

**Mid-Continent Railway Historical Society, Inc.**

**Minutes of the March 2010 Board of Directors Meeting**

**Date:** March 20, 2010

**Location:** MCRHS Office Building

**Roll Call:**

Present:

J. Bloohm  
M. Deets  
B. Handschin  
J. Nelson by phone  
C. O'Brien  
D. Schumacher  
J. Sorrel  
D. Viste

Absent:

B. Anderson  
S. Brist

**Guests:** D. Meyer, S. Lindsay, T. Mayer, B. Ristow

**Meeting called to order 12:01 PM**

Next Regular Meeting of the Board will be on June 19, 2010 at noon in the Mid-Continent Railway Historical Society, Inc. office building.

**12:02 PM:** B. Handschin moves and C. O'Brien seconds to approve the agenda and allow the President the option to go out of order as needed to efficiently conduct the meeting. Motion passed unanimously.

The Directors reported on items they pursued to further the goals of the organization in the last quarter.

The minutes of the December 2009 Annual Meeting of the Board stand approved as presented.

The minutes of the February 2010 Special Meeting of the Board stand approved as presented.

12:10 reports:

Steam report by Scott Lindsay, of Steam Operations Corporation: ST #2 and WCC #1

ST 2: The goal is suitability for 15 years of service, or 30,000 miles without constant rebuilding. Did not disassemble, just looking for what conditions were out of compliance for safety, or maintenance; looking at tires, driving boxes, crown brasses, rigging, tender tank, tender trucks and frame. This is preliminary, official report will be forth coming. Worn tires, shimmed with unusual methods. Spring rigging is showing signs of wear and repair. Tires will not last 15 years, especially some given flange height and thickness. There will be issues replacing and/or machining tires, but they will develop a plan. Additionally this locomotive has not been used in 10 years, has been flooded, and has been out in the elements. Scott's broad recommendation is that the running gear and frame need to be completely disassembled and evaluated, cleaned, checked for compliance, and otherwise inspected. Also it needs to be evaluated, not for use at 60 MPH, but for use at Mid-Continent at 15 MPH. Many items cannot be inspected while the running gear is in one piece. Also items need to be renewed to higher than FRA minimums. Lindsay believes we need to develop standards that are above the FRA minimums. In summary the locomotive ST 2 needs to come apart and have a complete inspection and scope of work developed. The tender is worn out, the trucks have cast iron wheels, but like the locomotive, the flanges are bad, brake rigging is very worn out, and near the end of possible adjustments. Steam heat line in tender has non-compliant galvanized parts. Drawbar casting was new, but mounting system needs improvement. Lindsay encourages that we pull the oil tank to check for leaking, as there was much oil residue on the wood. Inside water tank is rusted badly, old exterior of tank is gone leaving only patches, and the baffles have rusted off. The tank is filled with rust including mounding in corners. Federal law requires tank to be inspected and cleaned. Loose rust will end up in boiler. Lindsay did not look at appliances as they are not currently complete. However air system needs to be looked at. Portions need to be sent out. Injectors, dynamo, and air system needs to be checked. Boiler going back on frame should be put on hold until a decision is made about what to do with running gear. Tom Mayer, and Skip Lichter were there for the inspection, as well as Bloohm and Bauman.

WCC 1: Lindsay had been involved with some of the items before the flood; parts are here, in Lindsay's shop, or TVRM. Spring rigging not addressed, one intermediate rod to be replaced, crossheads need to be evaluated, piston and piston rods unknown, crosshead and shoes unknown. Engine truck is unknown at this time and needs to be reviewed. All parts need to be gathered and evaluated on where we are now. Scope of work needs to be developed. Scott wasn't here to inspect tender and some work had taken place, but it would need to have a plan developed. Tender trucks need to be inspected. Boiler, is currently a mess, one problem is work started before plan developed. Engineering needs to take place by qualified engineers developing a report before disassembly. The decision becomes where we go from here, to protect the investment. Including the engineering study needed to develop the plan.

ST 2: Steam Operations did the engineering for the boiler, but not the actual repairs. They would require all documentation sent to them, and then a qualified inspection of work done. They would also need to witness a successful hydro, static fire test, and only then would fill out the form 4.

WCC 1: Very little of the study was done on the locomotive. Some things do exist, but it would take much time to put this all together.

## Financials

Report through end of February: December profit and loss statements, \$1,200 in steam fund was a transfer into another account.

