

**Friends of the Cumbres & Toltec Scenic Railroad, Inc.
Board of Directors Meeting held March 17, 2007
Albuquerque Hotel, Albuquerque, New Mexico**

Attendance: Bob Craine, Tim Tennant, Frank Yockey, Spencer Wilson, Bob Ross, Nan Clark, Bob Tully, Art Nichols, Ed Lowrance, Jim Herron, Dan Pyzel, Warren Smalley, Bill Lock, Curt Bianchi, Dennis Sterosky, Parker Fowler.

Absent: Jerry Sahnd, Richard Tower.

Guests: Art Randall, Phil McDonald, Tom Simpco, John Engs, Mona Tully, Jean Lee, Kathleen Owell, Les Clark, David Lee, Howard Bunté, Terri Shaw, Geof Gordon.

I. Call to Order

Chairman Craine called the meeting to order at 8:32 a.m.

II. Approval of Minutes

Chairman Craine asked for corrections to the minutes of the October 28, 2006 board of directors meeting, and the Executive Committee meeting minutes of November 15, 2006; December 14, 2006; January 17, 2007; and February 22, 2007. Director Clark noted some spelling errors in the October 28, 2006 meeting minutes.

M/S Smalley/Yockey to approve the minutes as corrected. **Pass unanimously.**

III. President's Report

President Tennant presented his report, the highlights of which follow.

- On March 7, President Tennant and Director Lowrance attended a meeting of the Northern Pueblos Regional Planning Organization in Santa Fe, regarding our request for \$400,000 from the New Mexico Department of Transportation enhancements funds to help fund construction of the Chama Railroad Visitor Center (RVC). Out of eight enhancement projects, ours was given highest priority, which should allow us to receive funding sooner if the application is approved.
- Acquisition of the Dorman Photo Collection was completed in late January and volunteers, supervised by Spencer Wilson and Vern Glover, have made good progress in cataloging the photos..
- Jean Lee has agreed to oversee an assessment of work session first aid and medical kits.
- Sam Furukawa's book about the C&TS will be available to Friends members. The Friends will realize a profit of \$15 for each book sold.
- We have been notified that the estate of Robert W. Richardson has bequeathed to the Friends \$5,000 to be used for an indoor display of the C&TS' history and/or for library usage.
- As a means to grow Friends membership in 2007, we are exploring the possibility of obtaining a mailing list from *New Mexico* magazine.

- A number of Friends members have been attending and manning booths at model railroad and railroad collectible shows around the country.

President Tennant also reported on some CTSMC items, the highlights of which are below.

- The railroad management team attended a one-and-a-half-day management training seminar.
- Off-season work continues and shop forces in both Antonito and Chama are making good progress on locomotive and coach projects. It is anticipated that locomotive 489 will be completed sometime during the month of June.
- A number of appropriations bills are working their way through the New Mexico legislature, including an appropriation of \$100,000 to fund the commission; \$1 million to undertake locomotive, track and other improvements; and \$50,000 for passenger coach enhancements.
- The New Mexico legislature has approved a special C&TS license plate. \$25 collected from each plate will go to the commission. It is anticipated that the new plates will be available in 2008.
- Negotiations between CTSMC and the commission have gone well, and it is anticipated that an eleven-month contract will be approved in April.

Chairman Craine briefly addressed the Friends' progress relative to our strategic goals. Despite President Tennant's leave of absence to serve as general manager of CTSMC, we have made significant progress on all of our goals. Chairman Craine also remarked that the level of professionalism has increased in virtually all facets of the organization.

Chairman Craine noted that, unlike last year, Director Smalley will be unable to serve as Interim Executive Director during President Tennant's leave to serve as general manager of CTSMC. Director Lock will serve as interim CEO, but others will need to step up in various aspects of Friends business.

M/S Fowler/Smalley to approve the terms of Tim Tennant's employment contract and the terms of his leave of absence. **Pass unanimously.**

IV. Finance Committee Report

Treasurer Sterosky presented the Finance Committee report. He reviewed the year-end financial statements, the financial statements through February 2007, and the ACNGS statements as of December 2006 and February 2007. In summary, the corporation's financial condition is very good.

Treasurer Sterosky recommended that we retain the firm Reynolds and Hix to undertake the audit of the 2006 financial statements.

