

Final Draft
Friends of the Cumbres & Toltec Scenic Railroad, Inc.
Board of Directors' Meeting – March 18, 2017
Courtyard Marriott – Journal Center – Albuquerque, NM

Attendance: Ed Beaudette, John Eng, Scott Hardy, Russ Hanscom, Jim Herron, Bill Lock, Ed Lowrance, Craig McMullen, Dan Pyzel, Bob Ross, Linda Smith, Don Stewart, Tim Tennant and Caroline Tower. Absent: Craig McMullen

Guests: Leon Beier, Phil McDonald and Holly Ross

Staff: Katharina Root

I. Call to Order

Chairman Ross called the meeting to order on Saturday, March 18, 2017 at 8:30 a.m.

II. Approval of Minutes

Chairman Ross asked for corrections to the minutes of the October 14, 2016 Board meeting and the Executive Committee (EC) meetings held on November 17 and December 15, 2016; and January 19 and February 16, 2017.

M/S Hardy/Tower to approve Board minutes as presented. **Passed unanimously.**

M/S Smalley/Tower to approve the EC Minutes as presented. **Passed unanimously.**

III. President's Report

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

A. Friends' Items

- The Friends has received an estate gift of \$68,117.78 from Albuquerque resident Vievea Kells who passed away in May 2016. Ms. Kells was the mother of long-time Friends' member and supporter, Steven Kells, who passed away in 2012. The gift is designated for the construction of a Chama car restoration facility (CRF). Director Bill Lock provided the history and stated that the terms and conditions of the gift are clear: the funds are for a structure like the Friends CRF in Antonito, NM. A brief discussion followed about such a project which has been discussed on and off for several years but has not been approved by the Board. John Eng stated that estimates for a proposed CRF as part of an earlier "roundhouse" museum project were in the range of \$220K-\$250K. Ed Lowrance asked if the funds could possibly be used for a car shelter structure; Bill Lock said no.
- The Friends have been notified by Bob Hayden, a key representative of the Narrow Gauge Preservation Foundation (NGPF), that the organization is closing the display space located in the Chama mall building on Terrace Avenue. Tim and Bob Ross are now seeking potential locations for the Chama yard display, donated to the Friends by the Foundation.
- The fall Board meeting and banquet will be held at Cañon City, CO, on Friday, October 13 at the Hampton Inn, 112 McCormick Parkway. The Board meeting will start at 8:30 a.m. and the banquet at 6 p.m. at the Abbey Events Complex. The Projects Committee will meet on Thursday, October 12 at the Hampton Inn. A block of rooms will be reserved for attendees.

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Tim has set up a group event for Saturday, October 14, on the Royal Gorge Route Railroad: a dome dinner outing, departing at 6:30 p.m.

- Tim reported on his recent meeting with Jared de Leon, District Executive, Great Southwest Council, Boy Scouts of America to discuss possible Boy Scout involvement in work sessions. One suggestion is for the Friends to host a “Scout Day” on the railroad which would feature a C&TS train ride at a reduced fare. The Friends would provide an overview of the C&TS and the Friends’ activities, thus encouraging volunteering. Further Board discussion resulted in agreement that it would be a good idea to invite Scout leadership to such an event first to pave the way. Russ Hanscom suggested that Scout volunteer events might be more successfully planned through the Philmont Scout Ranch, a large facility located at Cimarron, NM. Chama work sessions might be worked into travel to and from the Philmont site which hosts thousands of Scouts annually.
- Upcoming Friends’ sponsored charters include the Engine 315 photo charter on June 3 and 4 which is now half full (the capacity is 45 each day); and the Rio Grande Southern Engine 455 charter on September 4-6, as follows:
 - Half of the seats on September 4 have been sold (total capacity 75)
 - Two-thirds of the seats on September 5-6 have been sold (total capacity 45)
- The private car charter earlier proposed has been canceled due to lack of interest.
- Twenty-four wheels for the tank car fleet have arrived. The cost is \$36,526.05 which is covered by the railroad’s Historic Preservation Account (HPA) as approved at the railroad Commission’s October 2016 meeting.
- More donations have been received for the Chama storage building: \$2,000 (Bill Lock); \$1,000 (Ed and Valley Lowrance); and \$3,000 (Ted Smith). Total in hand: \$20,700. The donations combined with available funding should be enough to complete the project by the end of the 2018 work sessions. Tim thanked the donors.
- The summer Board meeting and membership dinner is scheduled for Friday, June 23, in Chama, NM. The Board will meet on Saturday, June 24 at the home of Bob and Holly Ross.
- The updated version of “Great Scenic Railway Journeys” is now airing on PBS, featuring a segment on the C&TS. Both Tim and Bob Ross have interview pieces.

