

DRAFT

LNC Meeting
Washington, DC
December 14, 2002
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Present: Geoff Neale, Chair
Ken Bisson (IN), Vice-Chair
Deryl Martin (TN), Treasurer
Steve Givot (CO), Secretary

Mike Dixon (AZ), At Large Representative
Don Gorman (NH), At Large Representative
Austin Hough (IL), At Large Representative
BetteRose Ryan (CO), At Large Representative
R. Lee Wrights (NC), At Large Representative

Ed Hoch (AK), Region 1 Representative
Joe Dehn (CA), Region 2 Representative
George Squyres(AZ), Region 2 Representative
Mark Rutherford (IN), Region 3 Representative
Sean Haugh (NC), Region 4 Alternate
Lorenzo Gaztanaga (MD), Region 5 Representative
Mark Cenci (ME), Region 6 Representative
Steve Trinward (TN), Region 7 Representative
Mark Nelson (IA), Region 8 Representative

Also present: Jeff Zweber (OH), Region 3 Alternate
Fred Childress (VA), Region 5 Alternate
Bonnie Scott (NY), Region 6 Alternate

Absent: Mike Fellows (MT), Region 1 Alternate
Mark Hinkle (CA), Region 2 Alternate
Scott Lieberman (CA), Region 2 Alternate
Michael "MG" Gilson de Lemos (FL), Region 4 Representative
Tim Hagan (NV), Region 7 Alternate
Bob Sullentrop (MO), Region 8 Alternate

Vacant: None

Staff: Ron Crickenberger, Political Director
George Getz, Communications Director

Neale called the meeting to order at 9:05 AM EST Saturday December 14, 2002.

Item: Credentials

Givot said that the composition of the Committee has not changed since the last meeting.

Givot said that an issue has arisen regarding whether or not an individual who is not a current, dues-paying national party member can serve on the LNC. He asked the Committee to consider this issue when changes to the Policy Manual are considered.

Item: Submissions of Potential Conflict of Interest

Neale disclosed that he contracted with Jason Gray to propose an appropriate chart of accounts consistent with GAAP, to help install a new accounting system, and to help with other accounting and bookkeeping issues. He said that Gray is a personal friend of his. He disclosed that because the Party has not made timely payments to Gray for services provided by Gray, he has personally loaned money to Gray which Gray will repay him from Gray's own funds at some future date.

Dehn said that he sees potential problems with the loan disclosed by Neale. He said that he would like to have a discussion of this at some time during the meeting.

Neale said that a Party member has asked him how he can run for president of the United States as Libertarian. He said that he provided advice on the mechanics of seeking the nomination to this individual as he would for anyone else who would ask the same question.

Dixon said that the two previously-disclosed potential conflicts of interest he disclosed will no longer exist as of 1/1/2003. He said that the Ed Kahn campaign is concluded and that he is resigning as executive director of LPIL.

Wright said that he published the announcement of a candidate for President of the United States in his publication. He said that he would do the same for anyone else.

Item: Approval of Agenda

The proposed agenda was:

- ! Call to order
- ! Moment of Reflection
- ! Announcements
- ! Public Statements from the Gallery
- ! Credentials Check
- ! Paperwork Check
- ! Submissions of Conflicts of Interest
- ! Approval of Agenda
- ! Approval of Minutes
- ! Treasurer's Report
- ! Chair's Report / Executive Director's Report
- ! Legal Report
- ! Questions Regarding Previously-Submitted Reports
- ! Population of Political Advisory Committee
- ! Regional Report Updates
- ! Setting of Future Meetings
- ! 2003 Budget
- ! Employment Policy & Compensation Committee Report
- ! Public Statements from the Gallery
- ! Policy Manual Review / Updates
- ! SPT Champion Reports
- ! Other Resolutions
- ! New Business
- ! Public Comments
- ! Adjournment

Various amendments to the agenda were proposed and approved.

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The agenda was approved as amended.

