

Friends of the Cumbres & Toltec Scenic Railroad, Inc.
Minutes of Board Meeting Held June 17, 2006
Cookin' Books, Chama, New Mexico
Draft Pending Board Approval

Board members present: Curt Bianchi, Jim Herron, Dennis Sterosky, Bob Craine, Bob Ross, Art Nichols, Bill Lock, Nan Clark, Bob Tully, Dan Pyzel, Richard Tower, Warren Smalley, Parker Fowler, Ed Lowrance, Spencer Wilson.

Board members absent: Jerry Sahnd, Frank Yockey.

Guests: David Lee, Les Clark, Ted Smith, Art Randall, David Priddle, Dick Cowles, John Engs, George Lawrence, Bob Ground.

1. Call to Order

Chairman Craine called the meeting to order at 8:08 a.m. MST.

2. CTSMC Report

Cumbres & Toltec Scenic Railroad Management Company (CTSMC) General Manager Tim Tennant reported on the status of the railroad. He noted that the railroad is off to a good start, in spite of the short time that CTSMC was given to get operations underway. He praised the employees, and he credited the shop personnel for getting three locomotives under steam on opening day. He spoke of CTSMC's initiatives to improve the condition of the track. Ridership is up 24% over last year, and Mr. Tennant felt that marketing and public relations was making an impact. Mr. Tennant added that he is working with the local business community, and he feels CTSMC has a sound approach. Mr. Tennant also thanked the CTSMC board members for their support, as well as the Friends board for allowing him the opportunity to manage the railroad.

Chairman Craine thanked Mr. Tennant and the other CTSMC board members for their efforts.

2. Approval of Meeting Minutes

Chairman Craine asked for corrections to the March board meeting minutes, as well as the Executive Committee meeting minutes of March 9, 2006; April 4, 2006; April 19, 2006; and May 17, 2006. Director Herron noted that he was not present at the May 17 Executive Committee meeting. Director Nichols noted that David Priddle's name was misspelled in the May 17 Executive Committee minutes.

M/S Fowler/Lock to approve the meeting minutes as corrected. **Passed unanimously.**

3. Board and Officer Elections and Committee Appointments

a. Director Election Results

Secretary Bianchi announced the board of director election results for the following candidates:

Curt Bianchi, 811 votes
Bob Craine, 808
Parker Fowler, 807
Art Nichols, 816
Bob Ross, 814
Warren Smalley, 810

Bob Tully, 813
Frank Yockey, 811

Write-in votes: John Engs, 2; Tim Bristow, 1; John White, 1; Amos Cordova, 1; and Bob Hayden, 1.

Curt Bianchi, Bob Craine, Parker Fowler, Art Nichols, Bob Ross, Warren Smalley, and Bob Tully were elected to two-year terms.

M/S Pyzel/Bianchi to confirm and ratify the election of directors to two-year terms. **Passed unanimously.**

Chairman Craine noted that Richard Tower has taken a leave of absence while serving as a director of CTSMC, and that Warren Smalley is also on leave of absence while serving as interim president of the Friends. Director Lock also noted that we chose to nominate eight directors, although there were nine directors whose terms ended in 2006.

B. Election of Officers of the Corporation

Warren Smalley, Chairman of the Nominating Committee, proposed the following slate of officers of the corporation:

Bob Craine, Chairman
Bob Ross, Vice Chairman
Curt Bianchi, Secretary
Dennis Sterosky, Treasurer

M/S Lock/Fowler to elect the officers as proposed by Mr. Smalley. **Passed unanimously.**

C. Appointment of Executive Committee Members

Chairman Craine indicated that Mr. Smalley and the Nominating Committee had proposed the following slate of Executive Committee members:

Bob Craine, Chairman
Bob Ross, Vice Chairman
Curt Bianchi, Secretary
Dennis Sterosky, Treasurer
Bill Lock, Founder/New Mexico Representative
Ed Lowrance, Colorado Representative
Jim Herron, Member At Large

M/S Lock/Pyzel to approve the Executive Committee members as proposed by Chairman Craine and the Nominating Committee. **Passed unanimously.**

D. Appointment of Consulting Directors

Chairman Craine proposed the following slate of consulting directors:

Leo Schmitz, Executive Director of the Cumbres & Toltec Scenic Railroad Commission
Tim Tennant, CTSMC General Manager
Frank Turner, CTSMC President
Terri Shaw
Howard Bunté
Frank and Anne Burton

Director Fowler asked about the intent of advisory board members versus consulting directors. Director Lock described the purpose of consulting directors as providing an elevated status for former directors who wished to remain involved with the board, and who we would expect to be consulted by the board, whereas the advisory board is more of an honorary position. There was some discussion of various advisory or honorary titles. Treasurer Sterosky noted that some organizations have honorary directors for various purposes, including public relations.

