

**MARCH 16TH, 2019 MINUTES OF THE FRIENDS OF THE CUMBRES & TOLTEC SCENIC RAILROAD BOARD
OF DIRECTORS MEETING HELD AT THE COURTYARD MARRIOTT HOTEL, JOURNAL CENTER, 5151
JOURNAL CENTER BOULEVARD, ALBUQUERQUE, NEW MEXICO**

Call to order:

Chairman Bob Ross called the meeting to order at 8:30 AM MDT.

Present were: Bob Ross, Chairman; Tim Tennant; President and CEO; Don Stewart Vice President; Warren Smalley, Secretary/ Director; John Eng; Ed Beaudette; Jim Herron; Dave Ferro; Caroline Tower; Bill Lock; Russ Hanscom; and Dan Pyzel. Absent: Scott Hardy. Guests: Craig McMullen; Leon Beier.

Safety Manual Presentation: Brad Lounsbury, Safety Officer Cumbres & Toltec Scenic Railway: Due to several participants having to leave early he gave an extensive presentation on the new expanded Safety Manual and the Safety Culture of the railroad which now incorporates the Friends Organization in order to comply with the latest guidelines issued by the Federal Railway Administration.

Minutes of previous BOD and Executive Committee meetings: Director/Secretary Warren Smalley

October BOD minutes + Nov., Dec., Jan. and Feb. EC Meetings were reviewed: Two changes were noted in the October 19th minutes: Tom Stewart's name is corrected to read: Tom *Stewart*, not Stuart, and Leon Beier was added to the names of membership Committee members.

M/S approve all minutes from October 19th, 2018 thru February 19th, 2019 with corrections (U).

Presidents Report: Tim Tennant President and CEO:

- Our website is 10 years old and has to be updated. We are beginning the process, Greg Coit and Tom Stewart are beginning the process of analyzing and updating it.
- The last Railroad Commission Meeting held Friday February 2nd named Brad Lounsbury as Safety Officer in addition to his duties as dispatcher. Re. appropriation requests for the states of New Mexico and Colorado the Commission is asking \$1,365,000 and \$240,000 to run the Commission office from Colorado; and \$1,000,000 in capital, plus \$261,000 from New Mexico to fund the Commission Office. It costs about \$500,000 to operate the Commission. In recent years the funds granted from the states has not kept up with expenses so the difference comes from railroad operations.
- We received check from the Historic Preservation Fund from the Commission in the amount of \$55,155.12. This covers fiscal year of July 1st 2017 thru June 30, 2018., Last year's amount was \$35,945.45, a significant increase and represents the uptick in ridership last year!
- HPCC group toured the area where they Commission plans to locate covered car storage sheds, south of the engine house and east of the yard. Structures will be 60' by 200' feet long with open ends and totally covered sidewalls. Scott Gibbs will be assisting the Commission with this project in both Chama and Antonito. The area does fall outside the "historic Viewscape" of the Chama yard. Dirt work is expected to begin this summer.

P.2. 3/16/19 BOD Minutes

Our Annual dinner will be held on Friday, June 21st with a train ride from Chama to Cumbres and back with a dinner catered by Stephen Flowers. Thanks to Bill Lock for making arrangements with John Bush for this train. The Board meeting will be June 21st at the Chama Village Council Chambers starting at 8:30 AM.

- The Annual **Moonlight and Wine Tasting Train** is scheduled for Friday, July 12th departing Chama at 5:00 PM. We're working to secure a featured winery; St Clair Winery in Albuquerque.
- Our annual audit begins in the Month of April. Katharina is starting the preparations for the audit. We don't anticipate any issues as we work through the process.
- Our regional membership Texas meeting will be Saturday, May 4th, 2019 and will include a train ride aboard the Austin Steam Train association. The membership meeting will be held prior to the train ride at the SpringHill Suites in Cedar Park which is adjacent to the railroad. Members from Louisiana, Oklahoma and Texas have been invited. Over 30 members have indicated they will attend.
- The Ernie Robart Collection has now been transported to the Friends Office. Thanks to David Traudt, Dave Jenkins, Dan Pyzel and Wes Pfarner who joined Tim Tennant in making it a smooth process. The Dorman Photo Collection volunteers now has the task of taking these images and digitizing them. There is also a wealth of books that, if not needed for our library can be auctioned off or E-bayed for additional revenue.
- Many thanks to John Eng and the crew of volunteers who staffed the table at the Denver Train show the weekend of March 2nd and 3rd. There is always a good attendance at this show so it's important to have a presence there!
- Chama Storage building: The state of New Mexico requires proof of Worker's Compensation to issue a permit for construction, which would cost about \$14,400 in labor costs at \$7.50 per hour. We are aware that other volunteer organizations such as Habitat for Humanity have made arrangements to obtain this coverage. Bill Lock will research how this might be done for our organization.
- FDIC limits: WE have reached the \$250,000 FDIC Limit in each of our accounts at Washington Federal and Bank of Albuquerque. At the direction of the EC Warren Smalley and Tim Tennant took out a \$110,000 CD at BBVA Compass at an interest rate of 2.40%. We have another one there at \$110,734 with an 18month term at 2.25% interest.
- We received a very generous donation to the PNGPF Operating gift from Irvine and Mary Milhelm. We appreciate this very generous gift and the continued support they provide on a very regular basis.

