

**Friends of the Cumbres & Toltec Scenic Railroad, Inc.**  
**Minutes of Board Meeting Held October 28, 2006**  
**Canon City, Colorado**

A regular meeting of the Board of Directors of the Friends of the Cumbres & Toltec Scenic Railroad Inc., a New Mexico non-profit corporation, was held in Canyon City, Colorado on October 28, 2006

Board members present: Nan Clark, Bob Craine, Parker Fowler, Jim Herron, Ed Lowrance, Bill Lock, Bob Ross, Dennis Sterosky, Dan Pyzel, Bob Tully, Frank Yockey.

Board members absent: Curt Bianchi, Art Nichols, Jerry Sahn, Spencer Wilson, and Richard Tower, who is on a leave of absence from the Friends' board.

Guests: Roger Briggs, Les Clark, John Eng, Geoff Gordon, George Lawrence, David Lee, Jim McGhee, Sharon McGhee, Art Randall, Mark Spencer, Mona Tully, and Cliff Young.

Director Warren Smalley was also present, acting in his capacity as Interim Executive Director, having taken a leave of absence from the board until October 31, 2006.

Tim Tennant, General Manager of the C&TS Management Corp. (CTSMC), on leave as President and Executive Director of the Friends, was also present.

**1. Call to Order**

Chairman Bob Craine called the meeting to order promptly at 8:00 a.m. MDT.

**2. Approval of Meeting Minutes**

Chairman Bob Craine asked for corrections to the June 2006 Board meeting minutes, and the minutes of the August, September, and October Executive Committee meetings. There were no corrections.

**M/S Pyzel/Fowler** to approve the June 17, 2006 board meeting minutes; the August 30, 2006 Executive Committee meeting minutes; the September 14, 2006 Executive Committee meeting minutes; and the October 11, 2006 Executive Committee meeting minutes as submitted. **Passed unanimously.**

**3. Interim Executive Director's Report**

Interim Executive Director Warren Smalley reviewed his written report. Some of the highlights of his report are as follows:

- 47 work session projects had been worked on this year with many completed.
- The economic impact of the volunteer sessions to the local economies appears to be over \$1 million per year.
- 484 volunteers put in more than 20,000 hours of labor with an economic value to the railroad of over \$400,000.

- Mr. Smalley mentioned the contact that he has had with school officials at the Jicarilla Apache Reservation and that we can look forward to some constructive cooperation between our organizations.
- Mr. Smalley mentioned that the partnership for the movie Jericho was closed out, but before the final accounting was rendered we purchased one hundred DVDs for resale at a favorable price.
- On behalf of Director Spencer Wilson, who could not be present because of Kathleen's surgery, Mr. Smalley gave Spencer's report on the Dorman Photo Collection. Work has been proceeding to catalogue and scan pictures into the computer so that in the future these pictures would be available for sale. Warren said that Spencer is looking for additional volunteers, and is also researching copyright issues. It would also be helpful to the project to have dedicated equipment of the best quality.

The Report of the Interim Executive Director was received.

#### **4. Financial Report**

Treasurer Sterosky gave a financial report as follows:

- He reviewed the statement of operations and balance sheet for 2006 YTD.
- The board discussed the question of "booking" pledges from Another Century of Narrow Gauge Steam II [hereinafter "ACNGS II"]. It was probably acceptable either way, but Treasurer Sterosky will look into the question of whether accounting principles required one particular approach or another. Chairman Craine noted that, relative to ACNGS I, we had made the decision to not book pledges as an asset on our balance sheet, and he recommended that we continue this practice for ACNGS II.
- Treasurer Sterosky reported that dues collection in the next two months should help significantly in reducing the present budget deficit.
- Treasurer Sterosky presented the Finance Committee's prepared preliminary budget for 2007.
- Directors Lock and Lowrance acknowledged the very helpful work done by member Don Bayer in Chama on the mobile home on our new property.

