agreed.

Dixon said that he supported Tuniewicz's motion because it would be helpful to have discussed some policy matters before discussing the Carver model so that LNC members might have a better framework to imagine how that discussion might have proceeded if the Carver model had been in effect.

The motion carried and the agenda was amended.

Item: Region 4 Report

Spruyt said that NC's next ballot drive will start on the first Tuesday in November 2000.

Spruyt said that the interchange of data between national and state parties is important. He presented a list of advantages to both groups which would come from an improved information exchange including the following: both the state and national parties would have more information available, both the state and national parties would have better information available, more people would get their newsletters, clerical responsibilities would be reduced by eliminating duplicate transcription, the costs of improperly addressed mail would be reduced, and the costs of properly addressed mail would be reduced.

Dasbach said that the database system will include a single user version that will be made available to state parties. He said that this is scheduled to be available in August.

Spruyt said that he would like the state parties to have access to the format of national's data and for the state parties to have a means to input data to national in the format of national's database.

Bergland said that discussion of the details of information exchange which do not involve policy issues would best be held outside the context of an LNC meeting.

Item: National Director's Report

Dasbach reported that we are on target to drop the one million piece mailing on schedule. He complimented Brickmill Studios on their efforts to achieve this objective. He said that a new, better letter was selected for the mailing. He said that in recent tests, the new letter achieves a 16% increase in membership applications and also increases the number of inquiries requesting a copy of the newsletter to 150% of the number of new members.

Dasbach said that because the results of this test came so close to the decision date on the text for the letter, he lacked more data demonstrating the timing of receipts after a letter drops. He said that about 50% of the total income arrives in the first 20 days. He said that about 75% of total income arrives within 30 days, 85% arrives within 45 days, and 90% arrives within 60 days. He said that it is the drop date that is the date from which to measure for the purposes of income timing.

Butler asked Dasbach if he is concerned about the financial aspect of handling the anticipated volume of inquiries.

Dasbach said that he expects that the cost of the response to the anticipated 12,000 inquiries is about \$6,000. He said that this does not create a problem.

Givot asked what the current projections are for new memberships from the million piece mailing using the new letter.

Dasbach said that he was currently projecting, 7,000 new members and 11,500 to 12,000 inquiries from the mailing.

Givot asked if the staff was prepared for the operational issues relating to processing 7,000 new members and 12,000 new inquiries in a two-month period.

Dasbach said that the staff was prepared to handle the associated processing.

Dasbach reported on the "Defend Your Privacy" effort. He said that at the time it was begun, FDIC had received 20,000 comments, and he hoped to double that. To date, he said, about 140,000 people have registered at the site. He said that those subscribing to the site will receive an email those who have registered about future updates and to see if they wish to have an information package or to join. He said that he has decided not to use conventional mail addressed to this list. He noted that there was disagreement among the staff on his decision not to use conventional mail. That disagreement comes from the Crickenberger.

Bergland reported on discussions at the Executive Committee relating to possible sponsorship of the site. He said that the Executive Committee members were particularly sensitive to possible problems that might arise from such sponsorship.

Fylstra said that he is glad that we are being conservative in our use of the list. However, he said that we may be under serving the list.

Tuniewicz noted that ACLU has imitated our privacy web site, but that the ACLU site is not as easy to use as the Defend Your Privacy site.

Dasbach said that quality control is an important factor that the staff will keep in consideration when other opportunities for web sites arise.

Dixon reported on an interchange between an LP member and Reason Magazine in which the magazine reporter expressed the belief that the LP had nothing to do with the defeat of Know Your Customer regulations.

Dasbach responded that it was probably just bad information. He noted that several large newspapers, including the New York Times, reported on the LP's major role in defeating these regulations.

Franke said that the best way to get a bank's attention regarding this matter is to threaten to take accounts to a brokerage firm if the bank voluntarily implements these regulations.

Butler asked the cost of the site to date.

Dasbach said that, to date, the cost has been about \$5,000. He said that it has generated about \$1,000 in contributions as well as another \$4,000 in memberships sold.

Dasbach reported that the new accounting system is in place and able to produce reports in a timely manner. He said that all gross revenue and expenses are up to date and that generalized financial reports can be printed at any time. He noted that some of the distribution details are not entered until month end, but that the gross figures are accurate each day.

Fylstra complimented Dasbach on the level of details provided.

Tuniewicz praised the financial reports provided by staff. He said that the vast majority of "catching up" on last year's deficit came from deferring the first Archimedes mailing this year.

Dasbach said that both the Archimedes costs and the income were deferred.

Givot said that it would be helpful for LPIL to have inquiries from specific sources identified as to source. He gave the million piece mailing as an example of one such source.

Dasbach spoke about the tradeoff between changing the old system and working on the new system.

The meeting was recessed at 12:16 PM EDT.

The meeting reconvened at 1:50 PM EDT.

Item: National Director's Report (Continued)

Dasbach reported on the new database system. He said that the party's computer network has been converted to Windows NT networking and that a new support vendor will be hired. He said that some database modules have been delivered.

Dasbach reported on plans to hire one or more customer service representatives for the headquarters office, changes which have been made to reduce postage costs, and changes which have been made to reduce telecommunications costs. He said that the auditors will begin their work on the 1998 audit soon. He said that a volunteer has agreed to draft an employee manual. He said that the 401-K Plan has been implemented with 100% by employees participating.

Dasbach updated the Committee on the Success '99 conferences. He said that the largest factor affecting turnout was the degree to which affiliates promoted the events.

Schwarz asked for a status report on the web site project.