In Conclusion President Tennant thanked us all for the hard work and support which produced a very successful 30th anniversary year in 2018. We are looking forward to another tremendous year in 2019!

M/S Tower/Pyzel to accept President's Report (U)

P.3. 3/16/19 BOD Minutes:

Finance Committee Report: President and CEO Tim Tennant/Bill Lock, Acting Treasurer.

The organization had an extremely good fiscal year in 2018, finishing with an exceptionally strong December with support/revenue ending with \$272,604 which enabled the Friends to finish the month with \$274,604 support/revenue month. Some of the more noteworthy items were a positive variance of \$27,000 in Grant Income which was aided by the Candelaria Fund later in the year. We finished with \$37,900 in Grant income. Donations exceeded budget by \$83,833 as a result of several estate gifts as a result of several estate gifts during the year, ending with \$183,833. The PNGPF initiative brought in \$57,210 more than budgeted finishing with \$224,210.

- Our overall support/revenue has been very strong over the past three years. December 31st, 2018 was \$901,911; 2017 was \$774,270; 2016 showed \$955,062.
- Profitability was excellent for the last three years also: December 31st 2018 was \$226,625; 2017 was \$101,372; 2016 was \$105,787.
- As you can see; support and revenue have been fairly robust over the last three years. 2016 was an outstanding year revenue wise as we operated several charter and special trains. The net profit was not as great due to the expense connected with the operation of these charters. 2018 sustained excellent support due to not operating the charters; and so ended up with much greater profit!
- Another item that has really impacted the Friends financially over the past few years is the number of estate gifts that we are seeing. This is a product of demographics. The positive side is that this tells us that many members are thinking of us and naming the organization in their wills. We're also seeing an uptick in the number of members who e-mail us and inform us of their intention to name us in their estate.
- The SORFA balance ended the year at \$462,697, an increase of \$51,623 over the beginning of 2018. This is the fifth straight year of an upward trend in ending balances to the SORFA.
- Our balance sheet also looks strong- the organization has reached its FDIC limit of \$250,000 for our accounts at Bank of Albuquerque and Washington Federal. We also have two CD's at BBVA Compass totaling approximately \$220,000.

February 2019 Results:

- ✓ Net profit YTD as of February 28, 2019 is \$82,328

SORFA looks very good just two months into the year. 2019 began with net assets of \$462,735 and now shows Net Assets of \$488,123 having seen contributions of \$62,980 so far this year.

P.4. 3/16/19 BOD Minutes

Detailed Cash Balances: February 28th 2019:

- ✓ We have \$195,581 in unrestricted funds as of the end of February. This is a great position to be in as of February. This is a great position to be in as last year we had approximately \$71,000 in unrestricted cash.
- ✓ As we prepare to close out the 1st quarter of 2019 in a few weeks the financial position of the Friends is very solid. A great month of December 2018 helped us to the position we are in currently. We look forward to another good year financially. We thank our membership for all the support they continue to provide.

M/S to accept Stewart/Hanscom (U)

Membership Committee report: Don Stewart, Vice President.

- Goal: Double the membership in the next five years.
- Current status: 2,217 current total membership (2,215 paid members as of March 07, 2019). This is a -3.2% in paid membership from December 2018.

