



As approved on November 15, 2014 by the NRHS Board of Directors.

**Meeting Minutes
NRHS Board of Directors
Offices of Capehart Scatchard
Mt. Laurel, NJ
Saturday September 20, 2014**

Pursuant to notice, the Board of Directors of the National Railway Historical Society, Inc. met at the Offices of Capehart Scatchard in Mt. Laurel, NJ on September 20, 2014.

1. Call to Order

President Gregory Molloy called the meeting to order at 9:00 a.m. EDT on Saturday, September 20, 2014.

2/3a. Welcome and Roll Call

President Greg Molloy welcomed the Directors to this NRHS-sponsored meeting. Secretary Bob Ernst explained the process for taking attendance at the meeting. The Board attendance for this meeting was as follows:

Name	Office	Present	Absent
Gregory P. Molloy	President	1	
Joseph C. Maloney, Jr.	Vice President	1/Phone	
David Flinn	Global Director (2012 - 2014)	1	
E. Steven Barry	Global Director (2012 - 2014)	1	
Walter Zullig	Global Director (2012 - 2016)	1	
Robert J. Ernst	Global Director (2012 - 2016)	1	
William Bain	Global Director (2012 - 2016)	1/Phone	
Mia Mather	District 1 Director (2012 - 2014)	1/Phone	
Tony White	District 1 Director (2012 - 2016)	1	
Harold Shaak	District 2 Director (2012 - 2014)	1	
Mark S. Eyer	District 2 Director (2012 - 2016)	1	
Frank Fowler	District 3 Director (2012 - 2014)	1/Phone	
Ralph Robert Bitzer	District 3 Director (2012 - 2016)	1	
Sanford Williamson	District 4 Director (2012 - 2014)	1/Phone	
Larry Dyer	District 4 Director (2012 - 2016)	1/Phone	
Patrick Molloy	District 5 Director (2012 - 2014)	1	
Wesley F. Ross	District 5 Director (2012 - 2016)	1/Phone	
Al Weber	District 6 Director (2012 - 2014)	1	
Duane Durr	District 6 Director (2012 - 2016)	1/Phone	

Claude Doane	District 7 Director (2012 - 2014)	1/Phone	
Skip Waters	District 7 Director (2012 - 2016)	1	
Jeffrey S. Smith	District A Director (2012 - 2014)	1	
Wes Weis	District A Director (2012 - 2016)	1	
Robert L. Neman	District B Director (2012 - 2014)		E
Philip A. McMeins	District B Director (2012 - 2016)	1/Phone	

1/Phone=Attended via teleconference line. E=Excused Absence U=Unexcused Absence

There was a quorum present in order to conduct business. NRHS General Counsel John Fiorilla, NRHS Directors Elect Jim Pahriss and Steven Siegerist, NRHS Director of Development Gary Reinbolt were in attendance.

Confidentiality, Conflict of Interest and Volunteer Reporting Agreements

Secretary Bob Ernst announced that all in attendance have signed the agreements.

A question from District 7 Director Claude Doane regarding the wording of the current NRHS Bylaws Article IX Section 1. Based on this article and section of the Bylaws President-Elect Al Weber should be declared NRHS President.

Discussion of the wording in the Bylaws ensued with a decision that a motion with a Board vote would be the procedure to handle the question.

Al Weber formally resigned his District 6 Director’s Seat.

Motion: Claude Doane motioned and Mark Eyer seconded that Al Weber be seated as NRHS President effective immediately.

A roll call vote was taken. Y = Yes N = NO A = Abstained NV = No vote recorded

- | | | | |
|---------------|-------------------|---------------|-----------------|
| G. Molloy – A | J. Maloney – Y | S. Barry – N | D. Flinn – N |
| W. Bain – Y | R. Ernst – N | W. Zullig – Y | M. Mather – Y |
| T. White – Y | H. Shaak – Y | M. Eyer – Y | F. Fowler – Y |
| B. Bitzer – Y | S. Williamson – Y | L. Dyer – Y | P. Molloy – N |
| W. Ross – Y | | D. Durr – NV | C. Doane – Y |
| S. Waters – Y | J. Smith – N | W. Weis – N | P. McMeins – NV |
| R. Neman – NV | | | |

The motion passed 14 Yes to 6 No.

A recess was called at 9:30AM and the meeting resumed at 9:47AM

Greg Molloy reviewed his requirements to share information. There are concerns of information security and the Board's Directors and Officers insurance coverage. He wanted assurances that the Board would continue to carry D&O insurance.