**M/S Smalley/Sterosky** to approve the preliminary budget for 2007, with the understanding that President Tennant would be refining it in future weeks. **Passed unanimously.**

**M/S Tully/Pyzel** to accept the financial report as submitted. **Passed unanimously.**

Treasurer Sterosky then presented the recommendation of the Finance Committee concerning the satisfaction of two earmarked fund accounts on our books. The Hipkind Fund was donated for the purpose of interpretation to honor the memory of Mike Hipkind. There remains \$1,179.00 in the Hipkind Fund and the treasurer reported that we had actually expended \$26,067.23 on interpretation projects this year. The Flowers Fund was donated for the purpose of locomotive restoration to honor the memory of Ralph Flowers. There remains \$5,055.47 in the Flowers

Fund and the Treasurer reported that we had actually expended \$13,819.26 on parts and materials for locomotive restoration this year.

**M/S Sterosky/Yockey** to deem the restrictions on the Hipkind and Flowers Funds satisfied and to remove the restriction on the funds and to utilize these funds for the relevant expenditures during 2006. **Passed unanimously.**

## **5. 2007 Strategic and Operating Plan Evaluation**

Chairman Bob Craine presented an evaluation of our strategic and operating plan. Some of the highlights of his evaluation are as follows:

- We seem to function well under pressure.
- A big goal for the Friends every year is for the railroad to operate, and we have been immensely successful with that goal.
- We had a very good year in 2006; maybe not “A” grade, but we made very good progress.

We had a significant discussion about our role as a “museum.” Director Fowler was concerned about the Friends abandoning its role in the restoration area. All of the directors attempted to assure him that we had not at all abandoned that function. President Tennant said that “we have evolved” to a larger role in supporting the railroad in many ways. Director Herron reminded the board that it must tell the story of the purpose of the restored artifacts.

**M/S Tully/Sterosky** to accept the report on the evaluation of our strategic and operating plan. **Passed unanimously.**

## **6. 2007 Calendar**

Chairman Craine viewed our calendar of events and dates for 2007, which was confirmed as the master calendar, as follows:

- Spring Board Meeting March 16-17, 2007 Santa Fe or Albuquerque
- Work Session A – May 14-18, 2007
- Work Session B – May 21-25, 2007
- Work Session C – June 18-22, 2007
- Annual Meeting Friday, June 22, 2007
- Summer Board Meeting Saturday, June 23, 2007
- Work Session D – June 25-29, 2007

- Moonlight Train June 30, 2007
- Work Session E – August 6-10, 2007
- Work Session F – August 13-17, 2007

## 7. ***C&TS Dispatch* Report**

*C&TS Dispatch* Editor David Lee gave his report. He stated that the Fall issue, primarily covering the June work sessions, had been mailed. The Winter issue is close to completion with the goal to complete the distribution of it before the end of the year. Mr. Lee's plan to print pictures on the back page from the Dorman Collection was received with enthusiasm. He stated that he will include a list of all volunteers in the future, but the format will be changing. At Mr. Lee's request, the board discussed the policy of including obituaries in the *Dispatch* and concluded that obituaries should be selective with those appearing in print to be the people who had a significant involvement with the Friends.

**M/S Fowler/Sterosky** to accept Mr. Lee's report with great thanks. **Passed unanimously.**

## 8. **Development Committee Report**

Vice Chairman Bob Ross, Chairman of the Development Committee, gave his report. He first gave his report on ACNGS I. Almost \$600,000 has been received, having been contributed by approximately 1/3 of our members and approximately 20 non-members. The funds raised have been contributed for very worthwhile efforts as shown on the written report submitted.

Vice Chairman Ross next reported on the new campaign for ACNGS II. This campaign would also give our members an opportunity to contribute, but would reach out to non-members and corporations as well. He stated that the goal of the committee was to kick off the campaign officially at our March 2007 board meeting. The team working on ACNGS II consists of Caroline Tower, Warren Smalley, Bob Ross, and Nan Clark serving as Campaign Chair. Vice Chairman Ross reported that almost every board member has made a pledge to ACNGS II in the total amount of \$147,450. Bob reported that Jay Wimer had agreed to make a contribution to the campaign of one half of the profit from his Chama Steam charter, which should be approximately \$3,000.

Director Clark gave a report on potential corporate donors to the campaign, including businesses in Colorado and New Mexico and railroad suppliers. In contacting various businesses, she discovered that historical preservation was not a high priority to most of them, but education was. Director Clark has prepared an educational curriculum booklet, which should be of great assistance in garnering corporate donations.