The final agenda was:

- ! Call to order
- ! Moment of Reflection
- ! Announcements
- ! Public Statements from the Gallery
- ! Credentials Check
- ! Paperwork Check
- ! Submissions of Conflicts of Interest
- ! Approval of Agenda
- ! Approval of Minutes
- ! Treasurer's Report
- ! Chair's Report / Executive Director's Report
- ! Legal Report
- ! Questions Regarding Previously-Submitted Reports
- ! Population of Political Advisory Committee
- ! Regional Report Updates
- ! 2003 Budget
- ! Internal Education
- ! Public Statements from the Gallery
- ! Employment Policy & Compensation Committee Report
- ! Setting of Future Meetings
- ! Policy Manual Review / Updates
- ! Declaration of a State of Financial Exigency
- ! Grant of Authority to Chair and Treasurer
- ! Policy Governance Model
- ! State Chairs / SPT Review Meeting in February
- ! Other Resolutions
- ! New Business
- ! Adjournment

The Committee recessed at 9:57 AM EST.

The Committee reconvened at 10:13 AM EST.

Item: Approval of Minutes

Neale asked if there are any proposed changes to the minutes of the Sept 2002 LNC meeting.

Dehn said that there are a few minor changes which he distributed by email that do not appear in the draft presented to the LNC. He asked that they be considered to be included in the current draft.

Wrights moved approval.

Haugh seconded.

The minutes were approved without objection.

Givot reported that a final draft of the minutes from the July 7 meeting is not available because the recording of the meeting is not yet available to the Secretary.

Nelson moved that the Secretary shall provide a summary of each LNC meeting to include credentials check and attendees, submission of conflict of interest, agenda (final and initial versions), the full text of all motions including all amendments and votes, and starting and ending times for sessions. This summary will then be provided to the LNC in an appropriate means no later than three weeks following that LNC meeting.

Nelson said that it is intent that this document be provided in addition to the formal minutes.

Givot suggested that this be placed in Article III, Section 2 of the Policy Manual.

Haugh seconded.

Dixon moved to substitute for the motion that the document would constitute the formal

minutes of the meeting. He moved to add a sentence to the end of Article III Section 2 A of the LNC Policy Manual:

Such minutes shall be comprised of only credentials check and attendees, submission of conflict of interest, agenda (final and initial versions), the full text of all motions including all amendments and votes, and starting and ending times for sessions. This will be provided to the LNC in an appropriate means no later than three weeks following that LNC meeting.

Cenci seconded.

Givot proposed a friendly amendment to change the time frame in the motion to 30 days to provide the Secretary time to obtain the recording of the meeting to verify the accuracy of the draft minutes. He said that this is consistent with the current time requirement for producing initial draft minutes.

This proposal was accepted as friendly.

Givot said that this motion is not coming forth because he feels overly taxed by his responsibilities as Secretary. He asked the Committee to vote based on their own judgment about how the minutes should be prepared, not based on an assumption that he is unable to continue to produce more detailed minutes.

The motion to substitute passed. Dehn and Wrights opposed. Givot abstained.

The main motion passed. Dehn, Wrights, and Haugh opposed. Givot abstained.

Neale ruled that this policy shall be considered in effect as of the start of the current meeting.

Neale ruled that if a Committee member requests that his or her comments be reflected in the minutes, the Secretary shall reflect those comments in the minutes unless the Committee objects.

Item: Treasurer's Report

The Treasurer reported to the Committee.

Martin asked that the record reflect his opinion that the Operations Director is overworked.

The Committee recessed at 11:45 AM EST.

The Committee reconvened at 1:10 PM EST.

Item: Chair's Report & Executive Director's Report

Givot moved to authorize the Chair to market and enter into a transaction with regard to a portion of the current office space – that portion to be determined by the Chair.

Hoch seconded.

Squyres moved to substitute that the Chair be authorized to market the entire office space with no action to be taken without approval of the Committee.

Martin seconded.

The substitute passed.

The main motion passed.

Item: Legal Report

The Committee went into Executive Session at 2:16 PM EST for the purpose of discussion of legal matters.

