

Friends of the Cumbres & Toltec Scenic Railroad, Inc.
Minutes of Board Meeting Held June 21, 2003
Vera's Restaurant, Chama, New Mexico

Board members present: Brian Shoup, Jim Herron, Dennis Sterosky, Warren Smalley, Frank Yockey, Geof Gordon, Ed Lowrance, Art Nichols, Parker Fowler, Bob Craine, Dick Cowles, Phil McDonald, Bill Lock, Nan Clark, Bob Ross, Spencer Wilson, Jerry Sahn, Curt Bianchi, Bob Tully.

Guests: Terri Shaw, Art Randall, Rich Casford.

1. Call to Order

President Shoup called the meeting to order at 8:30 a.m. MST.

M/S Fowler/Craine to appoint Jim Herron temporary chair and Curt Bianchi temporary secretary.
Passed unanimously.

2. Reading of election results

Temporary Secretary Bianchi read the 2003 Board of Directors election results. 866 valid ballots were cast, and the nominees received the following votes:

Nan Clark	790
Dick Cowles	788
Geof Gordon	793
Jim Herron	789
Bill Lock	792
Ed Lowrance	785
Jerry Sahn	776
Dennis Sterosky	789
Spencer Wilson	795

All nominees were elected to the board for a two-year term ending in June 2005.

3. Election of officers

Temporary Chairman Herron proposed a slate of officers consisting of Herron, Chairman; Jerry Sahn, Vice Chairman; Dennis Sterosky, Treasurer; and Curt Bianchi, Secretary. In addition, Herron proposed that Bill Lock serve as assistant treasurer, Frank Yockey as assistant secretary, and Brian Shoup as president.

M/S Gordon/Yockey to elect the officers as proposed by temporary Chairman Herron. **Passed unanimously.**

M/S Gordon/Sterosky to appoint Spencer Wilson second assistant treasurer. **Passed unanimously.**

4. Appointment of consulting directors

Chairman Herron proposed the following slate of consulting directors: Richard Gomez, Terri Shaw, Kim Flowers, and Frank and Anne Burton.

M/S Wilson/Gordon to appoint the consulting directors as proposed by Chairman Herron. **Passed unanimously.**

5. Minutes for March 22, 2003 board meeting

Chairman Herron asked for corrections to the minutes of the March 22 Board of Directors meeting. There were none. **M/S Sterosky/Yockey** to approve the minutes of the March 22 Board of Directors meeting. **Passed unanimously.**

6. Executive Committee Report

Chairman Herron reviewed the Executive Committee meetings of June 5 and June 10, and asked for corrections to the minutes of those meetings. There were no corrections. **M/S Wilson/Sterosky** to accept the minutes of the June 5 and June 10 Executive Committee meetings. **Passed unanimously.**

7. Treasurers Report

Treasurer Sterosky reviewed the financial statements. Year-to-date membership dues total approximately \$151,000, and year-to-date net income is approximately \$117,000. Treasurer Sterosky noted that while income is below budget, expenses are also under budget by approximately \$31,000. He described the balance sheet as "very sound." \$75,000 is owed to the Friends from RGRPC. In addition, RGRPC has converted the Friends' 2002 advance of \$20,000 into a loan. In short, the Friends are in good financial shape.

M/S Fowler/Sahnd to accept the treasurers report. **Passed unanimously.**

Treasurer Sterosky reviewed the 2002 audited financial statements, as prepared by Reynolds, Hix and Company. He reviewed the footnotes in detail, and noted that Another Century of Narrow Gauge Steam pledges have not been reflected in the audited financial statements.

M/S Ross/Gordon to approve the audited financial statements. **Passed unanimously.**

8. Appointment of Committee Chairs/Members

Chairman Herron reviewed the proposed standing committees, and the board entered into discussion. Chairman Herron and President Shoup proposed that the Government Liaison Committee no longer be a standing committee, explaining that while the committee was effective over the past year, such issues are best addressed by the Executive Committee, which is empowered to make such policy decisions on behalf of the board. Director Cowles suggested that there is still a need for some sort of government affairs or political action committee. He described it as a brain trust or resource to help the Friends get things done in the political arena, and to give the Friends advice when needed. Director Fowler agreed, noting that the former committee was useful because it was an organizing and coordinating mechanism. After further discussion, Chairman Herron proposed forming a new Government Advocacy Committee.