Dasbach said that five or six companies have expressed interest in doing the work. He said that he is in the process of developing a request for proposals. Dasbach said that he would be relying on assistance from Fylstra as he moves forward in this regard.

Fylstra said that he is anxious to complete the project. He referred LNC members to sites developed by Zero Defects (www.zerodeflect.com) as an example of what one possible vendor has done for other clients.

Turney asked Dasbach when he expected a vendor decision would be made.

Dasbach said that he anticipates that a decision may be made as early as the May Executive Committee meeting.

Lark said that he had received an email from Bernard Baltic regarding the National Parent Student mock election. He said that Baltic advocates that the LP pursue participation in this event. Lark offered to take responsibility for pursuing this opportunity and committed to report back to the LNC at its August 1999 meeting.

Bergland said that Lark needed no action to pursue this opportunity and wished him success in doing so.

Dehn said that starting this effort early would help avoid excuses for exclusion based on a late start by the LP.

Buttrick offered to assist Lark.

Item: Region 5 Report

Turney said that the most exciting thing going on in Region 5 was a mayoral campaign in Delaware.

Region 5 Alternate Schwarz reported on the recent LPPA state convention. He said that the state convention amended the LPPA ByLaws to explicitly permit online sign up for party membership. He said that the convention was very successful; there were about 120 attendees. He said that 1999 will be a very active year for campaigns in PA. He said that there are already announced candidates for the US Senate in 2000 and for governor in 2002.

Dan Smith reported that although he is leaving LP staff, he intends to continue his work as chair of LPDC. He expressed his appreciation of the opportunities he had been given and the people with whom he has worked.

Lark reported on progress of LPVA. He said that a bill was defeated that would have eased ballot access. He said that membership and activism are growing in parts of the state that have not experienced this before. He said that LPVA is considering occupying an office within two blocks of the state capital and hiring a full time director.

Item: General Counsel's Report

Hall referred to materials distributed to the Committee regarding litigation in AZ. He said that this would be discussed in the Region 8 report.

Hall said that the directors and officers insurance policy application had been sent to the underwriter. He thanked LNC members for their timely responses to his requests for information required to apply for insurance coverage.

Hall said that he would be working on a licensing agreement to respond to requests to use our logo on various items.

Dasbach asked Hall about progress on registering the name "Libertarian Party" and "Party of Principle" as trademarks.

Hall said that he was working with Dasbach to determine first use of these on various items.

Neale asked about use of these trademarks by affiliates.

Bergland said that they have permission to use by virtue of their affiliation with LNC.

Dehn asked about potential problems which might arise if one of LNC's affiliates grants rights to others to use the trademarks.

Givot asked if an affiliate party can use the LP's logos and trademarks whether it can grant use of the same logos and trademarks to others. He asked what control the LP would have if such authority were granted.

Hall said that this is a "gray area." He said that potential problems do exist. He said that the national party may want to require affiliates to sign an agreement of some sort to address these concerns.

Tuniewicz said that the Libertarian Association of Massachusetts had voted to allow LPMA to use the name "Libertarian Party."

The Committee went into Executive Session to discuss pending litigation.

The Committee returned to open session.

Givot disclosed that his school board campaign had received a \$350 contribution from the Liberty Council.

Item: Region 8 Report

Neale reported on activities in LPLA. He said that there may not be anyone willing to serve as state chair.

Neale said that LPMS would like a Success '99 conference to be held in Biloxi on the weekend of October 2-3, 1999.

Dasbach said that there is a problem with hotel availability in New Orleans and that Biloxi might be a suitable alternative.

Neale said that in NM things are fairly slow. They are planning their convention for Taos, where they have few members, in the hope that holding the state convention there may generate more interest. He said that when TX held its convention in Nacogdoches last year, that strategy generated local media interest that translated into a wire story that was well covered around the state.

Neale said that LPTN has a new chair. He said that they are pushing to build local organizations and for ballot access changes.

Neale said that LPTX is working with a coalition of third parties and other organizations. He said that the coalition is working only on those issues where all parties share a common viewpoint. He said that there are four such issues; one is ballot access law reform.

Neale asked Buttrick to report on the status of litigation in AZ.

Buttrick reported on the litigation, referring to his written summary of five recent lawsuits in AZ.

Smith asked which group is the group recognized by the LNC.

Buttrick said that the group called ALP is the recognized group.

Item: Reserve Policy Proposal

Tuniewicz moved adoption of the Reserve Policy Proposal which was previously distributed to the LNC.

Givot seconded.

Tuniewicz spoke in behalf of the proposal. He said that the LNC has been considering such a policy for several years. He said that he believes that the current proposal is the best developed to date. He noted that Dasbach responded with constructive suggestions to improve the policy, although Dasbach does not favor its adoption.

Tuniewicz said that after the Executive Committee adopted the reserve proposal, he felt that the matter needed to be formalized by the LNC. He said that he anticipates that opponents will argue that had this policy been in effect prior to now, we would have missed opportunities by not spending the funds that would have gone into the Reserve Fund. He said that he believes that we can fund the small percentage of our revenues that would go to build a reserve by seeking greater economies in our current operations.

Bergland said that this topic has been discussed over a long period of time. He said that we should have a reserve. He said that the Executive Committee agreed that this is the best approach to having a reserve. He said that it is important for Dasbach to speak on this subject since will be responsible for administering this.

Dasbach said that the current proposal is not a problem administratively. He said that the definitions are straightforward and that the figures to input are available. He said that the reporting that is called for is going to be provided whether or not there is a formal reserve policy adopted by the LNC. He said that he is not opposed to the concept of having a reserve, per se.