Treasurer Sterosky discussed the process for tracking ACNGS pledges. As with ACNGS I, pledges to ACNGS II will not be included on the balance sheet because they are not legally enforceable. However, we will track them separately for recordkeeping purposes.

Director Lock reported that, per approval by the board at its October 2006 meeting, we have closed our certificate of deposit for the restricted Chama CRF account, and used the funds to pay down the mortgage on the "South Chama Farms" property that the Friends purchased last year. Also per the October 2006 board meeting, Director Lock negotiated an unsecured line of credit in the amount of \$35,000 at prime interest rate.

M/S Pyzel/Ross to receive the financial report. **Passed unanimously.**

M/S Sterosky/Pyzel to approve and ratify an unsecured line of credit for \$35,000 at prime interest rate, as negotiated by Director Lock. **Passed unanimously.**

M/S Tully/Sterosky to confirm the appointment of Reynolds and Hix to audit the Friends 2006 financial statements, at a cost of \$6000 plus gross receipts tax. **Passed unanimously.**

V. Development Committee Report

Development Committee Chairman and Director Bob Ross presented the report. To date, we have received approximately \$600,000 in ACNGS funds, and we currently have approximately \$141,000 in cash available for use. He asked the board to consider using a portion of these funds for capital purchases for the 2007 work session projects.

M/S Ross/Lock that \$20,000 of ACNGS I funds be allocated toward the purchase of materials for preservation and restoration projects for the 2007 work sessions. **Passed unanimously.**

Director Ross then described the upcoming launch of ACNGS II, a \$2 million, five-year campaign to be launched in late April 2007. Kickoff events will include the distribution of the campaign brochure, letters to our members, a press release, updating the web site, approaching foundations and corporations, working with the Antonito and Chama communities to apprise them of the campaign, and donor boards to be placed at Antonito and Chama to identify major donors.

Director Ross indicated that we already have \$150,000 in pledges, including 100% participation from all active directors. The Development Committee has also personally contacted each of the major donors to ACNGS I to review the previous campaign, and to solicit their support for ACNGS II. Director Clark described the efforts thus far to appeal to foundations and corporations.

Director Clark reported on the progress with respect to grant writing. Six grants have been written, and we expect to write an additional 30 grant proposals.

Chairman Craine noted that the increased grant-writing activity, as well as the launch of ACNGS II campaign, will put additional demands on the office staff. Director Clark estimated that administration of grants and ACNGS II will require about 16 hours a week of office work. Chairman Craine emphasized the importance of administering these programs in a professional manner. This is an issue that will be discussed among the office staff and the directors who work closely on these programs.

Chairman Craine described the efforts thus far to create a formal planned giving program. He intends to create a brochure describing how members can include the Friends in their planned giving intentions.

M/S Lock/Yockey to receive the Development Committee report. **Passed unanimously.**

VI. Nominations Committee Report

Nominations Committee Chairman and Director Warren Smalley presented the report. The committee made the following recommendations.

1. Two directors whose terms expire in 2007 will not stand for re-election. Further, the Friends bylaws permit up to 20 board members. Since the committee identified several outstanding candidates for the board, it recommended increasing the size of the board to 19 members, submitting four nominees--in addition to the incumbents--for consideration by the board.
2. The committee made general recommendations for appointments to the proposed Advisory Board.
3. Several board members have raised the possibility of term limits for directors. The Nominating Committee considered this, but given wide-ranging opinions on this matter, the committee chose to make no recommendation to the board.

Director Lock described the proposed amendment to the by-laws, which would do away with Consulting Directors and replace them with an Advisory Board.

M/S Ross/Tully to approve and adopt the proposed amendment to create an Advisory Board, and to delete section 5.1.3 of the by-laws describing Consulting Directors. **Passed unanimously.**

The board entered into executive session to consider various matters.

The board entered into open session.

M/S Smalley/Fowler to approve the 2007 incentive compensation plan for Tim Tennant. **Passed unanimously.**

M/S Fowler/Yockey to set the size of the board to 19 directors.

M/S Fowler/Ross to accept the report of the Nominating Committee, and to nominate David Lee, Craig McMullen, Caroline Tower, and Linda Smith for election to the board of directors, in addition to the incumbent directors standing for re-election (Nan Clark, Jim Herron, Bill Lock, Ed Lowrance, Dan Pyzel, Dennis Sterosky, and Spencer Wilson).