M/S Lock/Sahnd to form a Government Advocacy Committee. **Passed unanimously.**

Chairman Herron appointed Dick Cowles chair of the committee, and asked him to propose the committee membership at the fall board meeting.

After discussion, the following committee rosters were amended to read as follows:

Development Committee: Bob Craine (Chair), Curt Bianchi, Rich Casford, Nan Clark, Dick Cowles, Parker Fowler, Bill Lock, Bob Ross, Steve Schroeder, Brian Shoup (ex officio), John West.

Finance Committee: Dennis Sterosky (chair), Bob Craine, Geof Gordon, Bill Lock, Steve Schroeder, Spencer Wilson, Brian Shoup (ex officio).

Government Advocacy: Dick Cowles (chair). The remaining members will be proposed by Mr. Cowles at the November board meeting.

Interpretation Committee: Terri Shaw (co-chair), Frank Yockey (co-chair), Chuck Heroneme, Ed Lowrance, Rich Muth, Frank Martindell, Dan Pyzel, Dick Ross, Jerry Sahnd.

Membership Committee: Nan Clark (chair), Howard Bunte, Les Clark, Marshall Smith, Mary Jane Smith.

Projects Committee: Bob Tully (chair), Roger Briggs, Tim Bristow, Bob Ground, Bill Kepner, Ed Lowrance, Phil McDonald, Don Metzler, Art Randall, Bob Ross, Roger Breeding (ex officio), Bill Lock (ex officio), Jerry Sahnd (ex officio).

Publications Committee: Art Nichols (chair), Curt Bianchi, Nan Clark, Bill Lock, Ed Lowrance, Steve Schroeder, George Swain, Spencer Wilson.

Railfan Committee: Bill Lock (chair), Steve Fowler, Dan Pyzel, Steve Schroeder.

M/S Lock/Sterosky to approve the committee rosters as revised by the board. The board entered into discussion. Director Fowler asked about planning, particularly with respect to the \$180,000 allocated by the Colorado Historical Society to create a master plan for the railroad. Director Tully stated that the master plan should be something to which all of the committees could contribute, and which would in turn guide the committees. He suggests a 20-year planning horizon. Chairman Herron said that of President Shoup's job is to coordinate this type of planning activity at the highest level. **Motion Passed unanimously.**

Chairman Herron then proposed that the Executive Committee consist of the Friends officers, Bill Lock as New Mexico representative, Geof Gordon as Colorado representative, Bob Craine as an at-large member, and President Shoup as ex officio member.

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

9. Membership Committee Report

Committee Chair Clark introduced the new member brochure. It encourages people to become "investors" in the railroad, and includes a new set of membership categories based on the concept of a "shareholder." Shareholders will receive a faux stock certificate in recognition of their contribution. In addition, we have introduced the General Palmer Society for large donors.

10. Development Committee Report

Committee Chairman Craine reviewed the audit report of the Another Century of Narrow Gauge Steam (ACNGS) campaign, covering the period of January 1, 2002 to April 30, 2003.

Director Craine noted that contributions to the campaign have slowed due to the uncertainty regarding the railroad. While a long-term plan is clearly needed, the short-term future of the railroad needs to be clarified quickly, and communicated to the members and the public. The campaign needs to be reinvigorated in order for the Friends to raise the funds necessary for its part of the EDA locomotive grant next year.

Director Craine stated that the goal for this year is \$200,000 in cash contributions. campaign update has been mailed to members and posted on the Friends web site. The campaign will also be covered as part of the annual report in the upcoming Dispatch.

11. Dispatch Report

Committee Chairman Nichols reported that the next issue of the Dispatch would largely consist of the Friends' annual report. The report will include a letter from President Shoup recapping the year, a map showing the distribution of members in all 50 states, a column showing our growth in membership and volunteers over the years, a short description of how the governance of the railroad is structured, 2002 financial data for the Friends and RGRPC, a report on the ACNGS campaign, a list of the donors to the campaign as of the middle of June, and photographs and biographies of the directors and management.

Because the annual report will consume 12 of the 16 pages of the upcoming Dispatch, reports of the work sessions will occur in the October Dispatch. The winter issue should be published before Christmas, and will contain items that could not be published in earlier issues due to space constraints, as well as a look ahead to 2004.

Spencer Wilson has completed a CD containing all of the issues of the Dispatch from 1988 to 2002, and it will be available for sale for \$15.