Dasbach said that we must focus on the mission of the LP. He said that we are not a manufacturing company. He said that there are two important questions relating to adopting a reserve policy: (1) is it necessary to insure survivability, and (2) is it necessary to succeed in our mission? He said that it is important to insure that our assets exceed our liabilities. He said that the proposed policy goes far beyond that by calling for assets to exceed liabilities plus prefunded commitments plus a reserve.

Dasbach presented a chart and argued that had the proposed reserve policy been applied to 1998 we would have made some bad decisions, including postponement or cancellation of several Archimedes mailings.

Tuniewicz questioned whether Dasbach's "necessary for survival" criterion is a valid one. He said that he believes establishing a reserve is prudent. He said that the organization has gone "hand-to-mouth" or nearly so for the last few years. He also said that it is needed to achieve our mission, particularly if we are expecting significant growth.

Dasbach said that during the last five years -- when Tuniewicz said the LP was living "hand to mouth" -- is the period when LP experienced its greatest growth.

Neale said that there are many forms of financial discipline and that this term means different things in different organizations. He said that he is not aware of many organizations similar to ours which do not operate "close to the edge" on a regular basis.

Givot said that we need a reserve. He said that the chart shown by Dasbach assumes how people would react to the certain circumstances in different environments. He said that he does not think that Dasbach's assumptions are appropriate. He reminded the LNC that there was consensus 16 months ago to end the year with a surplus of about \$200,000 to serve as a reserve.

Fylstra made a "friendly" amendment to change the amounts to be contributed to the reserve on the specified dates from \$30,000, \$60,000 and \$100,000 to \$5,000, \$10,000, and \$15,000.

The amendment died for lack of a second.

Dehn said that the proposed reserve policy does not limit availability of funds. He said that what it changes is the point at which the question is asked: Are we getting in trouble? He said that the reserve policy requires us

to ask this question sooner.

Lark asked whether there are any legal limitations on what cash management tools can be employed?

Tuniewicz said that there are none.

Lark asked who would decide what cash management tools would be used?

Tuniewicz said that the National Director would do so.

Spruyt said that the issue here is cash management. He said that he managed two petition drives where there was, at times, no cash available to pay petitioners. He said that this hurt morale. He said that adopting a reserve policy would help prevent this from happening.

Dasbach referred to pre-funding policies in place as a means to avoid this problem.

Spruyt said that pre-funding was in place last year but did not prevent problems from arising.

Dasbach agreed with Spruyt's comment, but said that if pre-funding had been used in all circumstances, the NC petition drive would not have been funded.

Fylstra said that Dasbach's numbers show that the organization was "skating close to the edge" for much of 1998. He said that the issue is not financial survival but financial impairment. He said that he would like to see a reserve policy with this structure in place. He said that in the future if we skate near the edge and get in trouble he would feel that the LNC had not behaved prudently if it lacked such a policy. He said that the magnitude the reserve set by the Executive Committee is too large and would leave the organization skating too far from the edge when the policy is first implemented.

Smith asked how much it costs to cover monthly fixed costs such as salary, benefits, rent, and utilities?

Dasbach said that the amount is less than \$100,000.

Smith asked if each LP member sent in one name for an information pack during a given year, how much would it cost the LP to send out those packs.

Dasbach said that would cost about \$30,000.

Smith said that while she wants to have funds available for reinvestment, she also wants us to behave prudently. She said that she favors having one month's operating expenses set aside, particularly coming into the year 2000.

Bisson asked Dasbach how confident he is of reaching the budgeted \$200,000 positive operating result for the current year and also how confident he is of achieving a positive operating result for the current year.

Dasbach said that he is more than 90% confident that we will end the year in the black -- with a positive net worth. He said that adoption of this policy would not impact the organization's ability to end up in the black. He said that adoption of the proposed reserve policy would impact membership growth. He said that the worst case scenario would arise if, in order to meet reserve targets, fundraising had to be cut back.

Tuniewicz said that there is an opportunity cost associated with not having funds available in a reserve, thereby delaying important projects. He said that pre-funding is currently not fully in effect. He cited the pre-funding of only one third of the current Archimedes mailing's total cost. He said that the proposed set aside of 2.9% of gross revenues is not too conservative a number. Tuniewicz asked the rhetorical question: what is the percentage likelihood of fully achieving the budgeted surplus for 1999?

Givot moved to amend the proposal to incorporate the interim target numbers of \$30,000, \$60,000, and \$100,000 and target dates of June 30, September 30, and December 31 found in Tuniewicz's written document into the reserve policy.

Tuniewicz seconded.

The amendment passed without objection.

The main motion passed.

Item: Line of Credit Proposal

Tuniewicz advised the Committee regarding the requirement of ByLaws Article 12, Section 5 to secure LNC approval for borrowing in excess of \$2000.

Tuniewicz said that it would behoove LNC to establish an expanded bank relationship by securing a bank line of credit. He said that this would help establish our creditworthiness.

Dasbach said that he has no objection to securing a \$25,000 line of credit.

Tuniewicz moved: "that the LNC authorizes borrowing up to \$25,000."

Givot seconded.

Neale said that he would want to qualify the motion to set a maximum amount at any one time, the nature of the borrowing, and the interest rate.

Franke raised the question of the total cost of the borrowing and credit line which might come in the form of charges other than an interest rate.

Givot moved to amend the motion to read: "that the LNC authorizes borrowing up to a maximum of \$25,000 at any one time in the form of a bank overdraft line of credit."

Dixon seconded.

Fylstra said that he did not support the amendment because it created limitations which constitute micromanagement.

