

**FINAL DRAFT**  
**Friends of the Cumbres & Toltec Scenic Railroad, Inc.**  
**Board of Directors' Meeting – June 21, 2009**  
**Cookin' Books Restaurant, Chama, NM**

**Attendance:** Bob Craine, John Engs, Jim Herron, David Lee, Bill Lock, Ed Lowrance, Craig McMullen, Jim O'Keefe, Dan Pyzel, Bob Ross, Warren Smalley, Linda Smith, Dennis Sterosky and Caroline Tower

**Absent:** Nan Clark, Parker Fowler and Spencer Wilson

**Staff:** Tim Tennant, Michelle Leblanc and Patrick Wilkins

**Guests:** Spero Bettalico, Steven Kells, Jean Lee, Ted Smith and Tom Schafer

**I. Call to Order**

Chairman Craine called the meeting to order on Sunday, June 21, at 8:30 a.m.

**II. Approval of Minutes**

Chairman Craine asked for corrections to the minutes of (1) the March 13th Board of Directors' meeting; and (2) the Executive Committee meetings of April 22, 2009 and May 21, 2009. None were proposed. Copies of the minutes were included in the Board packets.

**M/S McMullen/Pyzel** to approve the minutes for the March 13<sup>th</sup> Board of Directors' meeting. Passed unanimously.

**M/S McMullen/Smalley** to approve the minutes of the April and May Executive Committee meetings. Passed unanimously.

**III. Board and Officer Elections and Committee Appointments**

A. Director Election Results: President Tim Tennant presented the results of the 2009 Board of Directors' election. The following Directors have been elected or re-elected by the members:

Nan Clark (864)  
John Engs (861)  
Jim Herron (858)  
David Lee (860)  
Bill Lock (859)  
Ed Lowrance (861)

Craig McMullen (860)  
Dan Pyzel (861)  
Linda Smith (855)  
Dennis Sterosky (852)  
Caroline Tower (859)  
Spencer Wilson (861)

Directors Nan Clark, David Lee and Ed Lowrance will serve one-year terms which will expire in 2010. This was done to balance the number of directors up for re-election on a given year. The term of the remaining Directors expires in 2011.

**M/S Sterosky/O'Keefe** to ratify the results of the elections. Passed unanimously.

B. Election of Officers of the Corporation. Chairman Craine presented the proposed slate of officers for 2009-2010, as recommended by the Executive Committee, as follows:

Chairman of the Board	Craig McMullen
Vice Chairman of the Board	Jim Herron
President/CEO	Tim Tennant
Vice President for Development	Bob Ross
Vice President for Interpretation and Chama RVC Project	Nan Clark
Vice President for Projects	Ed Lowrance
Secretary	Linda Smith
Assistant Secretary	Bill Lock
Treasurer	Patrick Wilkins
Assistant Treasurer	Dennis Sterosky
Assistant Treasurer	Bill Lock
Assistant Treasurer	Spencer Wilson

**M/S Smalley/Lee** to approve the proposed slate of officers as presented. Passed unanimously.

Outgoing Chairman Craine congratulated Chairman McMullen and the officers and expressed his deep appreciation to the Board, the staff, and the Friends' partners for their cooperation and professionalism during his tenure. He summarized the Friends' operating philosophy of providing leadership and passion for the mission; maintaining financial stability; supporting the "boots on the ground"; and striving for excellence in all aspects of the organization's activities as a firm foundation for its success. He then turned the meeting agenda over to Chairman McMullen.

C. Appointment of Executive Committee Members: Chairman McMullen presented the proposed slate of Executive Committee members for 2009-2010 as follows:

Craig McMullen, Chair  
Jim Herron, Vice Chair  
Bob Craine  
Bill Lock  
Ed Lowrance  
Bob Ross  
Linda Smith

**M/S Sterosky/Smalley** to approve the EC slate as proposed. Passed unanimously

D. Appointment of Committees and Chairs: Chairman McMullen presented to the Board for their discussion and approval a revised roster of Committee Chairs and members, as recommended by the Nominating Committee. (See Attachment 1).

**M/S Engs/O'Keefe** to approve the Committee Chairs and members as reflected on the proposed roster. Passed unanimously.

E. Remarks from New Chairman and President. Chairman McMullen expressed the unanimous appreciation of the Board and staff for the strong leadership provided by Director Craine during his tenure as Chairman. This leadership has clearly resulted in a stronger organization, both in terms of financial strength and in its partnership with the Commission and

operator. He expressed his intent to emphasize the importance of financial integrity and a strong partnership as essential elements to continuing success, and stressed the importance of focusing on the Friends' core mission: projects. He also stated that an important short-term goal is to attract volunteers for projects in the Antonito area, and invited discussion on how to accomplish that. It was decided that Directors Engs and O'Keefe will work with Director Lee on an article for the "Dispatch" designed to highlight the Antonito work site.