12. Railfan Committee Report

Committee Chairman Lock reported that there would be no charters this year. For 2004, he proposed that the Friends annual moonlight train take place on July 31, which is a blue moon (the second full moon in the same month). He also proposed operating the Friends photo train on June 19, 2004.

13. Interpretations Committee Report

Committee Co-Chairman Shaw reported on the committee's progress thus far. She sees the main work of committee being carried out by subgroups that will be concerned with looking at interpretation plans for various sites along the railroad, as well as the docent program. A joint Projects/Interpretations meeting is scheduled for June 23 at Cumbres to consider plans for the section house. The committee also intends to continue working on a Cumbres walking tour at the August work sessions. Over the long term, the committee hopes to develop interpretation plans for each of the sites along the railroad, including significant sites that no longer have existing structures.

Committee Co-Chair Yockey provided a brief update on the docent program. There are 25 individuals signed up as docents. He noted that this would be the first year that a docent will be aboard every train, and that there will be coverage in the Chama yard on every operating day. Efforts continue to increase the professionalism of the docents, as well as the quality and scope of the interpretation they provide. To this end, a training manual has been started.

14. Projects Committee Report

Committee Chairman Tully reported that a task force was formed and met earlier in the week in order to identify aspects of project planning and execution that need to be improved. Several issues were identified, and these will be taken up by the Projects Committee over time.

Regarding the committee itself, Director Tully described the responsibilities of various members as follows: Don Metzler, tool coordinator; Art Randall, SHPO project coordinator; Bob Ross, project development and visionary planning; Bob Tully, overall management and planning. He described the ex officio members as providing an historical and visionary perspective, and assisting as appropriate.

Director Tully also felt that the committee needs its own secretary in order to disseminate minutes and other documents to the committee and to the board.

9. Government Affairs and Strategic Planning

Committee Chairman Cowles provided the report. The commission will need to make its 2004-2005 funding requests to the state of Colorado in July, and to the state of New Mexico in November. He felt that there is a need for the Friends and RGRPC to help the commission with these requests, noting that last year nothing was submitted to Colorado in terms of appropriations requests.

The New Mexico Legislative Finance Committee (LFC) intends to have a session in Chama, August 13-15. This is a very powerful committee that considers funding requests and appropriations, and was essential in the railroad getting operating and capital funds from New Mexico this year. Director Cowles described the committee as being very supportive of the railroad, believing that it has a responsibility to help ensure the railroad's success. Among other things, the committee has broached the subject of New Mexico leasing the Colorado side of the railroad, and placing the railroad under the state parks system. Director Cowles emphasized that the committee members need and want to hear from the Friends about how the railroad's governance and management is structured. The upcoming session in Chama will be a great opportunity for the Friends to make its views known.

President Shoup then talked about strategic planning. He and Director Cowles have had ongoing discussions about this for the past few months, and are working on a position paper that will outline one or more options to address these issues. What is emerging is a model that will have the word "foundation" in it; a foundation which integrates railroad operations, interpretation, preservation--all the functions that would fall under the concept of a living museum. President Shoup felt that we should strive for a model that will truly coordinate the aspects of a living museum. We really need a structure that will optimize our private fundraising efforts, while at the same time improving our recent ability to attract public funding.

Director Cowles and President Shoup would like to present a draft of the position paper to a small group of individuals in order to get broader input, and then present it to the Executive Committee, with the EC approving the paper prior to the LFC meeting in August. President Shoup then asked for board approval of this process, and to empower the Executive Committee to approve the final presentation to the LFC meeting to be held on August 13-15.

M/S Tully/Smalley to empower the Executive Committee to approve the final presentation to the LFC meeting to be held on August 13-15.

The board then entered into discussion. It was noted that Chairman Herron appointed a task force in March for this purpose, consisting of President Shoup (chair), Cowles, Smalley, and Gordon. Director Craine was later asked to participate as well. Director Fowler asked to be included on the committee to increase the representation from Colorado.

Director Craine suggested that the draft document be distributed to all of the board members before approval by the Executive Committee. The following plan of action was proposed:

- A. The task force drafts the document.
- B. The document is disseminated to the board for comment.
- C. The final draft is presented to the Executive Committee for approval.

The board discussed a timetable for this process, and arrived at the following:

- A. Mid to late July: Draft sent to the board.
- B. August 6: Report given to LFC staff.