Buttrick said that he believes that the motion, amended or otherwise, may violate the intention of the ByLaws. He said that his understand of the ByLaws calls for a two-thirds vote by the LNC in each instance that a borrowing occurs. He said that the motion would not meet this requirement.

Dasbach said that the ByLaws change goes back to the 1980 presidential campaign which resulted in long term debt that was undertaken without any vote of the LNC. He said that the intention of the ByLaws provision was to put the LNC on record before any debt is undertaken.

Bergland said that in his opinion, adoption of this motion would not constitute a ByLaws violation.

Schwarz said that he agrees with Buttrick.

Dehn asked whether borrowing under the proposed line of credit would be automatic.

Tuniewicz said that a bank loan is automatically extended when the bank account is overdrawn. The amount of the loan that is extended is sufficient to cover the overdraft -- but only up to the maximum borrowing limit on the line of credit.

Dehn expressed the concern that the LNC would not even know when borrowing is occurring.

The amendment passed.

The motion failed by a vote of 7 to 9.

Item: Region 7 Report

Franke said that he continues to get little feedback from the states in his region. He said that he received no information for his report from LPKS, LPMO, LPNE, LPND, and LPSD.

Franke said that he received good feedback from LPIL and LPMN.

LPIL has six candidates running for local office and is working to defeat certain referenda. He said that LPIL had moved to new headquarters in downtown Chicago. He said that LPIL expects to be in the black after the state convention later this month.

Franke said that LPMN state chair Charles Test is a model chair. He said that Test has been active -- testifying before legislative bodies, making many speaking appearances, and appearing constantly on the radio. He said that Test has a core of activists working with him.

Franke said that the LPWI chair has resigned. He has decided to join the Reform Party. He wants to make a living in politics and cannot do so within LPWI.

LPIA has published one issue of a newsletter and is working on a second issue. LPIA is planning its convention for May 1 in Des Moines. He said that Region 7 is planning a convention in Des Moines on October 15-17.

Franke presented a resolution for consideration by the LNC at the request of LPIL's 1998 gubernatorial candidate Jim Tobin.

Franke introduced the resolution: "Because George Ryan's illegal use of state employees during the 1998 gubernatorial campaign resulted in enormous waste of monetary and time resources for Libertarians in Illinois and across the nation, and because his lawbreaking also resulted in the violation of First Amendment

rights of Libertarians and voters, we the Libertarian National Committee, hereby resolve to join National Taxpayers United of Illinois in their efforts to open an investigation into Ryan's violation of election law by providing \$10,000 to help begin this effort."

Franke also read a statement by Tobin.

Franke moved adoption of the resolution.

Turney seconded.

Lark said that the resolution was poorly written and that he does not understand what it means to fund the beginning of an investigation.

Givot said that he does not understand what the money would be used for. He questioned whether the proposal is to bring forth a governmental investigation, a private investigation, or something else. He also questioned what the ultimate use of the funds would be -- rent, salaries, investigator's fees, or advertising.

On a voice vote, the motion was defeated.

The meeting was recessed at 5:09 PM EDT.

The meeting reconvened on April 11 at 9:00 AM EDT.

Givot moved to suspend the rules to consider a proposal to modify the reserve policy adopted on April 10.

The motion passed.

Item: Reserve Policy Changes

Givot moved "to postpone the implementation of the reserve policy and to set aside (and not spend) three percent of gross revenues received between April 1, 1999 and December 31, 1999 as a contribution to the Reserve Fund."

Butler seconded.

Givot introduced the resolution, explaining that Executive Committee informally discussed the reserve policy adopted on April 10 and concluded that immediate implementation, given LNC's current financial status, would render it ineffective.

Dehn said that the policy adopted on April 10 was a good policy and a policy which we want use on a continuing basis. He said that the policy adopted on April 10 will give us a good financial discipline in two different ways. First, it creates a cushion. Second, it defines terms and requires us to come to terms with our financial position on a consistent basis.

Dehn said that of the \$70,000 in cash on March 31, virtually all of that was already committed to the million piece Archimedes mailing. He said that if the policy adopted on April 10 were implemented now, we would already be \$30,000 short of our \$30,000 operating cash requirement. He said that we are too far away from meeting the operating cash requirement to implement the April 10 policy at this time.

Givot acknowledged that Fylstra's concerns in the discussion on the prior day were not understood by him at the time. He said that he now understands Fylstra's concern that adopting the April 10 policy at the present time would make it nearly impossible to fund any projects for the foreseeable future.

Givot said that the Executive Committee has "skated around" a strict definition of pre-funding to assure that important projects could be undertaken. He said that starting where LNC is today, adopting the April 10 reserve policy in conjunction with a strict project pre-funding discipline would prevent the organization from funding needed projects.

Smith said that she had misunderstood that the \$200,000 projection for year end would be LNC's cash balance, not the 1999 operating results.

Spruyt asked to which number the 3% would be applied.

Givot said that the 3% set aside would be applied to all revenues coming in the door.

Spruyt asked how much revenue was expected between April 1 and year end.

Dasbach said that just under \$3 million in revenues were expected and that this would result in \$90K being set aside for the Reserve Fund.

Dixon asked about the timing of contributions to the Reserve Fund the proposal currently being considered.

Fylstra said that he supports this change. He said that the impact of this change is more than the difference between setting aside \$90,000 or \$100,000. He said that the difference between setting aside \$90,000 as compared with setting aside \$100,000 plus \$30,000 in operating expense cushion plus enough to pre-fund any project that might come up. He said that he is much more comfortable with the current proposal.

Tuniewicz said that he is "muting his objections" to the current proposal.