## Treasures report:

Total net assets continue to grow, which is the total value of the organization including real physical objects, such as the B2. Our assets continue to grow even as the actual cash goes up and down. Our current three loans give us a long term debt of close to \$1,000,000. And the reality is most of this money has been spent on flood recovery. If we hadn't done this we would have been shut down. Looking to the future we need to find how we can pay this back and still fund all of our other items. This money didn't come from the members, but from the communities we work with. And it is in part due to our commitment to maintaining our equipment in the public trust.

That money has also come to us in part due to the efforts of Don Meyer. Which if he hadn't done, we would have been shut down, and still attempting to manage the current recovery efforts. This has kept us on the razors edge for the last year. Another item that has helped us, is the efforts of Kelly Bauman and his team, to repair and test the air brake equipment on the coaches and freight cars. By keeping track of time and materials, we were able to claim additional insurance proceeds that were received.

The County loans are forgivable as long as we stay here in Sauk County for 5 years.

## Managers Report:

B2 – The attorney is continuing to represent us in the Avalon dispute. We are documenting every decision that affected the scope of work. Leah is currently sending the attorney every string of email over these decisions, currently up to May of 2009. Our attorney has been in touch with Avalon's attorney so Avalon is aware of what is going on. Our attorney has opined that preliminarily many items look favorable to us. She is hopeful we may be able to work out an agreement without going to arbitration. All members, officers, directors, and employees are bound by confidentiality. The dedication will be on May 21<sup>st</sup>.

Insurance – premiums for SBA required insurance was at \$10,000 per year. Our new insurers, Travelers, offered us a \$1,000,000 umbrella policy for free, due to other existing insurance. Our bank has said this is acceptable as has our SBA case representative. We have instructed our agent to cancel the old flood insurance.

Flood issues – the forgivable loan with latest increase comes to \$452,000 which now includes flood repairs to Seeley Creek bridge, and air brake and journal work for uninsured equipment. However we must now work with Central Wisconsin Community Action committee on the next steps for the loan. However our case representative has been out on medical leave, and will now work with us. This is a

reimbursement program so we have talked with our banker about drawing in excess of our line of credit, and the bank has agreed verbally. We are also talking with the County about allowing us to reimburse for each project as they are completed instead of waiting for all of them. Verbally they have agreed. It will be written off 20% per year as we stay in Sauk County. Additionally we are in contact with FEMA to cover additional money needed to finish projects related to this flood. They have also put out the possibility of some mitigation opportunities. We have explained to them all the identified damage, and all funding to date, including donations, loans, insurance, grants, etc. In addition we have identified items such as the diesel repairs were we paid more than just the flood repair. FEMA support would likely be a grant. While we are running trains and have completed a season, we have many other items that still needed to be fixed from the flood

Bridge updates – Don has followed up with Dave Bierman on the Baraboo River Bridge, he has all the specification for everything above ground but needs boring samples which may cost about \$8,000.

**1:49 PM:** B. Handschin moves and D. Viste seconds to fund the test boring project for an estimate of \$8000. Motion passed unanimously.

Advertising – We have added a couple of things this year. Brochures being redesigned overall we have print and broadcast, trains as listed us in the special directory as well as historic railroads topic. No change in billboards. This Tuesday, Don will be meeting with Circus world, Crane Foundation and trying to resurrect the trains, cranes and circus package, which is also being back by Charter Communications. Don is also going to meet with Tom Diehl from the Tommy Bartlet Show, and Bob Belter also met with Don and is pushing for documentation of the old Dells minirama.

Draft copy of collections policy

This is an attempt to consolidate the large and small artifact collection policies. Same rule applied across the board and is tied to our mission statement using industry standards. Tried to be more generic by allowing more flexibility by using “the Museum” over specific individuals or titles. Also working at determining standards such as what is a loan, etc. And it is trying to help clarify what we can and can’t do with certain types of equipment, and how to insure them, by creating a guideline on how to insure things at what rate.

PEOC Draft Copy

We are trying to cover all pieces of private equipment. Also making some changes to existing categories of equipment to better define them and include non-rail equipment. We also introduced a fee schedule, which will allow us to change fees without making changes to the entire policy.

1385 – Building a new boiler from blueprints with engineers from Deltek. We must spend money in DOT grant by August. Combined we have \$206,410 to spend on the 1385. We have purchased plate and super-heater tubes. Mike is working with Deltek, and getting us a quote on starting the work. Grant held by the Village, so we have worked with them, so that they can submit the costs for us. We need to keep this moving, the first part brought it down to \$30,000 and the Deltek expenditure will finish it. In

this project, once we spend the money, there may be more money available. The State has demonstrated a willingness to work with us on it.