M/S Sterosky/Bianchi to approve the slate of consulting directors as proposed by Chairman Craine.
Passed unanimously.

Director Lock agreed to review the differences between consulting and advisory directors and to clarify the distinction.

E. Appointment of Committees and Chairmen

Chairman Craine proposed a slate of committees, which the board discussed. Bob Tully stated that he is currently reviewing the Projects Committee, and that he expects to reorganize the committee in the near future.

Director Wilson proposed that a new Library Committee be created because of the increased importance of the library, especially in light of the acquisition of the Richard Dorman Photograph Collection.

Director Clark expressed concern that the Interpretation Committee is not actively involved with the board in terms of being present at the board meetings.

The amended committees were as follows:

Finance

Dennis Sterosky, Chair
Warren Smalley**
Bill Lock
Bob Ross
Bob Craine

Nominating

Warren Smalley, Chair**
Curt Bianchi
Parker Fowler
Art Nichols
Frank Yockey

Chama Task Force

Nan Clark, Chair
Roger Breeding
Terri Shaw
Caroline Tower
Bob Tully
Spencer Wilson
Frank Yockey

Development (incl Membership)

Bob Ross, Chair
Richard Tower (on leave of absence from Friends board while serving on CTSMC board)
Curt Bianchi

Nan Clark
Parker Fowler
Bill Lock
Warren Smalley
Jim Herron
GWG

Projects

Bob Tully, Chair
Roger Briggs
Ed Lowrance
Don Metzler
Art Randal
Bob Ross
Dan Pyzel
Roger Breeding, *ex officio*
Bill Lock, *ex officio*
Jerry Sahnd , *ex officio*

Interpretation

Terri Shaw, Chair
Frank Martindell
Dick Ross
Spencer Wilson
Howard Bunté

Railfan

Bill Lock, Chair
Steve Fowler
Dan Pyzel
Spencer Wilson
Curt Bianchi
George Lawrence

Library/Archive Committee

Spencer Wilson, Chair
Vern Glover

**Warren Smalley is ex officio on all committees until Tim Tennant returns from his leave of absence.

M/S Sterosky/Lock to approve the creation of the Library/Archive Committee, and to accept the slate of committee members as proposed by Chairman Craine and amended by the Board of Directors.

Passed unanimously.

F. Minutes Distribution List

President Smalley asked that the minutes distribution remain as-is until the October board meeting, at which time he would proposed modifications to the list as deemed necessary.

4. Installation of New Directors and Officers

Chairman Craine welcomed the new board and officers. He noted that President Smalley has done a good job in his role as interim president, despite performing this function in a part-time capacity. Chairman Craine was also pleased with how much the organization has accomplished in light of our need to help the commission with the management of the railroad and the formation of CTSMC.

5. Consideration of Bylaw Amendment for Advisory Board

Director Lock distributed a proposed by-law amendment to create an Advisory Board. The directors took up discussion of the purpose of such a board and how it would be implemented. One purpose of an advisory board, Director Lock said, would be to involve the community in our activities to a greater extent than it is now, and to facilitate communication and interaction between the board and the local community members. There was some concern about how to implement an advisory board in terms of convening such a board and providing a forum for its input.

Chairman Craine described an advisory board as a group that has a non-legal, non-voting position, reporting to the board of directors. They have no legal liability or authority for the acts of the organization. An advisor is a friend of the organization who renders advice when asked and as needed. An advisory board would provide us with a mechanism to recognize people outside of the board that are important to us, such as donors or community members. Conversely, membership on the advisory board would confer stature to the members, indicating that we recognize them as important to the organization.

Director Lowrance noted that we are becoming a bigger and bigger business, and he felt that we would need more advice in the future regarding business concerns. He suggested that an advisory board consist of people that could help us as we become members of the larger business and museum community. He suggested not limiting such a board to people who are intimately connected to the C&TS.

Chairman Craine suggested that we re-craft the bylaw more in terms of an advisory *position* rather than as a board.

M/S Fowler/Lock to table the consideration of the advisory board position for further refinement at the October board meeting. **Passed unanimously.**

6. Discussion of Strategic Plan and Business Plan

Chairman Craine noted that we are continuing to work on the strategic plan.

7. President's Report

The *Classic Trains* solicitation of 7,000 individuals was mailed on June 6. We anticipate similar results to last year's *Trains* magazine solicitation, which generated 165 new members.

The recent mailing to the Friends membership regarding the Dorman Collection has thus far generated \$9,000 in donations, and 20 possible volunteers.

Ticket sales for the Friends' railfan and moonlight trains are going very well, and we expect them to sell out.