Greg Molloy notified the Board that his home chapter is now the Tacoma Chapter, NRHS.

Motion: Mark Eyer motioned and Skip Waters seconded to appoint Greg Molloy to fill the vacant District 6 Director's seat until the Fall 2014 Conference.

The motion passed by voice vote.

3b. Approval of Summer 2014 Minutes

Secretary Bob Ernst received some corrections from District 6 Director Al Weber prior to the meeting regarding the Summer 2014 Minutes.

Motion: Walter Zullig moved and Steve Barry seconded a motion to accept the minutes. Passed by voice vote.

Greg Molloy brought to the attention of the Board two security issues. One regards incoming District 6 Director John Goodman which included an email from John to Barry Smith with erroneous information on the reasons for the set-up of the NRHS Fund. Also, John representing the Northstar Chapter as their National Representative submitted an error filled report from the Spring 2014 Board meeting to his chapter which was subsequently published in the chapter newsletter. Then - President Molloy wrote the chapter a letter correcting the misinformation and the chapter subsequently published the letter to its membership.

There was discussion on the matter and a motion brought forward.

Motion: Greg Molloy motioned and Jeff Smith seconded that John Goodman be barred from taking his seat on the Board of Directors until such time as the Inspector General Walter Zullig can complete a thorough investigation and report back to the Board on John Goodman's treatment of confidentiality issues related to this and other business before the Board. The Inspector General will complete the investigation within 30 days.

The motion passed by voice vote.

The second security issue regards a possible conflict of interest with then District 6 Director Al Weber. The issue surrounds possible lawsuit settlement agreements after Al Weber takes the office of President.

Motion: Greg Molloy motioned and David Flinn seconded that Al Weber be suspended from any discussions of either the Barry Smith lawsuit or Society finances until such time the Inspector General Walter Zullig is able to investigate the allegations and report to the Board. The Inspector General will complete the investigation within 30 days.

Al Weber presented a timeline report of his contact with Barry Smith to the Board.

After additional discussion a roll call vote was taken. Y = Yes N = NO A = Abstained NV = No vote recorded.

A. Weber – A	J. Maloney – Y	S. Barry – Y	D. Flinn – Y
W. Bain – N	R. Ernst – Y	W. Zullig – Y	M. Mather – Y
T. White – Y	H. Shaak – Y	M. Eyer – Y	F. Fowler – Y
B. Bitzer – Y	S. Williamson – NV	L. Dyer – N	P. Molloy – Y
W. Ross – N	G. Molloy – Y	D. Durr – N	C. Doane – N
S. Waters – N	J. Smith – Y	W. Weis – Y	P. McMeins – NV
R. Neman – NV			

The motion passed 15 Yes to 6 No.

Al Weber will recuse himself for all discussion on the lawsuit and financial matters.

With Vice President Joe Maloney on the phone during this meeting and traveling he asked that Secretary Bob Ernst preside at the meeting during the Executive Session and at any point Al Weber is unable to attend due to the motion.

4) Reports

No reports brought before the Board.

5) Executive Session (Closed Session)

Motion: Skip Waters motioned and Steve Barry seconded to recess and reconvene in Executive Session at 11:15AM.

The Board had extensive discussions regarding the lawsuit and current Society finances. Al Weber did not attend the session due to the earlier motion. The Board received a briefing on the law regarding Bankruptcy filings.

Open Session 3:55PM

Motion: Walter Zullig motioned and Skip Waters seconded to come out of Executive Session. The motion passed by voice vote.

6) Actions of the Executive Committee

Motion: Greg Molloy motioned and Dave Flinn seconded to approve the actions of the Executive Committee as reported to the Board. (Appendix A) Passed by voice vote.

7) New Business

a) Business from the Executive Session

Motion: Duane Durr motioned and Skip Waters seconded that the Board authorize a settlement to the Barry O. Smith lawsuit for a range from \$50,000 to \$75,000 over a ten year period. The motion passed by voice vote.

Motion: Steve Barry motioned and Walter Zullig seconded to authorize management to explore options including a bankruptcy filing. Passed by voice vote.

Motion: Bob Ernst motioned and Walter Zullig seconded to authorize Greg Molloy to negotiate the operating contracts with Fernley & Fernley on 9/22/14 and any additional dates to continue negotiations. Passed by voice vote.

b) New Business Model

Motion: Duane Durr motioned and Claude Doane seconded to postpone action on 7b, New Business Model, until the Fall Board meeting in Johnson City, TN. The motion was defeated by voice vote.

