

Friends of the Cumbres & Toltec Scenic Railroad, Inc.
Minutes of Board Meeting Held March 15-16, 2002
Friends of the C&TS RR Office, Albuquerque, New Mexico

The March 2002 meeting of the Board of Directors of the Friends of the Cumbres & Toltec Scenic Railroad was held over two days, Friday, March 15 and Saturday, March 16.

Friday, March 15

Board members present: Curt Bianchi, Roger Breeding, Roger Briggs, Howard Bunté, Bob Craine, Parker Fowler, Geof Gordon, Jim Herron, Bill Lock, Phil McDonald, Art Nichols, Art Randall, Jerry Sahnd, Terri Shaw, Warren Smalley, Dennis Sterosky, Spencer Wilson. Absent: Chris Krahling.

Guests: Dick Cowles, Frank Yockey, Steve Schroeder, Jan Hosea.

1. Call to Order

President Shaw called the meeting to order at 2:06 p.m.

2. RGRPC Financial Report

RGRPC Treasurer Dick Cowles led the board in a review of the RGRPC financial statements. These statements provide our first long-term look at running the railroad. He pointed out that we have invested about \$1.2 million in the railroad—including the money we borrowed—since assuming operation of the railroad. Most of this has been spent on one-time, non-recurring items, primarily locomotive restoration work, track improvements, and the purchase of fixed assets. Mr. Cowles noted that in addition to the EDA grant, RGRPC has spent approximately \$250,000 of its own funds for track rehabilitation, and that in addition to state funds, RGRPC has spent approximately \$400,000 of its own money on locomotives. He emphasized that we need to understand whether this level of expenditure is an aspect of starting operations, or part of ongoing operational needs. He said that the shop is now accounting for its time on a per-project basis so that its expenditures can be better classified.

Mr. Cowles emphasized that RGRPC is running on a very tight budget this off-season, and that RGRPC will incur debt of approximately \$400,000 in order to get to opening day. On the plus side, as of today RGRPC has achieved \$40,000 in advanced ticket sales, well beyond the \$25,000 that was expected at this date. As the board is already aware, RGRPC has determined that at least \$300,000 must be raised by mid-July in the form of loans or contributions in order to remain viable. Otherwise, RGRPC will be faced with giving the commission notice of termination of its lease in August.

In summary, Mr. Cowles described RGRPC as being on a starvation diet until opening day. He requested that the board approve loaning RGRPC the remaining \$35,000 of the \$70,000 that the board approved at its October meeting.

3. Development Committee Report

Development Committee Chairman Bob Craine led the board in a discussion of the Fund Development Committee's meeting held on February 9, the minutes of which were previously distributed to the board. The committee made the following recommendations to the board.

1. In order to properly capitalize RGRPC and fund its immediate and long-term capital and operating needs, the Friends will work, beginning immediately, to raise a minimum of \$2.5 million over the next five years through a coordinated, broad-based pledge campaign that will bring in a minimum of \$500,000 per year, with the initial \$300,000 being committed by July 31, 2002.

2. The money raised will be placed in a capital fund controlled by the Friends, to be disbursed to RGRPC in the form of contributions and long-term loans.
3. An amount equal to ten percent of the fund will be dedicated to a Friends' endowment fund.
4. Planned and testamentary giving will be a part of the plan.
5. The funds would generally be used as follows:
 - a. Capital funds for RGRPC consistent with our historic preservation and restoration mission.
 - b. Continued working capital for RGRPC.
 - c. Friends' endowment fund.
 - d. Administrative purposes.
 - e. Friends' purposes, including historic preservation and preserving the crafts and skills of steam railroading.
6. As part of the campaign, we should seek a grant/contribution from the Narrow Gauge Trust Fund in the minimum amount of \$500,000.
7. We will seek to raise at least \$100,000 from Friends' members as quickly as possible in order to "kick start" the campaign.