B. Railroad/Commission

- Tim will represent the Friends at the next Commission meeting, now scheduled for May (date TBD) in Chama, NM.
- Tim mentioned again the excellent news that the Friends will be the recipients of a share of the railroad’s HPA funds, a policy which will be officially approved by the Commission at its May meeting. Starting in 2017, the Friends will receive annually 20% of the funds collected by the C&TS as a percentage of ticket revenues - now 7%. This year, we have \$32,341 to use on historic preservation projects, an amount now included in our CY 2017 budget. This will substantially reduce unrestricted fund expenses for historic preservation fund supplies. The money will be obtained through an invoice and reimbursement process.
- Opening day for the C&TS is Saturday, May 27. Locomotives 463 and 315 will double-head from Antonito, with 315 going as far west as Cumbres. The railroad is sponsoring a return trip with 315 back to Antonito with three coaches, a rider gondola, freight cars and a caboose. A meal stop is scheduled at Osier. The Friends have secured the caboose which has room for 12 riders for a fare of \$175 per person. Bus transportation will be available

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from Antonito to Cumbres, departing at 2:10 p.m. The train will depart at 3:30 p.m., featuring two photo run-bys on the way to Osier with a 9 p.m. arrival at Antonito.

III. Membership

Membership Chair Don Stewart provided a written report to the Directors prior to the Board meeting and summarized status as follows:

- There are 2,440 current total members (2,343 paid) as of March 10, 2017, A significant number of renewals (more than 400) arrived and were processed during January and February. Paid memberships have remained relatively constant while complimentary and parlor car memberships have dropped to zero.
- Memberships gained from the 2016 TRAINS Magazine mailing stands at 151.
- Several programs are underway to increase membership, including:
 - Calling lapsed members; a list of 209 with lapses of less than 15 months are now being contacted;
 - Mailing letters to TRAINS Magazine subscribers in Arizona, Utah, Kansas and Oklahoma;
 - Brochures added to holders in the Chama Station, Antonito, Osier; and the Museum Car in Chama; and
 - Placing ads in magazines such as TRAINS, AARP, NMRA, Motorhome, and RV Living.
 - An additional modeling oriented packet will be provided to people who sign up at the National Narrow Gauge Convention in Denver, CO. Don will attend the Convention. The packet will contain:
 - ✓ The Antonito and Chama Walking tour brochures
 - ✓ Information about the D&RGW's right-of-way signboards and mileposts
 - ✓ General car information such as dimensional data and pictures
 - ✓ List of cars on the C&TS
 - ✓ Invitation to join Don for a prototype-to-model tour of the Chama Yard

Don stated that the Projects Committee (PC) push to increase participation in summer work sessions may have the added side benefit of increasing paid memberships.

M/S Pyzel/Smalley to accept the President's and Membership Committee reports as presented.
Passed unanimously.

IV. Financial Report

President Tennant provided a summary of the current financial reports, commenting on the Friends' strong financial position going into the new year.

The Budget Vs. Actual report for the period ending February 29, 2017 reflects favorable variances for Total Support and Revenues (\$25,721) and Total Expenses (\$4,464), resulting in an Excess Revenue Over Expenditures balance of \$34,727. Tim also stated that the organization is now going into the "spending season" as the summer work sessions draw nearer. The current financial reports reflect the addition of the HPA contribution from the Commission/railroad.

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Tim noted that the Summary of Temporarily Restricted Funds Activity (SORFA) report has increased some \$20K since the beginning of the year, reflecting a total of \$389,025. The SORFA report as of the end of March 2017 will reflect the additional donations received for the Chama storage building project in the amount of \$20,500.

Tim also summarized the organization's positive financial position as reflected by the reports dated December 31, 2016. The year-to-date revenues of nearly \$960,000 are the result of some very generous donations and bequests. Tim expressed his gratitude to the membership for its response to the primary fundraising program, *Preserving the Narrow Gauge Past for the Future (PNGPF)*, as well as other specific needs. He also noted that a sizable write-off to old inventory has been made, although that merchandise is still being sold on e-Bay or at train shows, providing some additional income. Tim presented a five-year bar graph showing a comparison of revenues vs expenses for a five-year period.

The annual financial audit is scheduled to begin in April 2017. Draft results will most likely be available at the June 2017 Board meeting.

