

Friends of the Cumbres & Toltec Scenic Railroad, Inc.
Minutes of Board Meeting held November 2, 2002
Falcon Station, Colorado Springs Police Department,
Colorado Springs, Colorado

Board members present: Howard Bunté, Parker Fowler, Jim Herron, Geof Gordon, Bill Lock, Phil McDonald, Art Nichols, Art Randall, Bob Ross, Jerry Sahnd, Terri Shaw, Bob Tully, Frank Yockey.

Board members absent: Curt Bianchi, Bob Craine, Chris Krahling, Warren Smalley, Dennis Sterosky, Spencer Wilson.

Guests present: Dick Cowles, John Engs, Ed Lowrance, Brian Shoup, Mona Tully.

1. Call to Order

Chairman Herron called the meeting to order at 8:40 a.m.

2. Approval of the Minutes of the Board Meetings of June 16, 2002 and September 21, 2002

M/S Fowler/Yockey to approve the minutes of the meeting of June 16, 2002 without correction.
Passed unanimously.

M/S Tully/Ross to approve the minutes of the meeting of September 21, 2002 without correction.
Passed unanimously.

3. President's Report

President Shaw introduced all visitors and directors.

4. Treasurer's Report

In the absence of Treasurer Sterosky, Assistant Treasurer Lock presented a memo from the treasurer, and reviewed the Balance Sheet, Profit & Loss Summary, and Profit & Loss Budget vs. Actual as of October 31, 2002. Income is higher than budgeted due to the Another Century of Narrow Gauge Steam campaign and merchandise sales (primarily the new cookbook). Expenses are in line with the budget except for the purchase of restoration materials and supplies. However, there is a good deal of material purchased this year that will be used next year. Of note, it now appears unlikely that the Friends will need to use the line of credit approved by the Executive Committee on August 1, and ratified by the full board on September 21.

M/S Fowler/Sahnd to receive the Treasurer's Report. **Passed unanimously.**

5. President/CEO Search Process

Search Committee Chair Yockey reported on the committee's activities to date. Paid ads were put in ten publications, electronic postings were made on 26 sites, and a mailing was sent to 50 museums and tourist railroads. Director Yockey has received 42 applications to date. The position closes on November 30, and screening and interviewing will be conducted in November and December. Selection of a final candidate is expected by January.

The board entered into executive session at 9:30 a.m. to discuss the hiring process, and to provide guidance to the Search Committee with respect to the job description and expectations, and terms of employment.

M/S Lock/McDonald to empower the Search Committee to identify and recommend to the Executive Committee three final candidates, and to empower the Executive Committee to select and hire one of the finalists before the March board meeting, preferably by the end of December. **Passed unanimously.**

The board emerged from executive session at 10:37 a.m.

6. RGRPC Report

Director Gordon and President Shaw, both of whom also serve on the RGRPC board, reported on informal meetings with commissioners on September 27 and October 24, and answered questions about the issues between RGRPC and the commission. It was noted that nearly every written communication from RGRPC to the commission since mid-June has not been replied to. Many of the letters related to track work under EDA-2. As a result, after work at the two locations cited by the FRA in May was completed, there has been no further EDA work this year.

At the October 24 meeting, adjustment of payments to the commission for rent and tie installation under the Force Majeur section of the lease was discussed and a formula agreed upon. RGRPC would be excused from performance of 55% of its obligations for the year 2002. This results in reduction of rent from \$83,826 to \$37,722 and reduction of tie installation from 2,500 to 1,125. The tie installation requirement has been met but some rent is still owed to the commission.

Director Gordon described the USDA Rural Economic Development loan guarantee program that would be available to RGRPC if it has a contract with the commission to operate the railroad.

Director Fowler described avenues for financial assistance for RGRPC that have been pursued in Colorado. They have been met dead ends because RGRPC is a New Mexico corporation.

Director Gordon, President Shaw, and Mr. Cowles reported on other recent events:

1. New Mexico Legislative Finance Committee (LFC). Commissioners Medardo Sanchez and John Swartz, and commission Executive Director Bob Johnson appeared before a hearing of the LFC on September 26. Also attending were Terri Shaw, Howard Bunté, and Fred Springer of the Friends; Kim Flowers, Steven Butler, and Kelly Butler of RGRPC management; Dick Cowles and Carl Turner of the governmental affairs liaison committee; former New Mexico Governor David Cargo, Vern Glover, Karen Cowles and Morgan Cowles.

LFC staff and the commissioners reviewed the situation at the railroad and outlined the level of funding that would be needed to ensure locomotives would be ready for the 2003 season. Committee members voiced strong support of the railroad, recognizing its importance as an historic site and an economic force in the area, and favored appropriations to meet capital needs.

2. EDA grant application for locomotive work. Ms. Shaw, Mr. Swartz, Mr. Cargo and Mr. Cowles met with EDA Regional Director Pedro Garza in Albuquerque on October 29. Mr. Garza said that the pre-application was complete, and he outlined the EDA evaluation process. The participants answered questions, spoke of the importance of the funds requested, and described how they would be used. If this project is selected, the Friends and the commission, as joint applicants, should be notified sometime in November to submit a full application. Funding would become available within 60 days.