In his remarks to the board, Director Craine said:

1. The economic slowdown will effect our fund raising ability, increasing the competition among non-profit organizations for contributions. We will be held to a high standard. We must provide timely and accurate information, and we must be a transparent organization.
2. We need a central message and a focal point that distinguishes us from everyone else.
3. We need to have a crusade. It can't be bland and too objective. 1,800 Friends members already believe that. People are amazed at the dedication of our members for something that doesn't have social or economic need.
4. A full-time professional effort is needed, and we are going to have to do this as long as we are the conservators of the railroad.
5. We assume the Friends and RGRPC missions are one and the same, and we need to do whatever is necessary to make RGRPC financially sound.
6. The fund development brochure that Curt Bianchi and John West have been working on is exactly what we need.
7. He considers the Development Committee's efforts to be long-term, and not a solution to our short-term funding needs. We can't keep fixing short-term problems and hope to have a long-term future.

While there was some discussion about the details, the entire board was in agreement that the Friends launch a capital campaign.

M/S Lock/Gordon that the board accept the recommendation of the Development Committee to begin a capital campaign. **Approved Unanimously.**

4. Presentation by Jan Hosea

President Shaw turned the chair over to Jan Hosea, a fund raising consultant, to discuss fund raising strategies. Ms. Hosea made several points to the board.

1. It is important that RGRPC create a business plan that shows that it will become operationally self-sufficient. Mr. Cowles interjected that he thought 60,000 passengers per year was enough to make the railroad operationally self-sufficient, but that this figure was a matter of debate among RGRPC directors.
2. A fund raising campaign needs a grand purpose. Our grand purpose is historic preservation.

3. Some donors will want to know what the quid pro quo will be. "What does my name go on?" and "How will I be recognized?" are questions that they might ask. We need to consider the answers to those questions before asking for a donation.
4. Ms. Hosea recommended that we do a pre-campaign positioning or feasibility study. Utilize the documents that we have already started. Prepare a sales piece. Determine how much money we want to raise, the duration of the campaign, and how the funds will be used. Express short-term requirements and long-term vision. We need to put ourselves in the position of a potential donor with a \$10 million gift. Part of the point of doing the study is to pull together people with means or interest to determine what kind of fund raising capability is out there. Second, the study will identify who could be lead donors in the campaign; that is, people whose names attached to the campaign would cause others to follow.
5. We have lots of potential in our 1,800 members.

The board then entered into discussion. Director Craine expressed concern that RGRPC's immediate funding needs did not allow time to build a campaign in a deliberate fashion, and that there was urgency to get the campaign underway. Mr. Cowles expressed the opinion that \$300,000 could likely be raised among known sources in the form of a guaranteed line of credit. This would alleviate RGRPC's immediate funding crisis. Director Craine pointed out that this is not what the Development Committee recommended. We are trying to raise equity capital or cash, not borrow money.

Director Fowler asked who would do a capital budget and business plan. President Shaw said that this would likely be a joint effort between two members each of RGRPC and the Friends.

Director McDonald wondered if it was appropriate to go to the membership more than once for different kinds of requests, feeling that some people do not like to give and then be asked a short time later to give again. Ms. Hosea said there is a distinction between different kinds of fund raising. Annual dues, membership drives, direct mail appeals and similar programs should always be a part of the funding equation. But a capital campaign is a different kind of campaign, requiring face-to-face communication with donors. It is a difference of funding ongoing expenses versus capital needs.

Ms. Hosea emphasized that the Friends have a short-term funding issue as well as a long-term vision, both of which must be dealt with in a campaign. If we are going after \$300,000 in the short-term, we need to convey to potential donors that we're asking them to help fulfill our short-term need, but we also have a long-term vision that we want them to consider as well. It is almost a double-ask. We have to go out and talk face-to-face. We have to be forthright with our close family. We don't want to close the door on future donations, and we don't want donors to feel as if we are nickel and diming them to death.

Ms. Hosea also spoke about how to deal with potential large donors. She noted that in capital fund raising campaigns, it is typical for 10% of the donors to give 90% of the money. She again emphasized that for these individuals and organizations, one-on-one communication is essential. And when making one-on-one calls, we need to explore how the individual or organization views philanthropy before making a request.

Director Nichols asked about the differences between corporate and private giving. Ms. Hosea said that there are differences, but they both require a one-on-one approach. Most corporate giving requires a handshake exchange; it is always a quid pro quo.