Bergland said that although he is personally opposed to a formal LNC policy regarding a Reserve Fund, he is bound to support it as Chair.

Dixon said that he liked the April 10 proposal because it presented a reserve policy in writing.

Dixon asked whether the pre-funding discipline is defined and who is responsible for defining it.

Givot said that one result of this discussion is the apparent need to define just what pre-funding means and return a proposed definition to the LNC for its consideration.

Neale said that the current policy could be implemented with the money being borrowed out immediately as it is put in. He said that he doesn't see any difference between the policy adopted yesterday and the proposed change today.

Dasbach said that he understands the difference between the two approaches to be that the proposal currently before the LNC would not require certain restraints on funding whereas the proposal approved on April 10 would require restraints on funding.

Bisson asked whether Tuniewicz understood that 100% of pre-funding of all projects would be required

under the policy adopted earlier in the meeting.

Tuniewicz said that he understands that 100% pre-funding of all projects was not required under the previously adopted policy.

Dehn responded to Neale saying that the difference between the two is that the policy adopted on April 10 calls for discrete, incremental steps in building the reserve, whereas the current proposal calls for a steady buildup.

Dehn said that the proposed change creates a different discipline. He said that it is more restrictive in some regards and less restrictive in other regards. He gave as an example the fact that the proposal before the LNC does not permit drawdowns at all.

Dasbach said that Project Archimedes is not the only project that will be affected by whatever reserve policy we adopt. He cited the upcoming OK ballot drive as another project that the Executive Committee will have to address in May or June.

Neale asked how this policy differs from the policy adopted on April 10. He asked about limitations on using money in the Reserve Fund.

Givot said that if implemented today, the policy adopted on April 10 would prevent the Executive Committee from starting the OK ballot drive, but the proposal currently being considered would permit the Executive Committee to being that ballot drive.

Dasbach said that the Executive Committee can take any action that the LNC can take except that it cannot amend formal policies or amend the budget beyond the limitations set in formal policies. Thus the Executive Committee can act to release reserve funds if the motion passes.

Tuniewicz said that significant assumptions are being made in this discussion. He said that there seems to be an assumption that there will be a strict adherence to the project pre-funding discipline. He said that there seems to be an assumption that 1999 revenues will not exceed budget. He said that he does not think that these are necessarily valid assumptions.

Spruyt asked for clarification as to the time frame for setting aside the 3% of revenues and the details as to how the Reserve Fund balance can be used.

Dehn said that the motion before the LNC makes it clear that the Reserve Fund cannot be spent. He said that he believes that the intention of the motion is to require the National Director to contribute to the Reserve Fund during the course of the year rather than wait until the end of the year to make the contribution.

Butler commended Tuniewicz for his "courage" in bringing forth a reserve policy proposal. He said that the reserve policy is a work in process. He said that as the Executive Committee has worked on project funding issues, it is important to keep in mind that while the already adopted reserve policy is a good target, we will need to have some flexibility as we learn to work with it.

Buttrick said that it is important that there seems to be lack of a consensus as to what "pre-funding" means. He said that it is vital to reach consensus on what this means in the near term.

Fylstra said that he expects that if this policy is adopted, that Dasbach will still provide reports to the LNC

showing the calculations that would be required under the policy adopted on April 10 and that the LNC will be provided a formal definition of how project pre-funding will be defined and implemented in the future.

Franke said that he opposes the proposed change. He said that although the proposal was widely circulated for a month, he is concerned that, despite considerable discussions prior to this meeting, that these problems were not discovered until after the policy was adopted by the LNC.

Tuniewicz asked how long is the proposed 3% mandatory Reserve Fund contribution would be in effect.

Bergland said that the motion calls for the 3% contribution to be in effect through the end of 1999 and for the reserve policy adopted on April 10 to go into effect on January 1, 2000.

Givot said that his intent was that the 3% contribution would be in effect through the end of 1999, but that the implementation of the reserve policy adopted on April 10 would be postponed indefinitely.

Bergland ruled that the intent of the maker of the motion governs and that, therefore, if the motion passes, implementation of the reserve policy adopted on April 10 would be postponed indefinitely.

Lark asked whether the motion calls for the contributions to be made on any particular timetable.

Givot said that it was his intention that they would be made on a regular basis, leaving it to the discretion of the National Director to determine the details. He said that he was relying on the National Director to implement the policy as intended.

The motion passed by a vote of 10 to 5.

Item: Region 6 Report

Neither the Region 6 Representative nor Alternate was present at the meeting to provide a report.

Tuniewicz advised the Committee that the Success '99 event to be held the next weekend in MA will be well attended.

Item: Carver Model of Governance

Tuniewicz asked for a statement by proponents of adopting the Carver model in favor of its adoption.

Butler said that as organizations grow, they need to address their mode of governance. He said that organizations tend to learn by making mistakes. He said that the Carver model tends to help avoid making some of those mistakes.

Butler said that four questions that a growing organization must ask. He said that they relate to the four steps of team formation. The questions are: Who are we? What do we want? Where are we going? How do we get there?

Butler said that the Carver methodology calls for us to keep doing what we are doing, and work to build consensus on moving to the next stage.

Butler said that he supports the Chair's effort to build consensus to move toward a board which operates on a high level, taking a long-term view, issuing the broadest of policy statements. He said that he hopes that today we can build a consensus toward examining how we govern. He said that we should determine what the mission of the LNC is as a board, as distinct from what the mission of the organization is.

Bisson said that the picture painted by the Carver manual was attractive, although he sensed it was a bit of "infomercial." He asked if any LNC members have been a part of a board that has gone through this process.