3. New Mexico Board of Finance. As an outgrowth of the LFC meeting, and with the assistance of Mr. Cargo, the commission was encouraged to seek an emergency loan from the Board of Finance. It has filed such a request and the matter is scheduled for consideration on November 12.

4. Forest Service closure orders. On Friday, Nov. 1 the New Mexico Asst. Attorneys General who have reviewed the Forest Service actions in June and evaluated the legal remedies met in Santa Fe, New Mexico with staff members from the offices of Sen. Bingaman, Sen. Domenici, Rep. Udall, Commissioner Swartz, RGRPC General Manager Flowers, and Carl Turner. Both legal and political solutions were discussed.

The board then discussed the commission's operator selection process. The directors who have seen the responses to the commission's RFI , which the commission has circulated for public comment, reviewed them with the rest of the board. The commission's timeline was reviewed. The directors discussed making public comments on the RFI responders and the RFP when it was released.

M/S Lock/Fowler to authorize the Friends Executive Director to respond publicly to any insufficient disclosures or lack of substantive elements which the Friends board of directors may see in the commission RFP. **Passed unanimously.**

The meeting was adjourned for a lunch break at 12:35 p.m. The meeting resumed at 1:45 p.m.

The board discussed accepting two deeds of transfer from RGRPC for the kitchen equipment at Osier, and the Niles wheel lathe.

M/S Fowler/Tully to accept two deeds of transfer from RGRPC for the kitchen equipment at Osier, and the Niles wheel lathe. **Passed unanimously.**

The board took up a request by RGRPC to sell merchandise directly to members via a product sheet inserted in the *C&TS Dispatch*.

M/S Tully/Fowler to include an RGRPC merchandise insert in the next *C&TS Dispatch*, with the costs of the insert deducted from the proceeds of the merchandise, and the rest of the proceeds passed to RGRPC. **Passed unanimously.**

Director Lock then moved that the board endorse the following resolution:

Whereas the Friends strongly supports the continued operation of the C&TSRR as an operating historical museum; and

Whereas, the C&TSRR needs to balance operating considerations and historical considerations, and the Friends has a continued commitment to the use of volunteers to help preserve the railroad; and

Whereas, the C&TSRR has experienced difficulties in recent times and always needs the stewardship of an experienced and competent operator which can focus and balance the important considerations; and

Whereas, based on available information RGRPC is the most qualified applicant for the future operation of the C&TSRR;

Now, therefore, the Board unanimously endorses the application of the RGRPC to the C&TSRR Commission for the future operation of the railroad and further pledges its continued support of the C&TSRR to the Commission, the public, and the historic community at large.

M/S Lock/Sahnd to endorse the above resolution. **Passed unanimously.**

7. Projects Committee Report

Project Committee Co-Chair Sahnd reviewed the dates of the 2003 work sessions, which are scheduled for May 5-9 and 12-16, June 16-20 and 23-27, and August 4-8 and 11-15. Director Sahnd indicated that the budget for the 2003 work sessions has been set at \$40,000.

Director Yockey described a new subcommittee of the Projects Committee, which has been created specifically for the purpose of assembling and evaluating information about potential projects so that priorities can be set for at least five years.

8. Development Committee

In the absence of committee chair Bob Craine, President Shaw gave the report. Response to the mid-October Another Century of Narrow Gauge Steam mailing has been good, with 53 responses totaling over \$10,000 in cash donations. The total cash donations and pledges now exceeds \$500,000. The committee met on November 1 to discuss sources of lists for direct mail campaigns outside of the membership, and to consider a recognition policy. The committee intends to recommend such a policy to the board at its March meeting.

9. Membership Committee

Membership Committee Chair Bunté reported that there are currently 1,919 members, as compared to 1,899 last year. All new members whose applications are received after mid-October will be sent the Fall-Winter *C&TS Dispatch* (which is in production) and informed that their contributions will apply to 2003.

M/S Gordon/Lock to offer the board's thanks to Membership Committee Chairman Bunté for the new memberships gained during this most trying year, and to commend Bunté for his efforts on behalf of the Membership Committee. **Passed unanimously.**

10. Report on Association of Railway Museums (ARM) Convention

Director Bunté gave a brief, informal report of the ARM convention held in Plano, Texas, October 23-27, which he and Director McDonald attended.

11. Elections

Chairman Herron appointed the following directors to the Nominating Committee: Bob Ross, Chair; Parker Fowler, Howard Bunté, Curt Bianchi, and Jim Herron, ex officio. The committee will recommend candidates for openings on the Friends and RGRPC board at the March board meeting.

12. Old Business

President Shaw noted that the bylaws amendments previously approved by the board still need final clean-up, and must be signed and then formally acted on by the board.

13. New Business

Director Gordon brought up the need for the Friends to have a local representative attend the local Chama city government meetings, as a representative of the Friends.

Director Lock expressed the need to post board meeting minutes on the Friends web site more quickly, i.e., prior to board approval, which occurs at the next board meeting.

14. Adjournment

M/S Sahnd/Fowler to adjourn. Meeting adjourned at 3:30 p.m.

Respectfully submitted,

Curt Bianchi, Secretary