Director Craine asked Ms. Hosea about her experience with a good direct market campaign targeted at previous donors and an identified list of closely related friends. Ms. Hosea said that with a purchased list, the normal return is 3%. With a more specific list, such as people that have ridden the train, we could expect a 15-20% return. She felt that these kinds of lists were best used for general campaigns

as opposed to capital campaigns. Director Craine felt that we need to do a mail appeal to the membership, asking for a multi-year pledge.

Secretary Bianchi thought our campaign was similar in nature to the Campaign for Colonial Williamsburg, and wondered if we should publicize our campaign as they have. Ms. Hosea surmised that Colonial Williamsburg probably had 75% of its funding already in place before it went public. Quite often in a campaign of this nature, the organization is quiet until the lead gift or gifts are in place, and then publicizes to get the rest of the funds.

Mr. Schroeder summarized that he thought the Development Committee had two main tasks before it: To identify what goes in the fund raising booklet, and to identify potential donors to the campaign.

5. Narrow Gauge Preservation Fund

President Shaw recapped her February presentation to the Narrow Gauge Preservation Fund. The NGPF (formerly the Narrow Gauge Trust Fund) has been a major supporter of the Friends since we assumed operation of the railroad, and without NGPF's support RGRPC operation would likely not have been possible. The purpose of President Shaw's presentation was to ask NGPF to be the lead donor in the as-yet-to-be-named Another Century of Narrow Gauge Steam fund raising campaign. At the conclusion of her presentation, the NGPF agreed to take the Friends' request under consideration, but also strongly urged the Friends to consider tying the campaign to an agreement with the states for the Friends to obtain control and ultimate ownership of the railroad, either as a partner with the states, or as a full fledged transfer with interim support from the states. The fundamental point being that there be some kind of real ownership associated with raising capital funds. After the meeting, President Shaw asked Charlie Getz, president of NGPF and a lawyer for the State of California with experience in these types of negotiations, to draft a memo fully explaining his proposal so that the Friends board could take it under consideration.

President Shaw led the board in a discussion of Mr. Getz' memo. A range of views was expressed. Some directors felt that a transfer of ownership from the states was politically impossible, that it was premature and did not take into account the politics of bi-state ownership. They also pointed out the positive aspects of state ownership (e.g., the railroad has received significant state and Federal funding since the Friends took over its operation.) Other directors pointed out that the funding comes at a price: It is a struggle to obtain funding each year, it is uncertain, the funding contracts are inflexible, and both states must agree to the same funding. Some directors felt that some sort of public-private entity was inevitable, and that such an arrangement could be made to work with a long-term lease or reversionary clauses.

In the end, there was general agreement among the directors that a dialog was in order among Mr. Getz, the commission, and representations of the Friends. Based on this, President Shaw indicated that she would meet with Mr. Getz and C&TS Commission President John Swartz to discuss Mr. Getz' ideas.

6. Adjournment

President Shaw adjourned the meeting at 5:40 p.m.

Saturday, March 16

The board reconvened on Saturday, March 16 at 8:35 a.m.

Board members present: Curt Bianchi, Roger Breeding, Roger Briggs, Howard Bunté, Bob Craine, Parker Fowler, Geof Gordon, Jim Herron, Chris Krahling, Bill Lock, Phil McDonald, Art Nichols, Art Randall, Jerry Sahn, Terri Shaw, Warren Smalley, Dennis Sterosky, Spencer Wilson.

Guests: Steven Butler, Malcolm Mackey, Frank Yockey.

7. Approval of Minutes of the Board Meeting of October 13, 2001

President Shaw asked for corrections. Director Lock pointed out that the title of section 4.a. should be corrected to be 2001 instead of 2000. Director Wilson pointed out that the date for the New Mexico Historical Society meeting was incorrect.