Director Clark noted that the railroad asked about using the Friends' speeders for track work. Dave Ferro reported that they are too small for such work and are also historic pieces of equipment, and therefore unsuitable for regular maintenance-of-way use.

8. Membership Report

President Smalley presented the report. He expressed concern that we are currently at a 59% renewal rate. This is partially due to our conversion to monthly renewals versus end-of-year renewals, but it is hard to gauge the effects of the conversion. He also advised that the office staff is currently overloaded, and that renewal second notices had not been sent out yet. President Smalley believes that we will catch up, but he wanted the board to be aware of the situation. Director Craine noted that if

we do not catch up, we could be forced to curtail services and lay people off. It is very important that the membership grow.

Director Craine raised the issue of providing trained safety officers at work sessions. A personal friend who is a medical doctor came to our work sessions this year, and created three first aid kits for us. We need to train personnel in the use of first aid and CPR. Director Craine stressed that it is essential that we pursue this, and that we need a board-level safety officer. Director Tully noted that we used to have a designation on the badges of volunteers who are trained in first aid, and he asked that this be reinstated for future work sessions.

8. C&TS Dispatch Report

David Lee presented the report. The deadline for the next issue of the *Dispatch* is the end of June. He added that we will need to change the masthead with respect to Tim Tennant and Warren Smalley. The *Dispatch* also has a Friends "wish list," and asked for input in updating the items on it.

9. Master Calendar

Fall 2007 Board Meeting	October 27-28
Spring 2007 Board Meeting	March 16-17
Summer 2007 Board Meeting	June 23
2007 Annual Meeting	June 22
2007 Work Session A	May 14-18
2007 Work Session B	May 21-25
2007 Work Session C	June 18-22
2007 Work Session D	June 25-29
2007 Work Session E	August 6-10
2007 Work Session F	August 13-17
2007 Moonlight Train	June 30

Chairman Craine suggested that the fall board meeting be held in Canon City, Colorado.

Director Lock noted that another opportunity for a moonlight train would be Saturday, July 29. He recommended that the Railfan Committee consider a second moonlight train on that date.

M/S Sterosky/Lock to make an attempt to plan the 2007 annual meeting in Antonito, and to determine if appropriate logistical support can be put in place and a facility in Antonito identified. **Passed unanimously.**

11. Development Committee Report

Director Ross presented the report. The Another Century of Narrow Gauge Steam campaign has generated \$553,478 in donations received to date. \$18,785.56 in expended funds was reimbursed by a Gates Foundation grant, and there has been \$7,490.05 in interest earned. A grant of \$26,942.61 has been received to start ACNGS II. There is also \$50,130 in outstanding pledges. We will be contacting those individuals to request their outstanding donations. Current assets consist of \$153,198 in ACNGS funds, \$26,943 in ACNGS II funds, and a loan of \$20,000 to RGRPC. \$24,000 was granted to the commission on April 6 in order to help the commission purchase the assets of RGRPC.

ACNGS cash expended to date:

10% transfer to permanent fund	\$55,347.78
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Administrative expenses	\$10,873.95
EDA matching funds for locomotives	\$125,000.00
Capital purchases (locomotive 489)	\$15,679.91
Antonito CRF	\$79,653.72
Management fee to commission	\$125.25
Grants to the commission	\$69,874.74
Grant to the commission April 2006	\$24,000.00
Grants to RGRPC	\$50,000.00
Loan to RGRPC	\$20,000.00

In addition, the board has committed \$12,000 in campaign funds to complete the Antonito CRF, and up to \$10,000 for the purchase of historic rolling stock, as such opportunities arise.

At its March board meeting, the board approved the general outline for the second phase of ACNGS, emphasizing an outreach to corporations, foundations and other entities, in addition to our members. The goal of ACNGS II is to raise \$2 million.

Director Ross presented notes from the May 30 working meeting of the ACNGS II core team, consisting of Director Ross, President Smalley, Director Clark and Caroline Tower. The core team has developed a timeline, a rough draft of the text for the ACNGS II campaign brochure, and has begun work to identify corporations with Colorado or New Mexico headquarters, are major employers in those states, or are a railroad-related business.

Director Ross noted that it is important to obtain 100% participation from the Friends board in ACNGS II. This is necessary to demonstrate the board's commitment.

M/S Tully/Lowrance to accept the report of the Development Committee, to thank the committee for its efforts, that the purpose of ACNGS II include funding of covered storage and car repair facilities, and to authorize the campaign to pursue a goal to raise \$2 million. **Passed unanimously.**

12. Financial Report

Treasurer Sterosky reviewed the 2005 audit report, noting that we got a clean opinion from the auditor, as expected.