Programs underway to increase membership:

- Sending out survey letters of current membership to get their ideas to increase membership.
- Advertising in retiree's magazines
- Mailing insert to Classic Trains subscribers in areas not sent before
- Continue with regional membership meetings

Chama Futures Committee Report: Don Stewart, Vice President

- Goal- develop plans for future work by the Friends of the C&TS RR in the Chama, NM area
- Status: surveys developed and sent to Friends members, C&TS Employees, and /railroad employees.
- Membership mailing went out with the Dispatch on Monday, March 11th, 2019.
- C&TS Employees to be routed through Ed Beaudette
- Survey of RR Commission Members sent through Bill Lock for discussion with the Commissioners.
- Return date end is May 1st, 2019; returns sent via SSAE to Don Stewart; three or four Friends' members in the Phoenix area will assist in categorizing and consolidate the results.
- Report to Full BOD at the June 22nd BOD meeting in Chama, NM

M/S Tower/Pyzel to accept membership and Chama Futures Reports. (U)

P.5. 3/16/19 BOD Minutes

Development Report: Caroline Tower, Director:

PNGPF

- Inception to present \$1,257,108
- 1/1/19 to 2/28/19 \$20,520.
- Some of the biggest categories are: operations-\$497,628; Major Restoration Projects; \$235,363; work Session support \$138,195.00; Passenger trucks and brakes-\$134,832; and nine other smaller categories.
- There will be two mailings sent out this year for PNGPF, one in April and another in the fall.

Grants:

- Most organizations currently mostly give to education; Health care: Homelessness etc., however;
- Two Colorado foundations do give us approximately \$50,000, usually in matching grants.

M/S to accept: Beaudette/Pyzel (U)

Interpretation Committee Report: Dave Ferro-Director:

- Dave is working with the “on-cell” program which enables passengers to receive texts on their cell phones as they ride past historical sites along with photos.

Docent Report: Bob Ross, Chairman:

- There will be three docent coordinators this summer: Joe Hartigan, Hank Morris, and Rex Fockler and/or Jack Warner.

M/S Lock/Stewart to accept both reports: (U).

Collections Committee Report: Dan Pyzel, Director:

- We are working with John Bush to move the flat car from Sandia High school in Albuquerque, to a new location.
- There is a farmer near La Hara, CO. who has some RR Hardware from stock and box cars i.e. wheels, brasses, brake parts and couplers. We are in negotiations with him for these parts.

M/S Smalley/Lock to accept report (U).

P.6. 3/16/19 BOD Draft Minutes

Projects Committee report: John Engs- Director

- 2019 Work Session Schedule is up and running and registrations are coming in.
- The 'Friends may be asked to get involved in the restoration of the Rotary Snow Plow OY for the 50th Anniversary of the Cumbres & Toltec and 140 years of steam over Cumbres Pass. *"Tentatively the OY project is aiming for a late winter 2020 run."* -ed. The anniversary celebration will be an all-season event, and primarily focused on the 8/15-8/31/2020 dates. Some of the events will feature: the 'Eureka' wood burning locomotive, coal tipple operating demonstrations, MOW equipment in operations and the 'Historic Fleet' on special trains.
- All this will result in modifying the 2020 work session somewhat. The Friends will be a contributing factor in celebrating the 140th anniversary of steam over Cumbres Pass.
- Night Watchman's Shed. This project will be started in sessions E & F, 2019. The goal is to build it back to what it was— (the exterior still looks like an old reefer). A new shower stall will be installed and a small sink put in the counter. The walls will be re-done, etc.
- We are seeing more interest in developing Wednesday-Tuesday work sessions.
- **Safety**-It's a conscious state of mind. We will form a safety committee with Board approval and include members from the Board of Directors and the Railroad and Friends members. This will be discussed further at the fall 2019 and spring 2020 meetings of the BOD.

M/S Engs/Lock to approve formation of safety Committee (U).

- We then reviewed the working copy of the new safety manual which is split into two parts. Part 1 is general session information and safety and work rules. Part 2 consists of reporting requirements and Friends safety rules and technical information.

Major Impact:

- Key- make each volunteer/ worker believe they're going to protect themselves from being hurt.'
- Safety comes from the top down; site leader down to team leader and reinforced daily. Leaders should lead by example. This includes personal protective equipment which workers and volunteers can purchase; i.e. head gear, gloves, boots safety glasses and **it has to be worn!!**

Colorado Springs location.

- The 470 is tentatively scheduled to be in Antonito in February or March of 2020 where they will concentrate on couplers and under car parts. The roof is 90% done, windows are being assembled using laminated safety plate on the clerestory windows.
- Lower siding goes on after the roof is done. The floor is 1/3rd finished and interior walls are finished and sealed. Next are the partitions and seat fittings and then barriers between berths will be installed. There will be a show and tell event after that.

P.7. 3/16/19 BOD Minutes

M/S Pyzel/Lock to accept entire Projects Committee report (U).

M/S Lock/Beaudette to go into Executive Session at 12:05 PM.

No business was conducted during the executive session.

M/S Lock/Ferro to come out of Executive Session at 12:50 PM.

M/S Lock/Pyzel to Adjourn (U).