M/S Lock/Wilson to accept the minutes as corrected. **Passed unanimously.**

8. Finance Committee Report

8.a. 2001 Year End Financials

Treasurer Sterosky led the board in a review of the Friends unaudited financial statements. He observed that the Friends did well financially in 2001. Restricted donations increased by \$50,000 over 2000, while unrestricted donations increased by \$19,000. On the other hand, merchandise sales were down, but this was expected as we chose not to promote merchandise. In summary, total income was \$81,000 over budget. With regard to expenses, Treasurer Sterosky noted that most categories were within budget. Bottom line, we made a profit of approximately \$11,000 versus a budgeted loss of \$46,000. Treasurer Sterosky expected the audited results to be completed in four to six weeks.

M/S Fowler/Craigne to approve the financial reports. **Passed unanimously.**

Treasurer Sterosky thanked the Finance Committee for their efforts in February.

8.b. Budget for 2002

President Shaw led the board in a review of the 2002 budget. One difference between this budget and previous budgets is that general expenses such as rent and salaries are allocated across different budget areas. President Shaw brought some specific items to the board's attention.

1. Income in the Fund Raising category includes a \$15,000 grant from the Candelaria Fund for a membership growth campaign targeted at train passengers. The grant does not fund the entire campaign, but it is expected that the remaining expenses will be paid as the campaign attracts new members.
2. Income in the Interpretation category includes a \$2,000 grant from the Historic Preservation Division of the State of New Mexico for a Spanish language walking tour brochure. Income also includes donations to the Hipkind Fund as well as donations from the donation jars in the depots. Expenses include developing photo exhibits, reprinting the trip map, printing the English and Spanish language walking tour guides, and a children's activity book to be distributed on the train by docents and concession car staff.
3. The budget includes the purchase of a map case for the Friends library. Director Lock pointed out there was no budget for library acquisition, though \$209 had been spent to date. The board agreed that an annual budget of \$500 was appropriate.
4. Income in the Membership category represents unrestricted funds, and does not include contributions to restricted funds, which are allocated according to their purpose. Expenditures in the Membership category include conferences and meetings, expenses related to the annual Colorado Springs meeting, membership mailings, membership premiums, and the printing of membership brochures and renewal letters.

5. The category of Public Outreach includes merchandise sales. Income includes a \$500 restricted donation from Nan Clark for printing the Friends cookbook. President Shaw pointed out that merchandise inventories are now being tracked as capital assets, so they do not appear in the budget as an expense.
6. The Restoration category includes \$30,000 of income: \$20,000 from the Los Alamos Nuclear Laboratory for locomotive asbestos removal, and \$10,000 from Malcolm Mackey. The expenditures include hiring a contractor to remove asbestos from locomotives, attending conferences, chronicler expenses, and other Projects Committee expenses.
7. The RGRPC category is meant to represent money raised for and given to RGRPC. There is currently income of \$1,220, which represents Flowers Fund donations.
8. The work session budget is about the same as last year, though this year we have factored in a portion of rent and salaries to this category.

Overall, the budget shows a net revenue of \$17,000 on the year. Director Gordon commented that this is the best budget we have seen in years.

M/S Fowler/Sahnd to adopt the recommended budget. **Passed unanimously.**

8.c Committee Recommendations

The committee recommended that the board remove the \$8,000 self-insurance reserve, since we do not actually set aside money for this item.

M/S Randall/Smalley to remove the \$8,000 self-insurance reserve from the financial statements. **Passed unanimously.**

8.c.1 Insurance

Director Krahling led the board in a review of the Friends' insurance policies, referring to the document that he prepared for the board. He felt that we are well covered, and he didn't see the need for major changes. He made two recommendations.

1. When RGRPC's policy is renewed in November, we should combine Friends and RGRPC insurance coverage, as this would probably reduce expenses and eliminate potential gaps and duplication in coverage. Director Krahling and Director Smalley agreed to work with the insurance company to do this.
2. The Friends' office staff should be reclassified from railroad to clerical, which will reduce the workmans compensation premium by about \$2,000 annually.

[The secretary's notes do not include a motion with respect to the insurance policies.]

