

Final Draft
Friends of the Cumbres & Toltec Scenic Railroad, Inc.
Board of Directors' Meeting – June 20, 2015
Senior Center, Chama, NM

Attendance: John Engs, Scott Hardy, Jim Herron, Bill Lock, Ed Lowrance, Craig McMullen, Dan Pyzel, Bob Ross, Warren Smalley, Linda Smith, Dennis Sterosky, Don Stewart, Tim Tennant, and Caroline Tower. Absent: Arno Grether

Guests: John Johnson, Joe Hartigan, Marshall Smith and Ted Smith

Staff: Armando Sanchez, Loftis Group, LLC (CPAs)

I. Call to Order

Chairman McMullen called the meeting to order on Saturday, June 20, 2015, at 8:31 a.m. He then asked the visitors to introduce themselves.

II. Approval of Minutes

Chairman McMullen asked for corrections to the minutes of the March 21, 2015 Board meeting and the Executive Committee meeting held on May 13, 2015. One change was proposed to the March minutes as noted below:

M/S Pyzel/Smalley to change the attendance for the March 21, 2015 Board minutes to show that Scott Hardy was absent; and then approve the minutes. **Passed unanimously.**

M/S Herron/Stewart to approve the minutes for Executive Committee meeting held on May 13, 2013. **Passed unanimously.**

III. Board and Officer Elections and Committee Appointments

A. Director Election Results

President Tim Tennant reported the following results of the 2015 Board of Directors' election. Seven Directors were elected by the membership to fill two-year terms, as follows:

Board Member	Votes
John Engs	930
Jim Herron	927
Bill Lock	928
Craig McMullen	930
Dan Pyzel	927
Linda Smith	925
Caroline Tower	925

Terms for these Directors will expire in 2017.

Director Dennis Sterosky was nominated to fill the remaining one-year term of Director Bob Craine who recently passed away. His term will expire in 2016.

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M/S Lock/Tower to accept the results of the 2015 Board of Directors' election. **Passed unanimously.**

B. Election of Officers of the Corporation

Chairman McMullen presented to the Board the proposed slate of officers nominated for election as follows:

Chair – Bob Ross
President & CEO – Tim Tennant
Vice Chair – Don Stewart
Secretary – Linda Smith
Assistant Secretaries – Bill Lock and Warren Smalley
Assistant Treasurers – Bill Lock, Dennis Sterosky, Dan Pyzel and Warren Smalley

M/S Engs/Tower to elect the slate of officers as nominated and presented. **Passed unanimously.**

Immediate Past Chair Craig McMullen then turned the meeting over to Chairman Bob Ross.

C. Standing Committee Chairs

Chairman Bob Ross presented for the Board's consideration a proposal for chairmen of the Friends' standing committees as follows:

Development and Interpretation – Linda Smith and Caroline Tower
Membership – Don Stewart
Finance – Craig McMullen, Acting
Special Events – Bill Lock
Projects – John Engs and Ed Lowrance
Nominating – Jim Herron

M/S Smalley/Pyzel to approve the membership of the Committee Chairs as proposed. **Passed unanimously.**

D. Statement by Chairman Ross

Chairman Ross thanked the Board for electing him. He stated he has served on the Board for many years, and appreciates very much the confidence of the Directors in choosing him to lead the organization. He thanked previous Board Chairs who have provided the essential leadership leading to the organization's success.

Bob provided some thoughts about the Board's direction. The Board had a strategic plan which was developed several years ago. It was a good plan; however, no tactics were developed to implement the initiatives. While the organization has accomplished some major goals and objectives, it was not done based on implementation of a formal plan. The March Board meeting provided a good beginning with the planning meeting resulting in the identification of strategic issues. Addressing volunteer workers, they identified obstacles/challenges and then

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developed tactics to enhance the program. Bob complimented Project Committee Co-Chairs John Eng and Ed Lowrance for taking the initiative to implement the suggested tactic of rewarding Work Session Team Leaders.

In future meetings, the focus will be on finishing the strategies and tactics, and assigning responsibilities. He suggested that the Board Chairs present their written reports a week ahead of the Board meetings for the Directors' review and oral reports will be streamlined. This will allow time to review our progress on fulfilling the tactics.

IV. President's Report

President Tennant submitted his detailed activity report to the Directors prior to the meeting. He highlighted the following:

- The states of New Mexico and Colorado have approved the Commission's proposal, led by Chairman Dan Love, for a scenic byway from Chama through Dulce to Durango, following the D&RGW's abandoned rail route. Tim provided the Board with a detailed report provided by the Commission.
- The Friends have placed advertising in the new jacket for tickets designed by the railroad.
- Tim has had discussions with the railroad's marketing manager, Lee Bates, about the possibility of involving Boy Scouts in work sessions. Lee is connected with the Philmont Boy Scout Ranch, one of its premier training and recreational sites.
- Plans are underway to sponsor a maintenance-of-way (MOW) photo charter from Antonito to Osier and return, on Saturday, October 3, following Work Session G. An MOW equipment demonstration is being discussed as a possibility for Sunday, October 4.
- The Fall Board meeting and dinner will be held in Durango, CO. The Board meeting will be held on Friday, October 23rd, starting at 8:30 a.m. at the Palace Restaurant, 505 Main Street, adjacent to the Durango & Silverton Depot. The dinner will be held that evening at the Palace Restaurant, starting at 6 p.m. The Projects Committee will meet on Thursday, October 22, in a conference room at 1075 Main Street, a few blocks down from the Palace. On Saturday, October 24, we have been provided, free of charge, the parlor car "Yankee Girl" for a trip on the D&S departing at 8:45 a.m. and returning at 6 p.m. Tim thanked Al Harper and Paul Schranck for their generous hospitality. A block of rooms has been reserved at the Best Western Rio Grande Inn, 400 East Second Avenue, with a rate of \$84 per night.
- Director Scott Hardy asked Tim about the status of Colorado funding for the railroad. Tim responded that the Colorado funding process is underway, and Commissioner Dan Love expects that the process is moving in the right direction, and should result in a funding level of \$1.2M or \$1.3M for FY 2016. The New Mexico legislature recently approved \$645K in capital outlay for the railroad.

M/S Pyzel/Stewart to accept the President's report as submitted. **Passed unanimously.**

V. Membership Committee Report

Chairman Don Stewart provided his detailed report to the Board prior to the meeting. He highlighted the fact that membership has been essentially flat over the past year. Current total memberships is 2,581 (2,176 paid memberships). As of December 31, 2014, there were 3,068

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members (2,257 paid memberships). From December 2014 to May 31, there was a 3.6% decrease in paid memberships, mostly from lapses in free Parlor Car members. Don mentioned that there appears to be a yearly cycle that drops off in the first quarter and increases after the operating season. Only a small percentage of free parlor car members renew.

While a few new members were signed up during the current work sessions, the current setup in the Chama rail yard - with the Friends support cars no longer facing the passenger arrival and depot area - may be a factor in reducing new member opportunities.

Don stated that the time frame for determining lapsed members is three months, with reminder notices sent three times during that period.

M/S Tower/Lock to accept the Membership Committee Report as presented. **Passed unanimously.**

VI. Finance Report

Tim provided the current financial reports, through May 31, 2015 to the Board prior to the meeting. He noted that the Friends are off to a good start as noted by the \$29,861 excess revenues over expenditures for the period ending May 31. However, now that the work sessions have begun, expenditures will increase for supplies and services. In particular, revenue from PNGPF and grants have been very positive.

CPA Armando Sanchez, of Loftis Group, LLC CPAs, was introduced by Tim and he presented a detailed presentation on the draft independent auditors' review which was just concluded. In summary:

- The audit resulted in an unmodified "clean" opinion on the financial statements of the Friends for CY 2014. This is the highest level of assurance auditors can provide.
- Three minor audit adjustments were recommended and are being, or have been, made.
- There are six "business advisory comments" that are considered minor in nature. Action is underway by the Friends' staff to implement these recommendations:
 - Some clean-up of the depreciation schedule is in order.
 - The personnel files should include personnel action requests signed by the President.
 - There is no personnel policies and procedures manual.
 - Bank statements should be reviewed by the President before the Friends' staff accountant receives them.
 - There should be a segregation of duties among Friends' staff members for cash receipt transactions.

The audit firm will prepare a management letter to the Board, transmitting these findings. It is the Board's responsibility to review the report, and implement findings as appropriate.

Tim requested that the Board consider action to raise the threshold for capitalizing equipment from \$1,000 to a higher level. Armando stated that \$1,000 is probably too low, and that either \$2,500 or \$5,000 would be more in line with current standards. The lower level tends to

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increase accounting efforts unnecessarily. If a higher level is approved, this does not mean that the equipment or property will not be accounted for through the property management process.

Chairman Ross suggested that the Board take some time to review the audit report and provide comments, if desired, before the July 2015 Executive Committee meeting.

M/S Tower/Lock to accept the Financial Report as presented. **Passed unanimously.**

M/S McMullen/Tower to delegate authority to the Friends' Executive Committee to take action as necessary on the audit report at its July 2015 meeting, considering any comments provided by the Directors. **Passed unanimously.**

VII. Master Calendar

Director Bill Lock presented the proposed master calendar of events for FY 2016 activities, as follows:

Activity	Date
Spring Banquet – NM Location TBD	March 18, 2016
Spring Board of Directors Meeting – NM Location TBD	March 19, 2016
Work Session A	May 23-27, 2016
Work Session B	May 30-June 3, 2016
Work Session C	June 20-24, 2016
Annual Membership Meeting – CO Location TBD	June 24, 2016
Summer Board of Directors Meeting – CO Location TBD	June 25, 2016
Work Session D	June 27-July 1, 2016
Moonlight and Wine Tasting Charter Train	July 15, 2016
Work Session E	July 25-29, 2016
Work Session F	August 1-5, 2016
Work Session G	September 26-30, 2016
Fall Membership Banquet – CO Location TBD	October 21, 2016
Fall Board of Directors Meeting – CO Location TBD	October 22, 2016