The Committee returned to Open Session at 3:09 PM EST.

The Committee recessed at 3:09 PM EST.

The Committee reconvened at 3:32 PM EST.

Item: Questions Regarding Previously Submitted Reports

No action was taken.

Item: Population of Political Advisory Committee

Gorman moved to reconsider Policy Manual Article VI Section 3 G which established the Political Advisory Committee.

Nelson seconded.

Neale ruled that the motion was out of order.

Nelson moved to delete Policy Manual Article VI Section 3 G which established the Political Advisory Committee.

Haugh seconded.

The motion passed by a vote of 10 to 6.

Item: Regional Report Updates

No action was taken.

Item: 2003 Budget

The Committee postponed consideration of the budget until the following day.

Item: Internal Education

No action was taken.

Item: Public Statements from the Gallery

No action was taken.

The Committee recessed at 5:34 PM EST.

The Committee reconvened at 9:16 AM EST Sunday December 15, 2002.

Item: 2003 Budget (continued)

The Committee discussed the budget.

The Committee recessed at 9:45 AM EST.

The Committee reconvened at 10:04 AM EST Sunday December 15, 2002.

The Committee went into Executive Session for the purpose of discussing personnel matters at 10:04 AM EST.

The Committee returned to Open Session at 12:04 PM EST.

The Committee recessed at 12:05 PM EST.

The Committee reconvened at 12:22 PM EST.

Bisson assumed the chair.

Givot moved to amend the draft budget as follows:

- Adding a new expense item for UMP payments in the amount of \$325,000
- Eliminating the \$80,000 expenditure for membership database implementation and, instead, making this a self-funded project
- Eliminating the \$122,449 expenditure for new staff
- Eliminating the \$9,367 expenditure for new staff payroll tax
- Eliminating the \$13,200 expenditure for new staff benefits
- Setting the staff salaries line at \$320,000.

The amendment passed on a voice vote.

Ryan asked that a line item be added for a self-funded project to cover the costs of supporting volunteer work in the national office.

There was no objection.

Childress asked that a line item for computer systems enhancements be added as a self-funded project.

There was no objection.

Gorman requested a roll call vote on adoption of the budget.

Cenci, Dixon, Gaztanaga, Givot, Gorman, Hoch, Hough, Martin, Nelson, Rutherford, Ryan, Squyres, and Trinward voted in favor.

Dehn, Haugh, and Wrights voted against.

Bisson abstained.

The motion passed by a vote of 13 to 3 with 1 abstention.

Item: Employment Policy & Compensation Committee Report

Givot moved

that the LNC tasks the Employment Policy & Compensation Committee with developing an incentive-based compensation package for senior managers and reporting its recommendation to the Executive Director with a copy of the recommendation sent to LNC members.

Hoch seconded.

The motion passed.

Wright's voted against.

Bisson ruled that the motion authorized the Executive Director to act based on the recommendation consistent with existing policies.

Nelson moved that the Executive Director is not authorized to hire or fire employees without the consent of the Executive Committee.

Hough seconded.

Neale resumed the chair.

Neale ruled that the ByLaws make the motion out of order because the intention of the motion violates the ByLaws.

Givot appealed the ruling of the Chair.

Nelson seconded.

Nelson clarified that his intention was that Neale – acting in either his capacity as Chair or his capacity as Executive Director – would not retain sole hiring or firing authority.

Givot suggested that the language be changed to read that the “neither the Chair nor the Executive Director is authorized to hire or fire employees without the consent of the Executive Committee.”

Hough withdrew his second.

Givot seconded.

Martin requested a roll call vote.

Bisson, Cenci, Dehn, Dixon, Gaztanaga, Gorman, Haugh, Hoch, Hough, Martin, Rutherford, Ryan, Squyres, Trinward, and Wrights voted to uphold the ruling of the Chair.

Givot and Nelson voted not to uphold the ruling of the Chair.

Neale abstained.

The ruling of the Chair was upheld by the Committee by a vote of 15 to 2 to 1.