8.c.2 Reimbursement Policy for Executive Director

Treasurer Sterosky reviewed his memo to the board describing his recommendations for a reimbursement policy for the Executive Director. The policy sets forth the type of expenses that are reimbursable (they are primarily related to travel on Friends business), and the procedures for accounting for these expenses and for getting them reimbursed. During the discussion, it was noted that mileage reimbursement should be pegged to the IRS rate, and that telephone expenses while traveling on Friends business should be reimbursable.

M/S Smalley/McDonald to adopt the reimbursement policy as proposed by Treasurer Sterosky, with the addition that mileage be pegged to the IRS rate, and that telephone expenses while traveling on Friends business be covered. **Pass unanimously.**

9. Coal Tipple Report

At approximately 10:30 a.m., Steve Kells of Kells and Craig Architects, and Jim Kreis of Red Mountain Engineering joined the meeting to discuss their report about the Chama coal tipple. The study was conducted due to the Friends' ongoing concern regarding the tipple's westward lean.

In the 1990's, repairs to the structure made by Friends volunteers revealed that the bottom, or mud sill along the structure's west (track) side was failing and thus allowing the structure to develop a noticeable westward lean. In 2000, two vertical posts and a horizontal timber were set in place to provide support to prevent the structure from settling further and possibly collapsing. Mr. Kells and Mr. Kreis undertook their investigation to better understand the nature of lean, and to develop a long-term plan to address the problem. In addition, they also reviewed the portions of the structure above the hoist house (the enclosed base structure that houses the hoist machinery), since this area has received no significant repairs since 1979.

Mr. Kells noted several deviations in the construction from the original plans. There were some inherent design flaws to begin with, and the structure would have fallen over if the original plans had been followed. In fact, of the three tipples built by the D&RGW, none followed the original plan.

Regarding the structure's westward lean, evidence suggests that the lean occurred over an extended period of time, perhaps starting not long after its completion. Photographic evidence shows that by the 1960's the structure had already achieved a substantial part of, if not all of its current lean. Field evidence also lends credence to this conclusion. The interior of the hoist house contains siding cut to fit the lean, and there is no indication of continuing stress since the siding was installed, probably in the 1940's or early 1950's. Therefore, Mr. Kells and Mr. Kreis think that the lean started about 15 years after the tower's construction in 1924.

The structure is leaning about two feet from top to bottom, which is significant because of the tipple's height. It is not clear whether the crushed mud sill is cause or effect. The tipple is also twisted. The southwest corner dropped down and the structure is starting to twist clockwise. The upper part of the structure is extremely rigid. It has not really deformed in any way, and has acted as a single unit that has moved.

The report recommended two repair options for structural remediation. Option 1 would replace all of the bottom sills and partially straighten the structure. Option 2 would replace only the failed west sill and partially straighten the structure. Option 1 would be somewhat more expensive, but would be the better long-term fix, whereas option 2 might suffice for a number of years before all of the sills would have to be replaced anyway.

Following Mr. Kells' oral presentation, the board entered into discussion. Given that it appears that the structure acquired its lean early in its life, Mr. Kells and Mr. Kreis were asked to address the structure's integrity if nothing was done, and if the shoring timbers installed in 2000 was a sufficient remedy. Mr. Kells and Mr. Kreis explained that all of the bottom sills have been exposed to water and contain rot to some extent. Even if the source of water is eliminated, all of the sills are subject to further deterioration and possible failure. Mr. Kells thinks that although the structure has been pretty stable for some time, it is not going to remain that way forever, given the lean that it has already acquired. At some point the lean of the structure will likely increase, and as it does so, it will place further forces on the guide timbers and connections, eventually leading to collapse. Mr. Kreis pointed out that the temporary shoring was installed without jacking the structure, so the bending stresses were not reduced with the

installation. Furthermore, Mr. Kreis suspects that the new shoring timbers are not designed to support the weight placed on them.