President Tennant also thanked Director Craine for his leadership, and stressed the need for increasing the membership base as a primary source of raising unrestricted general operating funds. He stated that the last two years have been highly successful in raising restricted funds (those for defined projects); however, the need for obtaining operating funds from individual donors, foundations and other sources has to be a top priority to maintain the project focus.

#### **IV. Remarks from Rail Operator**

General Manager Soni Honegger thanked the Friends for all of their assistance, especially during the first part of the operating season. Much of the Friends' volunteer work during Sessions A and B was in direct assistance to the operator. He updated the Board on the status of C&TSRR activities, including the on-going restoration of Engine 463 which is currently undergoing boiler inspection and repair.

#### **V. President's Report**

President Tennant presented his progress report to the Board, highlights of which included the following:

- The Friends will join the railroad in attending the National Garden Railroad Convention 2009 in Denver during July; and the National Narrow Gauge Convention in Colorado Springs during September.
- The Narrow Gauge Preservation Foundation Board (NGPF), including Chairman Sam Furukawa and others, rode the C&TSRR recently and were provided with a briefing on the proposed Railroad Visitor Center (RVC) project. The NGPF has expressed interest in supporting the project.
- Despite some disruptions during the first weeks of the operating season, the C&TSRR is now fully operational and experiencing either nearly equal or increased revenues when compared with last year at the same time.
- "Cinder Bear" trains began operating on Thursday, June 18 and will continue every Thursday through August 9. Sunday express trains start on July 5 and will operate through August 23, with trains also scheduled on September 27 and October 4.
- The Friends have been notified of two pending estate gifts which could materialize within the next few weeks, amounting to approximately \$30K-\$50K.
- The Commission has approved the loan of Pile Driver OB to the Colorado Railroad Museum (CRM) from late June to late October. Transportation costs will be borne by the CRM.
- The Institute of Museum and Library Services (IMLS) has clarified for the Friends that they are eligible to submit another Save America's Treasure (SAT) proposal for a project that is separate from the restoration of Engine 463 (which was funded earlier by SAT).
- The Friends have been advised that the Chama RVC project is included in New Mexico's Statewide Transportation Improvement Program (STIP) budget for FY 2010-2013 for \$400,000 in 2012.
- As of June 2009, the Friends have 2,160 members with an average contribution of \$86.63 per member. This compares with 2,215 members at the end of December 2008 with an

- average contribution of \$95.99 per member. Extra effort will be devoted to enhance membership.
- Efforts are underway to formally respond to the New Mexico Historic Preservation Division regarding plans for the RVC. Two bids to perform an archeological survey have been received; because of the large difference between the offers, another quote will be sought.

President Tenant proposed the 2009-2010 Master Calendar of events as follows:

- The Fall Board meeting and banquet will be held on Friday, October 23 in Colorado Springs at the Colorado Springs Country Club. On Saturday, October 24, the Board will tour the Trolley Museum and the Friends' Colorado Springs work site.
- 2010 Work Sessions (*2010 railroad opening day – 5-29-2010*)
  - May 24 - 28: Work Session "A"
  - May 31 - June 4: Work Session "B"
  - June 14 - 18: Work Session "C"
  - June 21 - 25: Work Session "D"
  - August 2 - 6: Work Session "E"
  - August 9 - 13: Work Session "F"
  - August 16 - 20: MT Work Session 1
  - August 23 - 27: MT Work Session 2
- Board Meetings:
  - March 12 BOD Meeting and Banquet – Albuquerque (site TBD)
  - June 18 Annual Meeting and Dinner – Conejos, CO
  - June 19 BOD Meeting – Chama, NM
  - October 22 Fall BOD Meeting & Banquet – Site TBD
- Special Events: President Tenant and Director Lock are working on dates for the Moonlight Charter and special event trains and will recommend to EC.

**M/S Lock/Herron** to accept the President's report, including master calendar. Passed unanimously.

## VI. Finance Committee Report

Newly elected Treasurer Patrick J. Wilkins (CPA) gave a special presentation to the Board on the scope and detail of financial information appropriate for non-profit boards. Entitled "What do you know vs. what do you want to know?" Treasurer Patrick discussed the presentation of useful and relevant financial information within the context of Board decision-making. Key areas of concern are financial resiliency, multi-year trends in income, expense, net income, net worth and cash, and the organization's track record in achieving financial targets. He presented charts and graphs which clearly depict major financial trends that will assist the Board in their broader management deliberations, and identified his proposed upcoming projects, including (1) inventorying historic assets; (2) evaluating accounting treatment for pledges receivable, (3) evaluating the adequacy of the current accounting system, (4) developing a cash forecasting methodology, and (5) developing a tool to track and report on restricted funds.