Motion: Jeff Smith motioned and Steve Barry seconded to adopt the New Business Model, including the revised Bylaws, as submitted to the Board on 9/16/14.

Point of Order: Based on the current Bylaws Article XV, Section 2, second sentence: “Proposed changes to the Bylaws must be submitted to the Board of Directors in writing, or an electronic format capable of being archived thirty (30) days prior to the meeting at which they are to be considered.” Did the Board get proper notice of the change to the Bylaws as proposed by the New Business Model. First draft was sent to the Board on September 4, 2014.

A vote “Yes” means to postpone the current discussion of the revised Bylaws and hold for the 30 days’ notice until October 4, 2014.

A vote “No” means to continue discussion and vote.

A. Weber – Y	J. Maloney – Y	S. Barry – N	D. Flinn – N
W. Bain – Y	R. Ernst – N	W. Zullig – N	M. Mather – NV
T. White – N	H. Shaak – Y	M. Eyer – Y	F. Fowler – N
B. Bitzer – N	S. Williamson – Y	L. Dyer – N	P. Molloy – N
W. Ross – Y	G. Molloy – N	D. Durr – Y	C. Doane – Y
S. Waters – Y	J. Smith – N	W. Weis – N	P. McMeins – NV
R. Neman – NV			

Vote was 10 Yes and 12 No. Discussion and vote to continue.

Extensive discussion continued regarding the pros and cons of the New Business Model and the consequences of making the change or staying on the current model.

A roll call vote was taken on the New Business Model motion. Y = Yes N = NO A = Abstained
 NV = No vote recorded

A. Weber – N	J. Maloney – NV	S. Barry – Y	D. Flinn – Y
W. Bain – N	R. Ernst – Y	W. Zullig – Y	M. Mather – N
T. White – N	H. Shaak – N	M. Eyer – N	F. Fowler – Y
B. Bitzer – Y	S. Williamson – N	L. Dyer – N	P. Molloy – Y
W. Ross – N	G. Molloy – Y	D. Durr – NV	C. Doane – N
S. Waters – N	J. Smith – Y	W. Weis – Y	P. McMeins – N
R. Neman – NV			

The motion was defeated 10 Yes to 12 No.

c) With the defeat of the New Business Model, National dues notices will be required to be sent to the membership. This will be dependent on a new Fernley & Fernley contract. At-Large members will need a direct mail letter. Al Weber is asking for assistance and suggestions on how to do this economically. Discussion ensued on many options for due renewal handling and the costs involved.

Motion: Walter Zullig motioned and Harold Shaak seconded to adjourn. Passed by voice vote.

The meeting adjourned at 6:10PM

Respectfully Submitted:

Robert Ernst
Secretary

Appendix A

**NRHS EXECUTIVE COMMITTEE
Actions Since Summer 2014 Board Meeting****September 17, 2014**

The Executive Committee of the NRHS Board of Directors met one time by conference call on **August 06, 2014** to review short-term financial needs of the Society.

PARTICIPATION

All five Executive Committee members participated in the call: Larry Dyer, Bob Ernst, Mia Mather, Wes Ross and Walter Zullig. President Greg Molloy and General Counsel John Fiorilla also participated.

ACTIONS OF THE COMMITTEE

The committee reviewed short-term financial needs of the NRHS as they were known as of August 6, as well as four reserves carried in the financial projections. These reserves were (rounded):

\$25,000 Estimated up-front costs to file for Chapter 11 bankruptcy protection,

\$20,560 Temporarily restricted donations received by NRHS in 2014 and planned for use after 2014,

\$36,510 Temporarily restricted donations received by NRHS prior to 2014 and not scheduled to be used for their intended purpose until 2015 or later,

\$17,400 Permanently restricted asset (Gerstung Educational Fund)

NRHS management proposed the use of some or all of these assets to provide short-term funding to meet NRHS financial commitments, with the intention of restocking these funds from new revenue before the end of 2014. After discussion of various options and alternatives, Walter Zullig moved and Mia Mather seconded that the committee approve the short-term use of the bankruptcy reserve and the temporarily restricted funds as needed to meet short term financial needs, with the funds to be replaced before the end of 2014 and the bankruptcy reserve money to be used first. The motion passed.

The committee took no action regarding the use of the permanently restricted funds.

(signed)

Gregory P. Molloy
President