Mr. Kells and Mr. Kreis were asked about returning the structure to plumb. They said that it is not practical to completely return the tiple to plumb, as it would probably induce new stresses because the structural components have locked into place since the structure acquired its tilt many years ago. Thus, their recommendation is that the tiple be jacked into a more plumb position incrementally. This process should be closely monitored by an engineer and should proceed only to the point where it is believed that the existing stresses are relieved and that no new stresses are being induced

The board discussed whether the structure should be painted. The structure was originally painted Rio Grande mineral red, but for many decades the tiple has been seen and photographed as a weathered wood timber structure. Painting would be expensive; the report provided painting estimates for professional painters, which Mr. Kells and Mr. Kreis recommend (as opposed to volunteers) due to the structure's height. There was also some discussion of using wood preservatives instead of paint. A 2001 "cursory" inspection by Osmose, Inc. determined that the timbers and other wood members are in generally good condition, and that treatment of them with preservatives is not warranted. The board generally felt that the present unpainted appearance was not unattractive, and that we only paint the hoist house.

The board discussed the two structural repair options. Mr. Kells felt that we should pursue the option of replacing all four sills. It is only somewhat more expensive than replacing one, the structure would have to be jacked in either case, and we could have the project done for our lifetimes. If we replace only the west sill, then we face the possibility of having to go back in twenty years and replace the others.

Finally, there was some discussion about lightning protection, and discussion of installing drain lines to keep the concrete pits free of water.

Director Fowler commended Mr. Kells and Mr. Kreis for their report, which they produced on a pro bono basis. Director Wilson noted that Mr. Kells is considered a preeminent restoration architect in Albuquerque.

Further discussion of the tiple was postponed in order to carry on with the meeting agenda.

10. Report From RGRPC

10.a Financial Report

RGRPC Treasurer Cowles presented the RGRPC financial report the previous day.

10.b Operations Report

RGRPC President Warren Smalley reviewed his report, which was previously distributed to the board. He described the track condition, progress on passenger car refurbishing, firefighter training in anticipation of another dry year, and miscellaneous business details.

C&TS Chief Mechanical Officer Steven Butler reviewed the status of the locomotives. Locomotives 463, 487 and 497 will be ready on opening day. Locomotive 484 is undergoing boiler and firebox work. It will be first engine to comply with the new FRA Part 230, which took effect January 18, 2000. When it was torn down, serious and unexpected problems were found in the firebox. Mr. Butler expects No. 484 to be ready by the end of June.

No. 488 will go into the shop after No. 484 is completed. It needs both boiler and running gear work. It is expected to be ready by the end of 2002. No. 488 is not currently being worked on because there

are no funds for it. Mr. Butler believes that 488 will need the same kind of firebox work as 484, thereby doubling the previous repair estimate to about \$150,000. Most of this money will have to come from RGRPC as opposed to state or commission reimbursements, because we have already asked for and received money from the states for 488. This money has been spent, and while a lot of work was done on the engine, it is not finished. Director Smalley noted that there is little flexibility in the state contracts. The contracts are tied to very specific projects, and it isn't possible to move the money from one locomotive to another, even when it becomes apparent that there is a greater need elsewhere.

10.c. Elect RGRPC Board of Directors

The board entered into executive session to discuss the election of RGRPC directors. Upon emerging from executive session, two motions were made.

M/S Lock/Sterosky to elect five members to the RGRPC board: Geof Gordon, Dick Cowles, Warren Smalley, Bill Albert and Rich Casford. **Passed unanimously.** (Smalley and Gordon abstained.)

M/S Lock/Briggs to accept the resignations of Joe Vigil, John Craft and John West with grateful thanks for their service to the historic railroad. **Passed unanimously.**

11. Nominating Committee

Director Herron related to the board the Nominating Committee recommendations with respect to the Friends board of directors. Of the nine directors whose terms expire in 2002, six are standing for re-election: Directors Bianchi, Craine, Fowler, McDonald, Nichols and Smalley. Directors Briggs and Breeding are retiring from the board. Per the organizational changes to be implemented in June, President Shaw, as a paid staff person, will not stand for re-election. To fill the slate of nominations, the Nominating Committee recommended the nomination of Frank Yockey, Bob Tully, and Bob Ross, in addition to the six incumbents standing for re-election.