Treasurer Sterosky then reviewed the financial statements as of May 31. We are down about \$10,000 in gross profit versus the budget, primarily due to less-than-expected membership dues income. Again, the conversion to anniversary date renewals versus end-of-year renewals has made it difficult to gauge the seriousness of the shortfall, but it is an issue that needs to be watched carefully.

M/S Fowler/Craigne to accept the financial reports and the 2005 audited financial statements. **Passed unanimously.**

The board recessed for lunch. Upon return from lunch, Chairman Craigne asked the board to ratify the pet policy that was proposed by Chairman Craigne and President Smalley at the request of the Executive Committee, and revised by Director Tully and Director Clark.

M/S Sterosky/Lock to ratify the pet policy as revised by Director Tully and Director Clark. **Passed unanimously.**

13. Executive Session

The board entered executive session.

The board returned open session.

13. Restoration and Interpretation Programs Report

Director Lowrance reported that there is only one major task left to complete the Antonito CRF, which is to finish the cement aprons outside the structure. So essentially the building is finished and his role as manager of its construction is complete. We are now entering a new phase in which we need a caretaker for the building. Director Lowrance noted that already some of the Antonito volunteers have recommended alterations to the building. For example, they want to cut a doorway on the north side of the building. He asked the board for direction regarding his continuing participation in the building. Director Tully recommended that we not make any major alterations immediately, but that we begin using the building and allow plans to develop from experience. Chairman Craine stated that the Friends' president should assume the role of manager on behalf of the board.

Director Tully reported on the four work sessions completed so far. He feels that they have been very productive. He praised the railroad employees in Antonito and Chama for being extremely helpful to the Friends. CTSMC General Manager Tim Tennant asked the Friends to perform a number of tasks, many of which we completed. Regarding painting the Osier dining hall, the building is in much poorer condition than originally thought. This project was originally thought to require three days, but Director Tully is not sure it can be finished in two weeks.

Director Tully then turned his attention to the Projects Committee organization. He proposed a reorganization of the committee. He said that we need to design and implement changes to the committee that will impact the entire organization. He proposed that the committee write job descriptions for all of its functions. This could lead to the position of a projects manager or curator for the organization. We need policies, functions and staff that go well beyond what we have today. He foresees a lot more participation among the Friends membership beyond those members who come to work sessions.

Director Tully asked Art Randall to speak about the Projects Committee organization. He feels that we should reorganize the committee based on functions, e.g., project selection, team leader selection/recruitment, purchasing and procurement, standards, and so on. But when you start thinking in those terms, it becomes clear that these functions are broader than the Projects Committee. For example, the Projects Committee isn't the only organization in the Friends that purchases materials and equipment.

Both Mr. Randall and Bob Ground, who are current Projects Committee members, stated that the current committee is highly dependent on just a few individuals, and that this needs to change.

Director Tully asked for the board's support regarding moving forward with such a reorganization, with the Projects Committee making a proposal to the board at the October board meeting.

M/S Lock/Bianchi to authorize the Projects Committee to move forward developing plans for its reorganization, and to present those plans to the board at the fall board meeting. **Passed unanimously.**

Director Ross presented the Interpretation Committee report on behalf of the docents. The docents took up a donation and presented a plaque in honor of Franky Bobby Montoya, a popular worker at Osier Kitchen who passed away unexpectedly in November 2005. The plaque is located in the Osier dining hall. Lectrosomics of Albuquerque designed and installed a new public address system on the trains this year, which has performed very well. It is hoped that complimentary train tickets can be secured for Larry Fisher and Brian Kurosowki of Lectrosomics in recognition of their service.

There was some discussion about the Interpretation Committee, and its relationship to the Projects

Committee. Director Tully said that the Interpretation Committee is understaffed. It is able to generate a number of ideas, but does not have the staff to implement them. As a consequence, much of its implementation role winds up in the hands of the Projects Committee. Director Tully urged that the Interpretation Committee needs more staffing.

14. Chama Structures Task Force Report

Director Clark presented the report. The task force is developing a vision for what it calls the Railroad Gateway Center (RGC). The task force enumerated the reasons why the RGC became a strategic goal for the Friends. They also spent time identifying ways in which the Friends will validate the need for the RGC, including surveying visitors and members. The biggest factor that impacts the plans is the location. Important elements of the location include a view the yards, close proximity to the railroad's passenger facilities, visible from the highway, and room for expansion.

The board entered into executive session.

The board returned to open session.

14. New Business

The board acknowledged Director Clark's efforts in leading the effort to establish a vision and plan for the Railroad Gateway Center, and the board thanked her for her efforts.

15. Adjournment

The meeting adjourned at 3:50 p.m.

Respectfully submitted,

Curt Bianchi, Secretary