C. August 13-15: LFC meeting.

The paper will represent the Friends and RGRPC. President Shoup and Director Cowles have had conversations with commissions about this as well.

Chairman Herron called for a vote on the motion. **Motion approved unanimously.**

10. RGRPC Report

RGRPC Treasurer Casford reported on behalf of RGRPC. Though the operating season began on June 14, Mr. Casford felt that RGRPC was about a month behind schedule because it had planned for an April 1 start-up, but was not able to take control of the property until May 8.

Mr. Casford reported that the 2002 RGRPC audited financial statements have been completed. RGRPC estimates that it lost \$1.5 million in revenue due to the FRA and Forest Service closures, and yet it sustained a loss of only \$28,000 for the year. Mr. Casford credited the management staff and employees for this remarkable achievement.

Mr. Casford explained how RGRPC's role under the new management agreement differs from the previous concession contract. RGRPC is now the manager of the property, doing work for the commission, at the direction of the commission, using a budget also approved by the commission. RGRPC does make recommendations to the commission, which the commission must either approve or deny. Mr. Casford said that the relationship between RGRPC and the commission is very good, with the two organizations working together to solve problems.

In its role as property manager, RGRPC pays bills related to management and operation of the property, and those bills are reimbursed by the commission. At the present time, this process has been thwarted by the New Mexico Attorney General, which has ruled that the ticket sales receipts must be returned to the New Mexico general fund instead of to the commission. The commission does not have substantial income beyond the ticket revenue, so until this problem is resolved, cash flow will remain very challenging.

11. Communications Issues

Secretary Bianchi, chair of the ad hoc committee on communications, reviewed the committee's report, which was distributed to board members before the meeting. The committee was formed at the March 2003 Board of Directors meeting, and was asked to study the Friends' communication to its members, and to make recommendations to the board at the June meeting.

The committee undertook a survey of the communication of similar organizations, and felt that the Friends' current communication to the membership via the Dispatch and the Friends web site was superior to any other organization surveyed. Committee chair Bianchi also undertook an informal survey of Friends members, and was able to ask 56 members a series of questions about our communication efforts. He found that all but one of the members surveyed were very satisfied or satisfied with the communication they receive from the Friends. Also notable was that 84% of the surveyed members have Internet access. This was considerably higher than expected.

The committee made a series of recommendations, which are summarized below.

- A. We reaffirm that the Dispatch is the Friends' "document of record."
- B. At this time we do not feel there is a need for another newsletter.
- C. Make sure our members know how to stay informed.
- D. Send Internet news bulletins via email to those members that request it.

E. In order to keep non-Internet members informed between issues of the Dispatch, consider printing an informal member bulletin, or recommend that members visit the Friends web site at their public library.

F. Provide additional communications to the General Palmer Society.

G. Provide more information about our core programs on the Friends web site.

H. Continue to make clear which communications are official communications from RGRPC or the Friends.

M/S Lock/Sterosky to accept the committee's report. **Passed unanimously.**

12. 2004 Calendar

Chairman Herron proposed the following 2004 calendar:

Fall Board Meeting:	November 7-8
Spring Board Meeting:	March 20
Work Session A:	May 10-14
Work Session B:	May 17-21
Work Session C:	June 14-June 18
Annual Meeting:	June 18
Friends Special Train:	June 19
Board Meeting:	June 20
Work Session D:	June 21-June 25
Moonlight Train:	July 31
Work Session E:	August 2-6
Work Session F:	August 9-13

13. New Business

Director Lock proposed that the Railfan Committee become a standing committee. **M/S Lock/Smalley** to establish the Railfan Committee as a standing committee. **Passed unanimously.** The initial committee membership shall be Bill Lock (chair), Dan Pyzel, Steve Schroeder, and Steve Fowler.

Director Fowler described recent government liaison activities in Colorado, in which the governor's attitude toward the railroad has been very favorable. The state feels that the railroad very much fits the criteria needed to qualify for Colorado gaming funds. However, Director Fowler explained that we need a master plan in order to receive more gaming funds. Director Fowler also learned that the reason the railroad did not receive an appropriation from Colorado last year is because the commission did not ask for one. The state has expressed a great willingness to help us, but the commission must request it.

14. Adjournment

M/S Lock/Sterosky to adjourn.

The meeting adjourned at 1:05 p.m.

Respectfully submitted,

Curt Bianchi, Secretary