M/S Lock/Craine that the Nominating Committee be constituted to include directors Lock, Herron, Craine, Fowler and Sahnd. **Passed unanimously.**

M/S Sterosky/Lock that the board approve the slate of nominees as proposed by the Nominating Committee. **Passed unanimously**

M/S Herron/Fowler to thank outgoing directors Briggs and Breeding for their years of service and their dedication to the board. **Passed unanimously.**

12. Bylaws

12.a Adoption of new provisions relating to Exec Director

Vice President Herron and Frank Yockey led the board in a discussion of a plan for the positions of President and Chief Executive Office of the Friends, as developed by Vice President Herron's ad hoc committee formed at the request of the board at its October board meeting.

First, Vice President Herron summarized the new organization structure that the board intends to put in place in June. The salaried position of Executive Director will be separated from the uncompensated directors, and will be given the new title of President and Chief Executive Officer. The President and CEO's primary duties will be to carry out the day-to-day responsibilities of the organization, and to implement board policy. A new position, Chairman of the Board of Directors, will be created, and will be held by a member of the board of directors, as elected by the directors. The chairman will be responsible for making policy decisions between board meetings and for overseeing the President and Chief Executive Officer. The other corporate officers (vice president (or vice chairman), secretary and

treasurer) will remain the same. The composition of the Executive Committee would be changed to consist of from five to seven voting members: the chair and vice chair of the Board of Directors; the two directors serving as state representatives; and one to three additional directors as appointed by the board, including the Founder of the Corporation if he is serving as a director.

Mr. Yockey then explained the background and salient features of the position plan that he developed for Vice President Herron's committee. The position plan was drafted to define the qualifications required of candidates for President and CEO, and to describe the responsibilities of the position. The plan has three parts. The first part succinctly describes the job and its reporting relationship to the board. The second part deals with the requirements for the job. The third part describes in detail the responsibilities of the position.

The board then entered into discussion. There was some question as to whether the position requirements described in the plan were out of reach. Mr. Yockey said that it is not the intent to make the requirements out of reach, but we do need to establish high criteria when recruiting for this important position.

Director Fowler expressed the concern that the language in the plan is not sufficiently precise. In particular, the plan co-mingles the two positions of President and CEO, referring to them as a phrase rather than as separate positions. It may well be that one person performs both jobs, but we should distinguish the responsibilities of each job. He also suggested that the title of President be given to the chairman of the board.

Director Lock asked for further thoughts regarding position titles, explaining that in his experience, the position was titled Executive Director in non-profit organizations. Director Craine explained that per the board's discussion in October, the intent was for the title to imply the highest level of management responsibility in the organization, which CEO implies. It was generally agreed that the titles of President and CEO were appropriate. In addition, the responsibilities and reporting structure of the chief executive and the chairman must be clear, regardless of title: The chief executive reports to the chairman, who reports to the board.

There was also discussion of the fact many Friends directors act in two capacities within the organization. As a member of the board, directors are the ultimate authority of the organization, establishing policy and overseeing the chief executive. But as members of committees, directors may in fact work under the direction of the chief executive in order to carry out the responsibilities of the committee. Director Fowler felt that this distinction should be clarified in the position plan.

After considerable discussion, Vice President Herron suggested that the board table the job description itself and let Director Fowler offer his revisions at a later date. Director Fowler agreed to do so in the following week. It was agreed that Director Fowler, Vice President Herron, President Shaw, Mr. Yockey and Director Craine will continue working on the plan, and send it out for review to the entire board.

12.b Integration of changes Since 1993 into a Third Restated Bylaws

Vice President Herron led the board in a review of a draft of the Friends' third restated by-laws. The changes to the by-laws were generally of two types: a) incorporation of amendments approved by the board since the second restated by-laws, and b) incorporation of changes to reflect the new organizational structure to be implemented in June. The board reviewed the revisions on a change-by-change basis. Modifications and corrections were noted, and Vice President Herron intended to prepare another draft of the by-laws for approval at the June 2002 board meeting

At the conclusion of the by-laws review, Director Bunté commended Vice President Herron's committee for their work in producing the draft, and President Shaw asked the board to constitute a committee for strategic planning, with Frank Yockey as the chairman.