Vice Chairman Ross reported on his visit with the Narrow Gauge Preservation Foundation, along with Director Tower and Director Clark. Mr. Sam Furukawa, a director of the foundation, was particularly interested in seeing locomotive 463 return to service, but he is unhappy with some of the restrictions placed on the engine in favor of the Town of Antonito (which were put in place at the time of the engine's donation to the commission). A major financial contribution from the

foundation was requested by the Campaign Committee, and we are waiting to hear back from the foundation. The Friends also agreed to work cooperatively in the sale and marketing of Mr. Furukawa's new book covering the C&TS, due out next Spring.

Directors Ross and Clark responded that the campaign had a \$2 million goal, with campaign funds to be allocated approximately as follows:

- 20-25% for structure preservation.
- 25-30% for interpretation.
- 25-30% for historic rolling stock restoration.
- 10-15% for restoration of the locomotive fleet.
- 10-15% to assist in railroad operation.
- 4% for administrative costs of the Campaign.

**M/S Fowler/Lowrance** to approve the ACNGS II Campaign for \$2 million, commencing March 2007, with broadened contributor prospects and involvement by the board with aid and support to the railroad. **Passed unanimously.**

Vice Chairman Ross added that there will be a 10% allocation of funds contributed to the ACNGS II campaign to our permanent endowment fund, in the same way that we did with ACNGS I.

The importance of elevating our status on the National Register of Historic Places from a place of "local significance" to a place of "national significance" was noted. It would even be appropriate to apply for landmark status, which requires a special uniqueness of the subject property.

## **9. Report on Museum Accreditation Issues**

Vice Chairman Ross gave a report on the process of a museum accreditation. Being accredited as a museum puts procedures and policies in place that are very positive and elevates our competitive advantage in fund raising. The Development Committee tested this theory and found that it was true. The American Association of Museums ("AAM") encompasses a broad range of museums, of which 26% are history museums. Director Clark reported that accreditation will come in the 5-10 year time frame, and accreditation must be renewed every 10 years.

**M/S Fowler/Pyzel** to approve the recommendation of the Development Committee to begin the process of pursuing AAM accreditation. **Passed unanimously.**

## **10. Report on Railroad Operations**

President Tennant, on leave from the Friends while serving as general manager of CTSMC, gave his report on the 2006 railroad operations. Importantly, the railroad ran seven days a week this year, albeit with only one train on Sunday and Monday. The railroad purchased 12,000 ties and was able to install most of them, and hopes to install a similar number next year. President Tennant also reported that the railroad had established much better community relations than in the past. Also of note was improved boarding in Antonito. Rather than the traditional 33% of passengers boarding in Antonito, 41% of passengers boarded trains in Antonito in 2006. President Tennant hopes to have four working locomotives ready for the 2007 season.

## **11. Executive Session**

The Board went into executive session to consider various matters.

## **12. Chama Visitors Center and CRF Report**

Director Lowrance gave his report on the Chama Visitor Center and the Chama Car Repair Facility. He reported in detail on the purchase of the "South Chama Farms" property. He said that there are many matters that are coming together and that most of his work is quite interrelated. Nevertheless, he prefers to hold the South Chama Farms property in reserve until a full plan is developed. He pointed out the desperate need to have covered storage for restored vehicles, and that covered storage could be on either Friends property or on commission property. He pointed out how much additional credibility the Friends had gained from owning the property and CRF in Antonito. He described the three main goals for Chama as being the Railroad Visitors Center (RRVC), a covered storage unit, and a Car Repair Facility.

One of the biggest questions is the location of the Chama RRVC. Director Lowrance reminded us that SHPO and the commission have both approved a location for the RRVC in the north end of the railroad yard. When it is appropriate, he requested that Chairman Craine and Director Lock work out a contract with the State of New Mexico and the commission for the location of the facility. Director Lowrance noted that the National Park Service has guidelines for visitor welcome facilities, including the necessary size of creature comfort, education areas, and visitor information facilities. He is hopeful of moving forward with this project and reported that Friends member and architect Keith Hayes has done some drawings on the subject. It was noted that a 9,000 square foot building on two floors would perhaps cost as much as \$2.5 million, and in addition there will be the continuing cost of staffing the RRVC. Director Lowrance suggested a prioritization of Chama facilities in the following order and priority:

1. Chama Railroad Visitor Center
2. Covered Storage
3. Chama Car Repair Facility

**M/S Sterosky/Clark** to accept the report of the Chama Railroad Visitors Center and its recommendation to locate the RRVC at the north end of the Chama Railroad yard.