Assistant Treasurer Sterosky then presented the results of the calendar year 2008 audit, conducted by Reynolds, Hix and Company (CPAs). The audit resulted in an unqualified

opinion<sup>1</sup> that the Friends' organization was in conformity with accounting principles generally accepted in the United States. Cash at the end of CY 2008 was \$516,335.

The Profit and Loss Statement from January through May 2009 reflects a significant under-run in expenses (72% of what was budgeted), but also a similar under-run in projected income (65% of what was budgeted) due to projected grant awards which were delayed. Gross profit was budgeted at \$213,350 and actuals reflect a gross profit of \$138,099. Total checking/savings at the end of this period were \$552,765, a slight improvement from the end of CY 2008.

**M/S Ross/Craine** to accept the audit results and the financial report. Passed unanimously.

## **VII. Development Committee Report**

Director Ross provided an update on Another Century of Narrow Gauge Steam-II capital campaign. There has been an increase since his March report on total donations and pledges. As of May 31, 2009, cash donations and pledges amount to \$1,041,276. Total cash received to date is \$440,440. He reported that the campaign is well positioned to reach its five-year goal of \$2M.

Development Coordinator Michelle Leblanc presented a report on her activities. During her brief 90-day tenure, she has submitted grants to the Candelaria Fund, El Pomar Regional Council, North American Railway Foundation and Los Alamos National Laboratory for various work projects and educational initiatives. She has also developed contacts with Federal, state and local officials on behalf of the C&TSRR and the Friends, and has established positive working relationships with the Commission, the operator, and the Friends. Michelle also reported that foundation funding has been significantly reduced during the current economic downturn, and that many foundations are focusing their giving to human services organizations (food, shelter and clothing).

Directors Smith and Tower reported on the status of the grant proposal to the Institute for Museum and Library Services (IMLS) Museums for America program for \$59K in Federal funds for development of a Master Exhibit Plan and specific exhibit plan for the RVC. The results should be announced in late July. If this proposal is not successful, the grant writing group will re-submit an earlier grant proposal for the same services to the National Endowment for the Humanities which would be due in late August 2009.

At the request of Director Ross, Director Smith provided a brief report and a detailed hand-out on the process involved in applying for accreditation with the American Association of Museums (AAM). The Development Committee recommends that President Tennant and Directors Ross and Smith look further into the requirements for accreditation to determine desirability and timing of applying.

**M/S Sterosky/Lock** to accept the Development Committee recommendation to further study the AAM accreditation process and to accept the Committee reports as presented. Passed unanimously.

## **VIII. Newsletter (Dispatch)**

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<sup>1</sup> An unqualified opinion is one without any reservation.

Director Lee reported that the summer issue is well underway. Included in this issue are reports on the "A" and "B" work sessions and photos and more articles are now being solicited. He sought direction from the Board with respect to the Friends' Annual Report, noting that past practice was to include an abbreviated annual report with the "Dispatch" which can be detached and serve as a separate document. After a brief discussion as to the pro's and cons of continuing with that practice, it was brought to a vote.

**M/S Herron/Lowrance** to continue to produce an abbreviated annual report as a "stand-alone" insert in the "Dispatch" newsletter. Passed unanimously.

## **IX. Restoration and Interpretation Programs Report**

### **A. Projects**

Steven Kells, of Kells + Craig Architects, Inc., Albuquerque, NM, was asked by John Sutkus, Team Leader for the Chama coal tipple project, to seek estimates for replacing the existing roofing and decking. Mr. Kells, a long-time associate and supporter of the Friends and the railroad, possesses in-depth knowledge of many of the railroad's historic structures and the governing Federal and state statutes. He has identified permanent roofing material that would most likely meet New Mexico Historic Preservation Division (NMHPD) standards, and has received a preliminary proposal from an Albuquerque contractor. Formal approval from NMHPD must be obtained through the Commission. Mr. Kells further recommended that the Friends seek additional proposals in order to select the best and final offer.