M/S Lock/Wilson to constitute a strategic planning committee with Frank Yockey as the chairman. The members to the committee will be named later. **Passed unanimously.**

13. Restoration Program

13.a Coal Tipple Report

Due to time constraints, the board chose not to have a follow-up discussion on the coal tipple presentation made earlier in the day. However, directors Sahnd and Randall indicated that the Projects Committee favors the option of replacing all four sills, and following the recommendations of Mr. Kells and Mr. Kreis regarding the use of professional contractors versus Friends volunteers.

13.b 2002 Work Sessions

Projects Committee Co-Chairman Sahnd reviewed the new projects proposed for the 2002 work sessions.

1. Flat car 6314, probably the last wood frame flat car made that is still in existence.
2. Chama depot platform.
3. Speeder shed in Chama yard.
4. Flammable materials storage shed in the general region of the swamp. A temporary structure.
5. Telephone booth reconstruction to start this year. Plan to do two each year, removing two from the line each year.

Director Sahnd noted that the job of the Projects Committee had become increasingly complex as the work sessions have grown. The committee hoped to establish a broader network of people to help manage the projects. He also noted that we might have to begin limiting the number of people attending work sessions, due to the large number of members requesting work session packets.

Co-Chairman Randall added that the committee has begun to reorganize to do a better and more independent job. Because of the growth of the work sessions and the change in the Projects Committee relationship with the Friends and the other members of the Triad, the committee is getting less attention than it used to. Director Randall felt that the committee needed to develop more lines of communication, whereas before it relied on President Shaw for much of this. The other needed change is that as the individual projects become more complex, longer range and more complete planning and research has become necessary. The committee is seeking a better organizational structure, and to expand the planning horizon from one year to three to five years out.

13.c Sundown & Southern Equipment

Due to time constraints, Director Lock proposed that discussion of the Sundown & Southern auction be deferred to the June board meeting, since the auction is not scheduled to take place until July 20. Director Randall said that the Projects Committee has had some discussion regarding the S&S equipment, and there are some items that the committee would like to look at. Director Sahnd noted that the Friends needs an acquisition policy and plan, but in the meantime he proposed the creation of an ad hoc committee to investigate the S&S equipment.

M/S Lock/Randall to appoint a committee, consisting of Bob Tully, Jerry Sahnd (chair), Phil McDonald, Carol Salisbury, and Bill Lock, to further investigate the possible acquisition of S&S equipment. **Passed unanimously.**

14. Other Committee Reports

14.a Membership

Chairman Bunté circulated a membership report to the board. He noted that at this point in the year, we are nearly 100 members ahead of last year, and nearly \$50,000 ahead in contributions and dues.

14.b Charter Trips

Chairman Lock reported that two charters are planned for 2002.

1. A mixed train running from Chama to Osier and return, scheduled for June 22 between work sessions C and D.
2. The fourteenth annual Friends moonlight train, scheduled for July 20.

14.c Dispatch

Chairman Nichols reported that four 12-page issues of the Dispatch are budgeted for 2002. The cost of producing and mailing the Dispatch in 2001 was \$1.62 per issue. For 2002, the budgeted cost per issue is \$1.65. Our printer for the past six years has been LithExcel in Albuquerque. Their service has been very good, and we will continue using them this year.

15. New Business

15.a. Burton Award

Vice President Herron proposed that the board confer a Burton award to Don and Mary Metzler.

M/S Lock/Nichols that the Burton award be conferred to the Metzlers. **Passed unanimously.** Steve Schroeder agreed to produce the award itself.

15.b. Letter of Commendation for Bob Manthey-Zorn

Vice President Herron recommended that the board write a letter of commendation to Bob Manthey-Zorn for his years of service on behalf of the Friends, selling our merchandise.

M/S Lock/Bianchi that the board write a letter of commendation to Bob and Sylvia Manthey-Zorn for their efforts on behalf of the Friends. **Passed unanimously.**

16. Adjournment

Just before adjournment, Director Sahnd once again commended Roger Breeding and Roger Briggs for their years of service to the board. A round of applause was given to these two retiring directors.

The meeting adjourned at 5:26 p.m.

Respectfully submitted,

Curt Bianchi, Secretary