Givot related his experience as a director of the Chicago Board Options Exchange. He said that as the organization grew, it faced many of the same questions. He said that, over time, the board evolved from being a very hands on operating group to a high level, policy setting board. He said that this evolution benefitted the organization.

Lark said that he sees a lot of buzzwords in the Carver booklet. He said that to a large extent the success of migrating to the Carver model of governance will depend on whether or not people see things similarly and reach consensus on what all of this means.

Bergland related some of the history of the LP, beginning as an all-volunteer organization. He said that over a long transition, the LP has developed into a large business with a paid staff. He said that the first step in understanding our roles is to see us as trustees with a heavy fiduciary responsibility and not as managers. He said that we need to define the nature of our responsibility. He said that we have to do the thinking for the organization regarding the questions previously posed: Who are we? What do we want? Where are we going? How do we get there?

Bergland said that we also have to continue operating the business while we consider evolving to a different model of governance. He said that this should not impair our continuing operations. He said that it provides a means to transition in an orderly manner.

Dasbach said that when he was a teacher there were periodic reviews of textbooks and other materials. He said that it was always helpful to start out with what the authors of the curriculum suggested. He said that after he had done so, he would add his own changes based on what he had learned from using the textbooks and materials. He said that having the starting framework was valuable. He said that the Carver model provides that sort of framework.

Neale asked whether there are other models of policy governance available for consideration. He asked if the proponents have any information on how well this model has worked for others.

Butlers said that a lot has been written on this topic and that he would make materials which he owns available to anyone who requests it. He cited the writings of Peter Drucker which state that nonprofit organizations benefit from the same governance strategies that benefit for-profit organizations. Butler said that he has already concluded that we need to move in this direction.

Tuniewicz said that he has investigated the use of the Carver model by other nonprofit organizations. He said that he heard from an individual from The American Association of Society Executives who has never heard of the Carver model. He said that he posted to an active message board seeking names of organizations that have implemented the Carver model but received no affirmative responses.

Bergland said that in his professional capacity as an attorney, he has found that the general outlines of good

governance are consistent with the result toward which Carver builds.

Schwarz said that he asked the chairs in his region to look over the Carver materials. He said that he received several different understandings, and that they all differed from Butler's understanding. He said that we should not rush into this decision. He said that there is considerable concern and skepticism with regard to this topic.

Schwarz asked what was meant by consensus and how that differs from unanimity.

Bergland said that one of the principles of good governance is that the board speaks with one voice. He said that although board members may have different views, that after the board reaches a decision, the members of the board support that decision publicly. He said that consensus building is the process of working together to build support for a decision so that everyone understands the basis of the decision and, hopefully, everyone will support the decision once it is made.

Lark asked whether this meeting's experience regarding the reserve policy might conflict with the Carver model.

Tuniewicz said that he believes that what adoption of the reserve policy on April 10 was a good thing. He said that a lobbying campaign arose afterwards which is inconsistent with Carver.

Givot said that he is not concerned by the fact that Carver is not widely used. He said that lack of widespread acceptance does not deter the LNC from seeking to build support for our political policies. He said that lack of widespread acceptance does not mean that our ideas are not good. He said the same holds true for lack of widespread acceptance of the Carver model of governance.

Dixon said that he serves on a board that uses the Carver model. He said that he also consults for boards and always wants to know if they use this model. He said that the Carver method is commonly used in Chicago and that it dominates "corporate Lutheranism." He said that the question is whether it improves the outcomes achieved by organizations.

Dixon said that his experience serving on a board that uses the Carver model results in the same "end game." He said that organizations using the Carver model tend to be more introspective and more deliberative. He said that the boards of these organizations tend to be proscriptive rather than prescriptive.

Dixon said that the reserve discussion experience demonstrates that because we do not operate under the Carver model -- actively seeking input -- we experienced a problem. He said the boards operating under the Carver model do not wait to be given information from management. Instead they tell management what information they would like and ask management what information management has that will be relevant.

Dixon said that if the board is going to discuss matters "around the table" because the board knows more than anyone else, that it will be prone to the sort of problem that arose with the LNC's handling of the reserve policy issue. He said that if the board, instead, informs management that it will be discussing an issue and asked for input from knowledgeable persons, then things will go differently. He said that the latter approach would eliminate this sort of problem.

Dixon said that if the LNC decides to adopt a governance model, that the Carver model is as good a model to adopt as there is.

Dixon said that because we are a political entity, he is somewhat conflicted as to whether Carver will be effective. He said that nonprofit boards are typically hand-picked by management. He said that on such boards if a board member is not in agreement with the decisions the board makes, then management can appoint another board member. He said that this is not true of LNC because we are elected or appointed by people all of whom are not on the board.

Dasbach asked Dixon how effectively the Carver methodology worked on the boards on which Dixon serves.

Dixon said that on one board where he serves, there is one discussion each quarter relating to a significant board policy. He said that the rest of the board meetings are spent discussing whether or not management is operating within the proscriptive boundaries set by the board.

Fylstra said that the heart of this matter is whether this board is committed to moving toward a more professional operation and therefore becoming more powerful. He said that his impression is that this board is involved in a great deal of minutiae. He said that there are costs associated with this. He said that when this happens, management does not do what it can do to move the organization forward. He said that if we do not stop over-specifying details, we will never get to the major policy issues that we must address.

Neale said that the degree of micromanagement by the LNC has decreased in the ten years that he has been on the Committee. He said that he agrees with the principles set forth by the Carver model and thinks that whether or not we adopt the Carver model, we should try to achieve those principles.