M/S Stewart/Smalley to accept the schedule and recommendations as presented. **Passed unanimously.**

VIII. Collections Committee

Chairman Dan Pyzel reported that the C&TSRR Commission has realigned its thinking on the deaccessioning of historic rail cars in its extensive inventory. Their current desire is to retain the existing inventory. In addition, the Commission has recently acquired five historic stock cars and a baggage car which is being stored in Antonito. He also reported that the Sandia High School project, involving students who are restoring a flat car, had been interrupted last year because of some personal issues with the teacher who was overseeing the project. He is now planning to re-initiate the project this fall, and it should be completed by the end of the school year.

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The Board discussed issues and concerns related to this growing inventory of historic stock in light of the Friends' recent study and report regarding the need to establish restoration priorities and reduce the inventory accordingly. This report defines restoration priorities and makes specific recommendations about historic stock that should be deaccessioned for various reasons. Storage space is limited and some of the inventory is not in good enough shape to restore. Additionally, the Friends have limited resources dedicated to established restoration priorities.

In light of these concerns, the Board agreed to the following motion:

M/S Lock/Tower to request that Chairman Ross ask the Commission convene a meeting of the Biad Committee in the near future to discuss restoration priorities and collections issues.
Passed Unanimously.

M/S Pyzel/Smalley to accept the Collections Committee report as presented. **Passed unanimously.**

IX. Development & Interpretation Committee

Directors Caroline Tower and Linda Smith submitted their Development & Interpretation Committee report to the Board in advance of the meeting. Caroline Tower presented highlights of the report:

- Donor responses to the Friends' most recent PNGPF fund-raising appeal, distributed in April 2015, have been arriving at a steady pace. Through May 31, 2015, \$36,230 has been raised. Since the program's inception, Friends' donors have generously contributed \$479,938.
- The overall implementation of the Master Interpretive Plan is progressing nicely. Interpretive signage at Osier has been fabricated and will be erected once the work is completed on the stands. Work has been underway in Sessions C and will be continued in Session D.
- Signage will be installed at both Cumbres Pass and Chama during 2016. At Cumbres, the Friends will partner with Volunteers for Outdoor Colorado to construct a trails system to the key historic assets.
- Approximately \$16,000 in grants have been awarded during CY 2015 to date.

One of the docent leaders, Joe Hartigan, reported that the docent program for the current year is going well. During July, three more individuals will be trained to perform docent duties.

M/S Lock/Stewart to accept the Development & Interpretation Committee report as presented.
Passed unanimously.

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X. Projects Committee

Director John Engs presented the PC report to the Board and reported highlights as follow:

- The number of participants for Work Sessions A and B is the largest ever experienced. Attendance from previous years was doubled. This could be related to the expanded advertising through e-mails and other sources.
- There is also a marked increase in attendance at Work Sessions C and D. Some 96 volunteers attended Work Session C, and a comparable number is signed up for D.
- The annual meeting, which included a train ride to Osier on June 19, had the largest attendance (about 160 members) of any in the recent past.
- The PC has established a Team Leader awards program. A free train ride is being given to those Team Leaders who perform for two work sessions. For four sessions, team leaders will be awarded two train rides. And those participating in six or more sessions will receive a railroad pass.
- During Session A, work commenced on Caboose 0579 which needed a roof and minor repairs. Other problems were found, and when it left, it was a totally rebuilt car. John commended the team who performed this work in a short period of time. It had its "debut" on the train for the Engineers' School.
- The PC has received many favorable comments on the newly painted and lettered Gramps UTLX cars. The goal is to have them operational in 2016.
- The restoration work on the Chama oil rack was accomplished in two and a half days. The project will be completed during 2016. A grant has been submitted to cover costs of completing this project.
- The third Chama yard camera is now operational. The camera is located on the upper part of the restroom structure, providing a view of the back dock area.
- Discussions are underway about developing a youth volunteer program for 2016, involving local high school students. John is working with the Development and Interpretation Committee and railroad representatives to enlist the support of the local schools. Initial discussions with school officials were very positive.

Following John Engs' report, the Board discussed the importance of formally recording volunteer hours for those volunteers who perform work at their homes. That includes Board members, committee chairs, and others who are involved in administrative work. The PC has a good system in place for recording hours worked by volunteers during the various annual work sessions. All agreed that while it is important, it should not be a burdensome reporting process. Bob Ross and Tim Tennant will jointly develop a concept and present it at the October Board meeting.

M/S McMullen/Stewart to accept the Projects Committee report as presented. **Passed unanimously.**

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The meeting was adjourned at 12:30 p.m. and immediately reconvened into a planning session which lasted until 2:30 p.m.

The next Board meeting will be held on Friday, October 21, 2015, at the Palace Restaurant in Durango, CO.

Respectfully submitted,

Linda M. Smith
Secretary