VII. C&TS Dispatch Report

Dispatch editor David Lee presented his report. The Spring issue of the *Dispatch* will be mailed next week. A regular feature begun with the Winter issue will be the inclusion of a photograph from the Dorman collection on the back cover of each issue of the *Dispatch*.

Director Nichols brought to the board's attention a manuscript that he wrote for publication in *Steam Railway*, a magazine published in the United Kingdom. A set of Tom Cardin photographs was also submitted. A publication date has yet to be determined.

VIII. Docents Report

Director Yockey presented the report. We have 36 active docents. The goal for 2007 is to have a docent on every train for the third consecutive year. This will require us to increase the number of docents in order to accommodate the increased train schedule this year.

IX. Railfan Committee Report

Railfan Committee Chairman and Director Bill Lock presented the report. The annual moonlight train is scheduled for June 30. A railfan charter has tentatively been scheduled for August 4, hopefully pulled by locomotive 315 being restored in Durango.

M/S Sterosky/Bianchi to accept the Railfan Committee report. **Passed unanimously.**

X. Restated Triad Agreement

We have asked the commission to put the revised Triad Agreement on their agenda for consideration at an upcoming commission meeting.

XI. Interpretation Committee Report

Interpretation Committee Chairman Terri Shaw presented the report. Most of the committee's attention has been focused on the design and composition of the panels for the Cumbres information kiosk, and she presented mockups for some of the panels. She expects to have the panels ready for installation this summer. The committee has also completed conceptual plans for the boxcar museum car, cook car 053, the Hinman coach, and the Cumbres section house.

The board then took up consideration of a new chairman for the committee, as Ms. Shaw had previously indicated to the board her intention to resign as committee chair. Chairman Craine thanked Ms. Shaw for her service as the Interpretation Committee chair, and proposed that Frank Yockey become the new chairman of the committee.

M/S Ross/Sterosky to ratify the appointment of Frank Yockey as chairman of the Interpretation Committee. **Passed unanimously.**

XII. Railroad Visitor Center (RVC) Status Report

Director Lowrance presented the report. As previously described, the Friends made a presentation to the Northern Pueblos Regional Planning Organization regarding the RVC. The working group continues to make progress on planning. An item to be addressed later this year will be to obtain operator and commission approval for a site. Director Lowrance asked the board to ratify the additions of Linda Smith, Frank Yockey and Keith Hayes to the RVC working group.

M/S Lowrance/Sterosky to add Linda Smith, Frank Yockey and Keith Hayes to the RVC working group. **Passed unanimously.**

XIII. Projects Committee Report

Projects Committee Chairman Bob Tully presented the report. He briefly highlighted some of the projects for 2007. Work Session S is to complete various items related to the Antonito CRF. He estimates that it will require 32 volunteers, and he is concerned about our ability to attract that many volunteers for this session in early May. We remain in need of a project reporting team leader to replace Ted Smith, who has filled this role the last two years.

Art Randall discussed the Projects Committee reorganization proposal, which was distributed to the directors before the meeting. In his remarks, he emphasized that we need to have a clear vision that directs our restoration plans.

The board then discussed the reorganization proposal, as well as Director Tully's impending resignation as Projects Committee chairman. Chairman Craine described our current issue as one of continuing our restoration and preservation programs in the face of Director Tully stepping down as chairman of the Projects Committee, while also taking steps to implement the reorganization proposal. He suggested that there are three issues to consider. 1) How do we consider and implement the reorganization proposal? 2) Is it time to hire a paid project manager? 3) How do we get our work done in the short-term while preparing for the long-term? The board discussed these issues. The board agreed that we need a volunteer chair to replace Director Tully, and we need to hire a project manager.

Chairman Crane suggested that the Executive Committee work with Director Tully and Art Randall on a plan of attack, making sure we are covered this summer while also developing a long-term plan.

M/S Lock/Wilson to delegate to the Executive Committee the responsibility for hiring a project manager/curator. **Passed unanimously.**

XIV. New Business

Director Fowler presented a proposal for covered car storage.

Director Lock reported that we were unable to acquire any cars or parts from the Helfin estate.

Director Lock reported that we are close to completing the donation of a 34-foot stock car body to the Friends.

XIV. Adjournment

The meeting was adjourned at 3:46 p.m.

Respectfully submitted,

Curt Bianchi, Secretary