Neale said that there is a corollary to the idea that the board should speak with one voice. He said that no proposal should come before the LNC before the appropriate lobbying and discussion groundwork has been done prior to the meeting.

Neale said that if the Carver model will help the organization function in this manner, then he supports it.

Bergland said that if we are going to move forward with the Carver model, it is important that we have a common understanding as to what it is that we are doing.

Schwarz said that he believes that we are rushing into the Carver model. He said that he is unconvinced that this must be started now. He said that LNC would benefit from spending more time looking into this before acting. He said that he does not think that LNC is currently in dire straits. Therefore, he said, LNC is not a good candidate for the Carver governance model.

Bergland moved "that the Libertarian National Committee hereby commits itself to adopt and implement the Policy Governance model for itself and its staff and to complete that process prior to July 2000."

Bisson seconded.

Bisson said that he favors adoption of the Carver model for the reasons that Schwarz gave. He said although he read the materials handed out at December 1998 LNC meeting, it is apparent that not all LNC members did so. He said that without committing to adopt the Carver model, he feels that the necessary work will be done by LNC members to understand and investigate the Carver model.

Spruyt said that he had heard no comments from those opposing moving forward with the Carver model as to what the downside of adopting the Carver model would be. He said that even if the LNC proceeds work

toward implementing the Carver model by, in the final analysis, decides not to implement it, the organization will benefit from the work done. He said that when considering two alternatives, if one has no downside and the other does, that there is a compelling argument in favor of proceeding with the alternative that has no downside.

Franke said that he first sat on the LNC in 1993. He was asked by the Vice-Chair what role he would like to play on the LNC. He said that he wished to represent his region and to assure that there was good communication. Franke said that because this board is elected by various constituencies, and that as each of us serves his or her own constituency, the diversity of interests we represent may make reaching consensus difficult.

Tuniewicz said that he voted to bring this proposal before the LNC, in part, because of language which stated that the proposal "may benefit" the organization. He said that since that time he has done some research. He said that he has some concerns as a result.

Tuniewicz said that his first concern is that the proponents are creating a false sense of urgency. He said that Givot feels it imperative to do this immediately. He said that getting broad support for this within the party is important. He said that the Executive Committee and the LNC have been given an incomplete description of the Carver model.

Tuniewicz said that we are putting the cart before the horse because we are being asked to vote on committing to the Carver model without knowing what it means.

Givot said that if LNC is going to make this transition, it should be done within the term on a given LNC. He said that the estimated one year time frame to complete the process led him to believe that if it was going to be done by this LNC, it would need to start very soon.

Neale said that he has heard no motion for additional funds to provide for proceeding with the Carver model. He said that he agrees with the principles of the Carver model. He said that he sees no downside to pursuing the Carver model. He said that he sees nothing to prevent the LNC from moving in this direction and subsequently decided not to continue to do so.

Neale said that he believes that more than a majority of the LNC should support moving in this direction if we decide to do so.

Bergland agreed with Neale's comment regarding the need for a super majority before we proceed.

Spruyt said that he considers today's vote to relate to the Carver model as described to the LNC thus far. He said that any conflicts between the Carver model and the LP ByLaws should be resolved by adhering to the ByLaws while working to change them.

Dasbach said that most of what might conflict with the Carver model are existing policies, not with ByLaws.

Tuniewicz agreed, although he said that the issue as to who is the Chief Executive Officer contradicts with the current ByLaws.

Turney said that he does not feel it is necessary to complete the transition within the term of one LNC. He said that he sees an advantage to spanning the terms of two LNC's. He said that doing so will allow the

membership to consider this proposal and to make that a factor is deciding whom to vote for at the next convention.

Turney said that this has not been placed before the membership or discussed by the membership. He said that there is a great deal of suspicion and apprehension about it.

Dixon said that he doesn't understand the concerns of Turney and Schwarz.

Turney said that he does not have specific concerns about the Carver methodology, per se. He said that he is generally in favor of the Carver model. He said that his concern is that we are moving too quickly. He said that the only specific concern that he has heard is that some boards are lazy and that adoption of the Carver model could turn our board into that.

Bergland asked Dixon, based on his experience, whether boards discussing the Carver transition typically discuss the transition with constituents outside the board.

Dixon said that he has not seen such discussions with constituencies as part of the discussion of whether to adopt the Carver model.

Dixon said that the Carver model attempts to avoid having problems with a lazy board. He said that the model attempts to get boards to avoid being rubber stamps for management.

Tuniewicz moved to amend the motion to remove the words "adopt and implement" and replace them with the word "investigate."

Turney seconded.

Givot said that this proposal addresses how this board describes the board's mission and how the board works. It is not about changing the mission of the organization, the goals of the organization, or the procedures of the organization. This is about how the board communicates with its staff and how we work together.

Givot said that it is the LNC's purview to determine how it operates, as long as it operates within the constraints placed on it by the ByLaws. He said that this sort of thing should not be an issue at a national convention. He said to do so would be the antithesis of what should happen.

Dehn said the question is whether we should "implement" or "investigate." Dehn said that in the context of policies adopted as part of our ByLaws, the role of the Chair is relevant to this decision.

Dehn said that the question at the last convention regarding designation of the Chief Executive Officer could be seen as conflicting with the Carver model. He said the Carver model is inconsistent with the failure of the ByLaws vote to make the National Director the Chief Executive Officer.

Bergland, as the maker of the motion, said that it was his intention that any transition to the Carver model would be limited or constrained by the LP ByLaws.

Neale said that he opposed the amendment. He said that we should vote on the main motion as proposed. He said that if it fails, there is nothing to prohibit the proponents from doing more work, addressing the concerns of those not supporting the proposal, and bringing the proposal back for consideration at the next LNC

meeting.