Chairman Bob Ross commented that he and Tim have discussed the importance of getting more information out to the membership on planned giving. That item will be presented as a topic for further discussion as to implementation strategies at the planning session which follows the Board meeting.

M/S Smalley/Lock to accept the financial report as presented. **Passed unanimously.**

V. Development/Interpretation Report

Chair Caroline Tower presented the status reports on Development and Interpretation.

A. Development

Caroline presented charts for the results of PNGPF from its inception and for the period January 1 through February 28, 2017. From its inception through the end of February 2017, the program has accrued some \$853,669. From the beginning of this year alone, the PNGPF program has brought in \$8,210. What is most impressive, as pointed out by Caroline, is that about 45% of the total revenues from this program (\$376K) have been designated for General Operating Support, a category which is especially difficult to fund through grant-seeking.

Caroline reported that the spring PNGPF solicitation letter is now ready for distribution during early April.

A grant proposal submitted to the Anschutz Family Foundation in Colorado is now under review by the foundation. A site visit to the Antonito CRF has been scheduled soon. Tim Tennant and John Engs will host the Anschutz representative and provide a tour.

M/S Stewart/Lock to accept the Development Report as presented. **Passed unanimously.**

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B. Interpretation

President Tennant reported that the fabrication of the newly designed interpretive signage for Chama and Cumbres Pass is now underway. A search for local vendors was not successful, and so a decision has been made to proceed with Fossil Industries, the company that produced the well-received Osier signage. Estimated cost for fabrication is \$1,834. The signs should be ready for installation during the summer work sessions. A question regarding the status of activating the QR codes embedded within the signage was asked. John Eng reported that internet capability at Osier could be available within 30 days, once authorization to proceed is obtained. The status of required web-based materials will be reviewed and reported on at the June Board meeting.

Caroline Tower pointed out that the new C&TS brochure is most impressive, especially because it highlights features that make this railroad unique, such as the docents.

Ed Lowrance suggested that there are some favorable interpretive opportunities in the San Luis Valley that should be further researched, possibly an interpretive display that tells the story of the Alamosa railroad car construction industry.

Bob Ross expressed his profound appreciation for the services provided by Electrosonics Corporation for audio equipment used by the docents. The age of the equipment requires significant maintenance. Yet it continues to be very functional, thanks to the Electrosonics technical support provided free to the Friends' organization. Electrosonics is the premier audio services and equipment provider in the world.

M/S Stewart/Hanscom to accept the Interpretation report as presented. **Passed unanimously.**

VI. Collections Committee

Chair Dan Pyzel reported that there has not been much change in the Collections Committee activities since the last Board meeting.

Three high-side gondola cars have arrived at Antonito from the Colorado Railroad Museum in Denver. They were purchased by the Friends primarily for the wheel sets which can be used for restoration work on other cars. The wheels, brasses and bearings are in very good shape. The cost for the three cars is \$7,500.

Dan also reported that the Sandia High School flat-car restoration project should be re-activated soon as the high school adviser has retired and now plans to return to oversee the project on a more consistent basis.

Russ Hanscom asked about the status of the previous initiative to develop a long-term plan for the accessioning/deaccessioning of historic rail stock for the review and approval of the railroad Commission. A draft plan was completed by the Friends some five years ago, However, it was tabled by the Commission. Ed Beaudette reported that the railroad is now in the process of working through what they can and cannot deaccession. The ensuing discussion focused on

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the need of the Friends to revise and update what was done earlier with the goal of presenting it to the Commission as a recommended path forward. Scott Hardy, who led the earlier effort, could possibly do this with the help of Russ Hanscom. Details will be worked out soon.

M/S Lock/Tower to accept the Collections report as presented. **Passed unanimously.**

VII. Projects Committee

Chair John Eng updated the Board on the activities of the PC. In summary:

A. Budget Issues

- In response to a question by Caroline Tower regarding proposed use of HPA funds vs restricted/unrestricted accounts, John stated that the PC's intent is to replace unrestricted funds previously budgeted for work on the historic fleet with the recently granted HPA funds, thus freeing up unrestricted funding for other critical Friends preservation needs. However, this year there are a few projects that replaced use of restricted funds to ensure that the PC could use all the HPA funding. Next year, with foreknowledge of available HPA funds, the PC budget will be developed to allow for optimal allocation between HPA and restricted fund accounts.
- John presented a viewgraph showing a detailed listing of accounts reflecting the PC's budget, broken down by restricted funds availability and "Other Sources." He identified seven railroad-reimbursable projects in the amount of \$6,485. In summary, the restricted funds summary reflects a total of \$160,017 and an unrestricted funds total of \$54,061. The HPA funding allocation proposed will result in \$24,834 of funds being "freed up" for various unrestricted preservation/restoration projects.
- John presented for Board consideration a concept which would involve annually allocating a defined percentage of unrestricted funds to a building fund. The percentage would be based on the total amount available from the LLC of HPA funds. For example, some 20-30% of the unrestricted funds released because of HPA funding would be set aside for capital improvements such as expansion of the Antonito CRF. Caroline Tower suggested that this does not necessarily have to be linked to the HPA funding; rather, it would be better to broaden the concept to an operating reserve which would result from the allocation of an agreed-upon percentage of our annual net unrestricted profit. After a brief discussion, the Board agreed to the following motion:

M/S Stewart/Lock to establish a permanent capital fund which will include a percentage allocation of unrestricted net revenues to be determined annually by the Board after the formal audit is approved. **Passed unanimously**

B. 2017 Work Session Projects

- The Antonito CRF project will be underway, including the expansion of the building and the acquisition of a container for storing wood. Concrete pads will be poured out 60' on the west end of the building. A "dog house" will be constructed from the existing compressor

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end wall to the west end of the building. The goal is to have this weathered in by this fall. Concrete will be poured in Work Session B, and framing and construction will continue in Work Sessions C&D. This project will significantly improve the safety and work area concerns, allowing additional space and better organization of materials and supplies. The enhancements will not address the welding and food preparation issues. That would require a wall separation. However, in 2018, a roof addition over the two existing “reefers” at the back of the CRF would provide a venue for welding and cutting operations.

- Plans for restoration of the Lava Pump House have been submitted to the Historic Preservation Division (SHPO), State of New Mexico. This includes the installation of a steel truss system to support the existing roof and take weight off the walls. The proposal also includes the addition of a synthetic, fire-resistant shake roof. There is also a need for major foundation repair work and significant shoring up of the steep slope entry to the pump house area, including improvements to the parking area. Project start-up requires SHPO approval. However, Jim Herron’s masonry pointing work will continue during the upcoming work sessions.
- Work will continue this year on the Cumbres Car Inspector’s House. Last year, excellent progress was made. Significant issues this year are related to completing the exterior walls. In 2018, removal of the chimney and roof will be the primary objective. A volunteer with masonry background will lead this effort which will take several years. The plan is to rebuild it using the original brick materials. The back side of the roof will be removed in 2018 and replaced in its correct position.
- In Chama and Antonito, a major project will be the removal and reinstallation of new wheels on the tank cars. In addition, a water service car and bunk car must be restored quickly because of a commitment to use them in the proposed Narrow Gauge Convention charter at the end of August. Another project involves the repair and restoration work on RGS Caboose 0400 in Work Session B, readying it for painting and lettering in later summer sessions.
- The Chama storage building project will be initiated with the goal of completing it by the end of the 2018 work sessions. Sufficient funds are available now to complete the project with a full concrete floor. The PC is considering the possibility of scheduling a special work session dedicated to the erection of the building which is a 44’ x 33’ metal frame structure with two skylights.

M/S Pyzel/Lock to accept the Projects Committee report as presented. **Passed unanimously.**

VIII. Executive Session

The regular session of the Board was adjourned temporarily to meet in executive session for purposes of discussing upcoming Director elections. After the executive session, the Board reconvened to consider the Nominating Committee’s report.

IX. Nominating Committee

Jim Herron, Chair, reported that the “Class of 2017” up for re-election this year includes seven Directors: John Engs, Bill Lock, Craig McMullen, Dan Pyzel, Jim Herron, Linda Smith and Caroline Tower. Two Directors – Craig McMullen and Linda Smith – have decided not to stand for re-election for personal reasons. Both intend to stay involved in the Friends’ organization,

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however. The Nominating Committee is recommending that the Board continue with those vacancies to provide the time necessary to recruit people with skill sets in financial, fund-raising and development and interpretation.

M/S Herron/Lock to nominate John Engs, Jim Herron, Bill Lock, Dan Pyzel and Caroline Tower for re-election for the two-year term beginning June 2017; and to fill the two existing vacancies during the next two years as qualified candidates are identified and recruited. **Passed unanimously.**

XI. Adjourn

The Board meeting was adjourned at 12 noon with the announcement that a planning session would convene immediately after lunch. The next Board meeting is scheduled for 8:30 a.m., Saturday, June 24, 2017, at the home of Bob and Holly Ross, in Chama, NM.

M/S Tower/Scott to adjourn the Board meeting. **Passed unanimously.**