Upon additional discussion, the previous motion was withdrawn.

**M/S Ross/Sterosky** to approve the report of the committee and the concept of the Chama Railroad Visitors Center with the site location contingent upon acceptance by the commission, the railroad operator, and the Chama business community. **Passed unanimously.**

### **13. Projects Committee Report**

Director and Projects Chairman Bob Tully gave a report on the Projects Committee for 2006. Work and volunteer involvement went well. Director Tully passed out a written report of 2006 projects. He reported that there had been substantial progress on Pile Driver OB (in Colorado Springs) and it was the committee's plan to return OB to Chama in June 2008 in almost fully operating condition. It was his goal to show off restored work equipment especially during 2008 and have a maintenance-of-way train using this equipment. Director Tully proposed three days of regularly scheduled special trains using six passenger boxcars and the restored equipment. He hoped that the work equipment could be used in actual operation for the display trains. Director Tully stated that Roger Briggs and John Eng would be working on the 2008 special train project, hoping to bring four to eight thousand people into Chama.

**M/S Sterosky/Lowrence** to approve the continuing planning process for a series of 2008 special trains. **Passed unanimously.**

### **14. Reorganization of Projects Committee**

Director and Projects Committee Chairman Bob Tully and Art Randall then presented the report of the Reorganization Committee. They stated that it had taken much longer than expected because it was much more complicated than expected. Their idea was to shift cost reporting and work session reporting from an annual basis to a project oriented basis. They presented an organizational chart that seemed useful. The full report on the reorganization proposal is expected at the March 2007 board meeting.

**M/S Fowler/Pyzel** to accept the Project Committees report. **Passed unanimously.**

### **15. Docents Report**

Director Yockey presented the written report, which had been prepared by Chuck Heronome. Four new docents had been added during 2006, for a total 35. Every one of the 232 trains run over 142 days in 2006 had at least one docent on board, and this was the third consecutive year that every train was covered. Director Yockey reported that Tim Worth will be a co-coordinator with Mr. Heronome during 2007, and they hope to increase the number of docents to 40. The Chairman accepted their report.

### **16. Interpretation Committee Report**

There was no report received from the Interpretation Committee. Chairman Craine stated that the committee needs to be reorganized or somehow restructured. Director Clark stated that it would be hard to reinvigorate the existing committee.

**M/S Fowler/Yockey** to delegate to the Executive Committee the reorganization of the Interpretation Committee. **Passed unanimously.**

## **17. Advisory Board**

Chairman Craine reported on the idea of amending our by-laws to allow for an Advisory Board. He stated that there would be a new draft of an amendment to the by-laws for consideration at the March 2007 Board of Directors meeting, such provision to replace the provision for consulting directors in the by-laws.

## **18. Other Business**

- A. The Nominating Committee was to start work immediately on nominees for the 2007 election to the Board of Directors. Director Smalley would chair the committee and committee members would include Parker Fowler, Art Nichols, Curt Bianchi, and Frank Yockey.
- B. A brief discussion was held regarding the payoff of all or part of the Chama land mortgage (“South Chama Farms Property”). The Executive Committee will consider this matter and make a recommendation to the board with regard to the existing mortgage of \$100,000, and in particular pay down a portion of the mortgage balance with the earmarked “Chama CRF” account.
- C. Director Parker Fowler presented a proposal for covered car storage. He pointed out how damaging it was for restored cars to be out in the elements and he hoped to get most of our historic collection under roof as soon as possible. He presented an idea for providing 7,000 linear feet of covered storage at a cost of \$110,000. Art Randall pointed out the need for protective storage as well as display storage. The Projects Committee will continue working on this concept.
- D. Director Bill Lock reported on the Carl Helfin rolling stock collection. Despite hard work by Directors Tully, Pyzel, and Lock, the chances of obtaining the collection are still very much up in the air. Director Pyzel pointed out our severe need for additional parts more than the need for complete railroad cars.

**M/S Fowler/Sterosky** to authorize the Executive Committee to spend up to \$20,000 from ACNGS I to acquire additional rolling stock and parts. **Passed unanimously.**

**19. Adjournment**

Upon motion made and unanimously carried, the meeting was adjourned.

Respectfully Submitted,

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William J. Lock,  
Assistant Secretary