Item: Setting of Future Meetings

Givot moved that the next meeting be held in March 22-23 2003 at or near the convention

hotel in Atlanta.

Hough seconded.

The motion passed on a voice vote.

Nelson moved that meetings be held in Seattle on June 28-29 2003 in Seattle and September 13-14 2003 in Denver.

Givot seconded.

The motion passed on a voice vote.

Item: Policy Manual Review

Martin moved adoption a writeoff policy as Article V Section 6 to read:

Section 6. Uncollectible Write-off Policy

1. In order to be written off, an uncollectible receivable must have the following characteristics:
 - ! An inability to collect any of the outstanding debt
 - ! An unwillingness of the debtor to negotiate a retirement procedure for the debt
 - ! An inability of the debtor to retire the debt, and
 - ! No likelihood of collecting the debt through a collection process.
2. To be eligible for writing off, the Executive Director must present documentation of timely and reasonable efforts to collect the debt consistent with existing accounts receivable policy.
3. Writing off of any debt less than \$1,000 requires approval of

the Chair; greater amounts require approval of the LNC.

4. Any debtor with a written off balance shall be denied any trade relationship with the LP.
5. The Executive Director is responsible for monitoring receivables on an ongoing basis and presenting write off proposal to the Chair or the LNC.

Trinward seconded.

The Committee agreed that if the motion passes, the Treasurer is authorized to make minor stylistic changes to the language to improve its form.

There was also agreement by the Committee to direct the Treasurer to add language to require the Chair to notify the LNC of any debt written off by the Chair.

Martin moved adoption a financial exigency policy as Article VI Section 7 to read:

Section 7: Financial exigency

Financial exigency is the only condition that allows the Party to incur statutory, contractual debt. Party officers may execute promissory notes only under the following conditions:

1. The LNC has specifically declared that a state of financial exigency exists.
2. The only reasonable method of forestalling legal action is to execute promissory notes.
3. Promissory notes shall be executed for only the amount of a legitimate trade payable, and then only to each specific creditor or vendor involved.
4. Vendor agrees in writing not to assigned the note to any third party.

5. Note terms will be negotiated by Party officers (usually the Chair or Treasurer) but must not involve interest greater than 12% per annum from date of note execution.
6. All such promissory notes shall not extend the indebtedness more than six month from note execution. If debt extinguishment is not possible in that time frame, no note shall be executed.
7. The total of all promissory notes to any one vendor shall not exceed \$25,000.
8. The total of all Party promissory notes outstanding shall not exceed \$100,000 without prior additional LNC approval.
9. The Chair must approve all negotiated terms with the goal being a schedule that the Party can successfully met.
10. The LNC is to determine when a state of financial exigency no longer exists. Upon such determination, Party officers may no longer enter into any further contractual debt arrangement.

Givot seconded.

Dehn moved to amend to remove the word "creditor" from proposed Section 7 3.

The proposed amendment was accepted as friendly.

The motion passed on a voice vote.

Dehn abstained.

Martin moved adoption of a policy that "The Party will not capitalize any asset costing less than \$1,000." and that the LNC authorizes the Treasurer to place this policy in the appropriate place in the Policy Manual.

Givot seconded.

The motion passed on a voice vote.

(Secretary's Note: The Treasurer has determined that this language should be added as a new Article V, Section 1 F.)

Martin moved adoption of a policy that "Except for job descriptions, no changes can be made to the employee manual without explicit LNC approval." and that the LNC authorizes the Treasurer to place this policy in the appropriate place in the Policy Manual.

Givot seconded.

The motion passed on a voice vote.

(Secretary's Note: The Treasurer has determined that this language should be added as a new Article V, Section 1 G.)

Representing the recommendations of the Governance Task Force, Givot moved to amend Article I, Section 1 C of the LNC Policy Manual by:

- ! changing the words "other member" in the last line to "Party member"
- ! changing the word "tape" to "recordings"

Ryan seconded.

The motion passed on a voice vote.