Don Meyer is going to have Scott Lindsay's report printed in the Gazette in color and listing what must be repaired. And include items on the boilers etc, possible including the other locomotives as well. We need to make sure that we do these projects correctly because we do not need and cannot afford to continually repair the same issues.

Management Committee – approved operating schedule for 2011. Raised fares \$1 across board, added fares for students at special events. Dates for Snow Train are being changed to coincide with Valentine's Day. This will make it either the 3rd or 2nd weekend. AC will also float based on the 5<sup>th</sup> of October. Committee is working on 2012 to 14 schedules.

**3:08 PM:** B. Handschin moves and J. Nelson seconds to approve the 2011 operating schedule. Motion passed.

An Operations Manager is still being talked about. This position would likely be only during the time when trains are running allowing Don Meyer to concentrate on other issues.

Calendar of Events:

- March 27<sup>th</sup> – Mazomanie Chamber Spring Fling Reception - Funded by People's Community Bank
- April 10<sup>th</sup> Members Meeting / banquet
- May 21<sup>st</sup> Ceremony for B2
- June 12<sup>th</sup>-13<sup>th</sup> WWII weekend
- Aug 12<sup>th</sup>-15<sup>th</sup> Boy Scouts on property to volunteer
- Aug 21<sup>st</sup> Gandy Dancer Festival

Presidents report – Email vote results, to allow the Attorney to proceed with the case, 9 votes in favor. Votes Attached to the minutes. Two members have issued a request to present to the board two changes and one proposed addition to the bylaws. The time line will be to discuss the changes at the April 10<sup>th</sup> members meeting. The president suggests all board members be there. After the meeting the authors may or may not make changes. The changes may come to the June board meeting where the board may or may not make recommendations. The directors must look at long and short term effects. After this is done it can go to a vote. The bylaws give the board the right to decide how the vote will take place.

Vice President -- Asks for the appointment of the steam foreman to be tabled until a later time.

Old Business

City water – Village knows what we want to do. Confirmed they have water and sewer stubbed on the other side of the river, however at this time, we do have a plan but it has not been engineered. This may be approximately \$200,000. The Gassers have pledged \$100 per month up to \$2,000. With

additional money promised from others. We will probably need \$30,000 to \$50,000 for the engineering study. It would be wise to do the same with the sewer.

Membership- As of Thursday, March 4, 2010 MCRHS had a total of 603 members. Of those, 278 are Associate level members, 17 are honorary members, 118 are regular members, and 190 are life members. Of the 603 members, 308 members are eligible voting members of the corporation.

Since the December meeting, 5 people have requested upgrade to regular member status: Donald Bayer, Roger Kramer, Mike Laabs, Paul Maplethorpe, and Joe Dillenberg. No members have requested upgrade to life membership. Additionally 16 people joined as associate members.

Additionally since the December meeting, 2 people have been dropped from the membership role, one of whom cited the current economic conditions as reason for ending their membership. Also, two other people have unfortunately passed away, and it's with regret I report the names of Associate Member Mark Eiberg (2004) and Life Member Conrad Hilpert (1966).

**3:36 PM:** D. Schumacher moves and J. Sorrel seconds to upgrade Bayer, Kramer, Laabs, Maplethorpe, and Dillenberg to regular member status. Motion passed unanimously.

New Business

**3:38 PM:** C. O'Brien moves and B. Handschin seconds to approve hiring of the paid seasonal staff. Motion passed unanimously.

The Mazomanie Business plan is still in the works, one key piece is the actual cost of creating the exhibits. Working with a firm called Xibits. All upfront cost is under the original \$10,000. This would be a first phase to the program which would be for a static display in the Parman building. The idea of an operating railroad is currently on hold as the County does its work. Ownership of track vs. operating rights etc is currently on hold. Under our current insurance plan we can add the Parman building as an additional insured address.

D. Schumacher states that in our current area, we are perhaps just making things work. However the Mazomanie thing will likely open up new areas for us to develop contacts and funding sources. We need to make the reasons we are looking at this more known to the membership. We do not want to move. Here we own the railroad.

**3:30 PM:** M. Deets moves and J. Sorrel seconds to adjourn the meeting. Motion passed unanimously.

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Approved by the Board at the June 19, 2010 Meeting

Kelly R. Bauman

Secretary

Mid-Continent Railway Historical Society, Inc.