Director Lowrance reported on the activities and issues related to the Project Committee (PC):

- The title of the "chronicling" function has been changed to "project documentation." The project documentation function is focused on recording historic preservation work in accordance with accepted museum standards and practices. The project documentation focus will not preclude the photographing of events and activities for public relations purposes, but there is now a clear delineation between the two functions. Team leader reporting, which results in the publication of documents for the Commission and the NMHPD as well as other stakeholders, will continue as it presently exists.
- Despite a reduction in volunteer support for the current work sessions, key projects are progressing well. This includes 0503 Caboose, 053 Cook Car, X54 RPO and OP Crane Car.
- Preparation of the Colorado Springs work site for the 0252 Immigrant Sleeper project is moving forward. The car needs to be in Colorado no later than mid-July so it can be displayed during a joint open house at the Trolley Museum. Major cost this year will be for moving the car. Major work for the next two years will be in research and careful deconstruction.
- Personnel changes include the resignation of Don Bayer as Chama Coordinator and Art Randall as a PC member. Don will remain as a PC member, and Art has agreed to provide assistance on special projects and serve as a consultant to the PC. Russ Hanscom has been asked to serve on the PC. Director Ross will temporarily assume the role of Chama Coordinator until the position is filled.
- While work session participation is somewhat reduced this year, there is sufficient participation to accomplish most planned work projects. May work projects were devoted entirely to fulfilling requests from the railroad operator. This included renovation of a rider gondola and rebuilding both the Chama water tank water spout hangers.

- Russ Hanscom has completed a survey of the Chama Depot roof structure and reports that the structure may be strengthened with a simple replacement of missing support members. Replacement of decking and roofing materials should not be delayed much longer. The Commission is seeking funding from the state of New Mexico to accomplish this work.

Chairman Lowrance requested the Board's approval of supplemental funding for 2009 in the amount of \$6,000. The increase is necessary because the PC is operating eight work sessions (two in Virginia City, MT) this year rather than the usual six (and will do so for two additional years). He further estimates that this will require a budget increase of at least \$10K for 2010 and beyond. He reminded the Board that the return from the Montana work sessions (over a three year period) is substantial in that the Montana Historical Society is giving the Friends 12 UTLX trucks to go under tank cars estimated to be worth \$90,000.

After a brief discussion, the following motions were offered:

**M/S Tower/Ross** to task President Tennant and the Development Committee to review the request for contingency funds, determine the appropriate source (restricted vs. unrestricted) and make recommendation to the Executive Committee. Passed unanimously.

**M/S Sterosky/Lock** to accept the PC report, including recommendations for personnel reassessments. Passed unanimously.

B. Docents. Bob Hay, Docent Coordinator, is unable to attend 2009 work sessions because of family illness. Director Ross has assumed the lead docent role, assisted by Jim Ward.

C. Interpretation. The fifth interpretive panel for the Cumbres kiosk has arrived and work has begun on the sixth (and final) panel. Both panels will be installed during the 2010 work sessions. The new Museum Car will be moved to a location between the depot and the restrooms.

D. Collections. Director Pyzel, who recently assumed chairmanship of this committee, reported that he will soon have a formal meeting and is planning to take advantage of reporting and documentation (accomplished by Art Randall) which provides a foundation for prioritizing the rolling stock for purposes of restoration planning.

**M/S Herron/Engs** to accept reports from the Interpretation (including Docents) and Collections Committees. Passed unanimously.

## X. New Business

Director Lock reported that long-time supporter Frank Burton passed away recently, and proposed a written resolution, recognizing his contributions to the organization.

**M/S Craine/Sterosky** to approve resolution. Passed unanimously.

Director Lock further recommended that George and Alta Berkstresser, who have been active volunteers with the Friends' organization for more than twenty years, are retiring. He proposed that they be awarded the Frank and Ann Burton Award.

**M/S Pyzel/Smalley** to approve the award. Passed unanimously.

Director Lock also proposed that the Friends buy or build a cart for folding chairs for the Chama Valley School District to recognize their support of the organization in providing venues for meetings. Chairman McMullen volunteered to research the best approach and report back to the EC.

And finally, Director Lock proposed that the Friends purchase a one-half acre of land adjoining the Antonito railroad yard which is being sold by motel owners Ray and Joy Francis. Director Lock pointed out that it could provide opportunities for the Friends in the future for expanded facilities or as an appreciating asset. The following brief discussion focused on the low utilization of existing Antonito facilities, the lack of a perceived use for the land, and the need to devote current resources to existing projects.

**M/S Lock/Sterosky** to purchase the land for \$9,000. Failed by majority vote.

**M/S Lock/Smalley** to accept the land if donated by owner. Passed unanimously.

The meeting was adjourned at 1:45 p.m.

Respectfully submitted,

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Linda M. Smith, Secretary

Attachment:

Report on 2009-2010 Committee Assignments