Representing the recommendations of the Governance Task Force, Givot moved to amend Article I, Section 5 of the LNC Policy Manual by:

- ! inserting a dash after the words "Platform of the Party"
- ! changing the comma after the word "Administration" to a dash

Bisson seconded.

The motion passed on a voice vote.

Representing the recommendations of the Governance Task Force, Givot moved to amend Article III, Section 2 C of the LNC Policy Manual by:

- ! removing the words “concise and”
- ! changing the words “the LNC’s Policy Manual” to “this Policy Manual”

Wrights seconded.

The motion passed on a voice vote.

Representing the recommendations of the Governance Task Force, Givot moved to add a new Article III, Section 2 G to the LNC Policy Manual as follows:

G. PROCEDURES FOR ALLOCATION OF CONVENTION DELEGATES

1. No later than the last day of April in the year following a Presidential election, the Secretary shall distribute to each affiliate party the Presidential vote totals which the Secretary proposes to use for purposes of delegate allocation for National Conventions as provided for in the Bylaws. If any Party member seeks a modification of the vote totals proposed by the Secretary, the member shall file with the Secretary a written request to modify the totals along with any documentation supporting the request no later than the last day of May of the same year. The Secretary shall review all such requests to modify the Presidential vote totals and distribute a final allocation of delegates based on Presidential vote totals no later than the last day of July of the same year.
2. No later than the last day of the sixth month prior to a regular National Convention, the Secretary shall distribute to each affiliate party the membership totals which the Secretary proposes to use for purposes of delegate allocation for National Conventions as provided for in the Bylaws. If any Party member seeks a modification of the membership totals proposed by the Secretary, the member shall file with the Secretary a written request to modify the membership totals along with any documentation supporting the request no later than the fifteenth day of the fifth month prior to the Convention. The Secretary shall review all such requests to modify the membership totals and distribute a final allocation of delegates based on the membership

totals no later than the last day of the fifth month prior to the Convention.

Trinward seconded.

The motion passed on a voice vote.

Dehn opposed the motion.

Cenci moved to amend Article IV, Section 2 B 3 of the LNC Policy Manual to remove the reference to “monthly FEC summary reports.”

Trinward seconded.

The motion passed on a voice vote.

Dehn opposed the motion.

Item: Declaration of a State of Financial Exigency

Trinward moved that the LNC declares that it is in a state of financial exigency.

Givot seconded.

The motion passed on a voice vote.

Item: Grant of Authority to the Chair and Treasurer

Ryan moved

to grant the Chair and the Treasurer the authority to negotiate deferral of UMP payments with affiliate parties.

Givot seconded.

Givot moved to amend the motion to read

to negotiate and enter into agreements to defer UMP payments when in a state of financial exigency.

The amendment was accepted as friendly.

Givot moved to amend by adding the following sentence

In no instance shall more than six months of UMP payments be deferred to any affiliate.

Martin seconded.

Bisson moved to substitute: "No UMP payments due beyond June 2003 shall be deferred."

Givot and Martin accepted the substitute as friendly.

The final form of the motion was:

to grant the Chair and the Treasurer the authority to negotiate and enter into agreements to defer UMP payments to affiliate parties when in a state of financial exigency. No UMP payments due beyond June 2003 shall be deferred.

Bisson, Cenci, Dixon, Gaztanaga, Givot, Gorman, Haugh, Martin, Neale, Nelson, Ryan Trinward, and Wrights voted in favor.

Dehn voted against.

Rutherford abstained.

The motion passed by a vote of 13 to 1 with 1abstention.

Item: Policy Manual Review (continued)

Representing the recommendations of the Governance Task Force, Givot moved to amend Article II, Section 6 of the LNC Policy Manual to change the words "Executive Committee shall" to "LNC may" and to amend Article II, Section 7 of the LNC Policy Manual to change the words "Executive Committee" to "LNC."

Nelson seconded.

The motion passed on a voice vote.