Butler said that the proposal is not cost free, although there is no identified cost associated with it. He said that the cost would be LNC time devoted to working on the transition at subsequent meetings. He said that if there is no consensus on proceeding, that we will be asked to devote a good deal of time to work on something that may never come to pass.

Lark said that, during the investigation of the Carver model, members of the LNC would be investing a great deal of time.

The amendment passed on a voice vote.

The motion passed on a vote of 11 to 2 with one abstention.

Bergland moved "that consistent with its decision to investigate the Policy Governance model, the LNC establishes that it intends that it will govern with an emphasis on vision rather than an internal preoccupation, strategic leadership more than administrative detail, clear distinction of board and management roles, collective rather than individual decision making, a focus on the future rather than past or present, and proactivity rather than reactivity."

Franke seconded.

Dehn said that he supports the motion because he supports the listed principles.

The motion passed unanimously.

Item: Communications Director Report

Winter reported that everything is going well. He referred the Committee to his written report.

Winter outlined three items of advice that he is giving to members in the Success '99 meetings:

- Doing more politically leads to more coverage. He cited the LP's efforts to oppose the "Know Your Customer" regulations as an example of this.
- Writing better news releases leads to more coverage. He said that he has found that expressing a debatable proposition leads to better coverage.
- When all else fails, sending out more releases leads to more coverage. He said that national's goal is to send one additional news release each month, as well as sending out the releases out earlier in the week.

Winter said that building personal relationships with people working for the media is important. He said that maintaining a high quality media list is important.

Winter reported that media contacts and coverage are up significantly in 1999.

Givot asked whether the positive phrasing of the "Defend Your Privacy" effort led to a very strong result that might not have been received if we had approached the issue in negative terms, asking people to oppose "Know Your Customer."

Winter said that he did not think so. He said that we generate the greatest response when we can demonize, as was the case with Know Your Customer.

Butler asked Winter whether a large increase in media communications might lead to problems in being responsive to media request.

Winter said that in February Getz and he fielded 141 phone calls and 85 interviews. He said that this pressed Getz and him close to their limits.

Winter said that after the 1996 presidential nominating convention, he was swamped with media requests.

Dasbach said that the Browne exploratory committee has told him they do not intend to co-locate with the LP if Harry Browne is the nominee.

Getz reported on some details of recent media communications.

Item: Ballot Access and Political Director's Report

Dasbach referred to Crickenberger's written report.

Tuniewicz updated the LNC saying that Crickenberger's attempts to persuade LPNH to petition as a political party may have succeeded.

Butler asked Dasbach about performance on the AL petition drive. He asked how much additional LP funding would be required.

Dasbach said that the agreement was that LNC would pay the costs for half of the gross signature requirement. He said that this has been done. He said that petitioners are being moved elsewhere, leaving LPAL to complete their half. He said that this will allow LPAL a significant time frame to complete its share of the work.

Item: 2000 Convention Report

Dasbach said that the Balcom contract issues involving procedures for accounting for and reporting revenues received through Balcom have been resolved. He said that the contract is ready to sign. He said that Balcom will be lining up vendors for audio visual services. He said that the next priority will be lining up "big name" speakers.

Franke asked who the liaison with Balcom will be.

Dasbach said that until now either Dan Smith and he have shared responsibility as the liaison. He said that prospectively one of the new customer service people will handle day to day details and that he will handle policy issues.

Item: Audit Committee Report

Neale said that he has lined up the same auditing firm that was used in the prior year. He said that they will be starting soon. He said that the Audit Committee will be starting its work soon as well.

Item: Program Committee Report

Dasbach updated the Committee on the progress of the Program Committee. He said writing that the "Libertarian Solutions" column in LP News is similar to this task. He cited the efforts of Ruwart and Fylstra in writing some of these columns. He said that he hopes that others will join this effort in the future.

Dehn asked whether or not a procedure was in place for the members of the Program Committee to submit proposed planks or how planks would be recommended to the LNC.

Bergland said that the Program Committee has yet to organize itself. He said that this needs to be done. He asked the LNC members what topics he might write about.

Givot said the question is how we can identify the best topics to write about. He said that, in his opinion, the issue of American military intervention in the Balkans is particularly germane at the present time.

Dasbach said that there is already a draft, in the form of four columns from LP News, is already in existence. He said that what needs to be done is to pull those four columns together.

Dasbach said that there is actually a lot of draft work in process on that topic, Social Security, and education which are already in process.

Item: APRC Report

Dehn said that there have been no formal requests or formal complaints in recent months.

Bergland said that he had received a complaint regarding news releases regarding Kosovo.

Item: Other Items of Business

Dasbach reported that the convention hotel in Anaheim is almost certain that they can accommodate us on our scheduled August 1999 LNC meeting date and would have no problem accommodating us the following weekend.

The Committee agreed to keep the same August 1999 meeting dates -- August 14 and 15.

Givot suggested that it may be appropriate to schedule an additional day to meet prior to the August 1999 LNC meeting for the purpose of discussing the Carver model.

Bergland said that time will be made available on Friday, August 13 to discuss the Carver model.

Lark asked that the Committee recognize the contributions of Dan Smith to the LP.

Givot asked whether he should to proceed to develop a proposal to hold the March 2000 LNC meeting in

Chicago.

Buttrick suggested Phoenix as an alternate location.

There was consensus that Givot and Buttrick would each develop proposals for consideration at the August 1999 LNC meeting.

Butler moved to adjourn.

Givot seconded.

The Committee voted unanimously to adjourn at 1:01 PM EDT.