Representing the recommendations of the Governance Task Force, Givot moved to amend the following sections of the LNC Policy Manual to remove references to "areas" and "area managers" along with any associated text relating solely to areas or area managers:

- ! Article V, Section 2 B 2
- ! Article V, Section 2 A
- ! Article VI, Section 1
- ! Article VI, Section 2
- ! Article IX, Section 1 A
- ! Article IX, Section 1 C

Nelson seconded.

The motion passed on a voice vote.

Representing the recommendations of the Governance Task Force, Givot moved to amend Article VI, Section 2 of the LNC Policy Manual by removing the last sentence.

Nelson seconded.

The motion passed on a voice vote.

Nelson indicated that it was his understanding that the adoption of UMP II by the LNC in March 2002 would have resulted in its inclusion in the LNC Policy Manual.

Givot indicated that he would consider that change as a technical adjustment to the Policy Manual to include UMP II – something which he is authorized to do.

There was no objection.

Dehn moved to add a new section to Article I of the LNC Policy Manual as follows:

Section []: Open and Confidential Records

- A. Except as otherwise provided in this section, all reports, memos, and other communications to the LNC from officers, members, subcommittees, staff, or other individuals or entities within the Party shall be considered open records available to any Party member.
- B. Communications on the following subject generally recognized as requiring restricted distribution may be declared by their authors as confidential without further explanation:
 - ! staff evaluations
 - ! terms of proposed contracts during negotiations
 - ! pending legal matters which have been identified by the General Counsel as subject to attorney-client privilege
 - ! incomplete financial statements concerning a period which has not yet been closed
- C. The Chair may declare any other communication confidential if such declaration is requested by the author and the Chair agrees that distribution should be restricted. Any such declaration shall be accompanied by an explanation of the specific reasons why confidentiality is required and a statement of the period of time during which the information should be so restricted.
- D. To the extent practical, information that requires restricted distribution shall be kept separate from other information rather than being combined in the same communication. For example, an entire committee report should not be declared confidential because one section requires restricted distribution. In such cases the confidential material should be placed in a separate report or in an appendix that can be easily separated from the remainder of the report.

- E. Any communication declared confidential shall be explicitly so marked at the beginning of the communication. For a printed report this shall include, at least, the phrase "LNC CONFIDENTIAL" at the top of the first page. For email communications, this shall include, at least, the phrase "LNC CONFIDENTIAL" at the beginning of the message body. If the communication has been or may be sent to anyone other than the LNC, the identity of other recipients shall be noted.
- F. No employee shall transmit a confidential communication to, copy a confidential communication for, or allow access to a confidential communication by, anyone other than the author, LNC members (including alternates), and the other recipients explicitly noted on the document.
- G. The LNC may terminate the declaration of confidentiality of any communication described in this section by a majority vote.

Bisson seconded.

The motion failed on a vote of 6 to 7.

Dixon abstained, saying that he did so because the motion was not distributed before the meeting.

Item: Policy Governance Model

Givot moved that the LNC tasks the Governance Task Force with drafting an initial set of Policy Governance policies and reporting these to the June 2003 LNC meeting.

Nelson seconded.

The motion failed by a vote of 4 to 5. There were 2 abstentions.

The Committee agreed to place this item on the agenda for the June 2003 LNC meeting.

Item: State Chairs / SPT Review Meeting in February

No action was taken.

Item: Other Resolutions

Childress moved adoption of the following resolution:

Whereas, the Free State Project (FSP) is obtaining the commitments of 20,000 libertarians to move to a single state of the U.S.;

Whereas, the strategy of concentrating libertarian activists and resources in one state substantially advances the likelihood of Libertarian victories;

Whereas, the establishment of a "free state" would demonstrate the benefits of liberty to the rest of the nation and the world;

Be it resolved, that the Libertarian National Committee recommends the Free State Project and encourages all Libertarian Party members to consider the Free State Project, should their life circumstances and beliefs permit.

Gorman seconded.

The motion failed on a vote of 6 to 6.

Gorman voted in favor.

Ryan abstained.

Item: New Business

No action was taken.

The Committee adjourned at 4:13 PM EST.