

**Minutes of the Eightieth
NRHS Annual Membership Meeting
Holiday Inn, Springdale, AR
Friday, June 13, 2014**

Pursuant of notice, the members of the National Railway Historical Society, Inc. met at the Holiday Inn, Springdale, AR Friday, June 13, 2014.

Call to Order

President Greg Molloy called the meeting to order at 3:15 p.m. CDT. One hundred one members and guests were present.

Welcome to 2014 Convention

President Greg Molloy introduced Bart Jennings, Chair of the NRHS 2014 Convention, who welcomed everyone to Springdale. Bart thanked everyone for their business and reminded everyone about the remaining events.

Approval of Minutes

Secretary Bob Ernst presented the minutes of the membership meeting held in Anchorage, AK on September 18, 2013. There were no comments received from NRHS members that affected the wording on the draft minutes.

Motion: Mr. Duane Durr motioned and Mr. Art Giardino seconded a motion to accept the minutes as written. Motion carried.

President's Report (See Attachment 1)

President Molloy presented a summary of the 2013 Annual Report. Mr. Molloy's slides are attached as Attachment 1.

The report covered various improvements to the NRHS programs, and concerns about the Society's operations and finances.

Highlights of the report include:

- The NRHS ran within the 2013 budget but it was a deficit budget. The actual loss in 2013 was smaller than the loss budgeted. The 2013 financial audit was completed in May, 2013.
- 2013 was the first full year under the new governance system.
- RailCamp was suspended in 2013 due to increased insurance requirements but is back in place for 2014.
- Membership for 2013 declined 7.2% overall.
- The NRHS Fund was prepared to launch in 2014 which has happened. In 2014 the Fund is in operation.
- The NRHS ended 2013 with 150 chapters. Three chapters were added and four were dropped.
- The NRHS needs to re-invent itself to survive in the future.

There were some important Board actions which occurred at the Board of Directors' Meeting held earlier today, June 13, 2014.

Greg reviewed and described the New Business Model Committee which was established by the Board to create a new model under which the NRHS will operate in the future.

Greg also reviewed the Board's decision which delegates to the Officers of the NRHS to take whatever steps are necessary to keep the society functioning through January 11, 2015.

Because of the possible restructuring and timing to implement a new dues system the Board had rescinded the motion to start a new dues processing system in 2015.

Greg responded to a number of questions from the membership regarding his report.

Introduction of Officers and Staff

President Molloy introduced the officers and staff who attended this meeting.

NRHS Heritage Grants Announcements

A press release was distributed to the attending membership announcing the NRHS Heritage Grants awarded for 2014. Of the twelve grants given only one NRHS chapter received a grant. It was the only NRHS chapter that applied for a 2014 grant.

New Business

President Greg Molly reported that no new business was brought forward for the meeting.

Membership approval of the Bylaws changes approved by the Board at the Spring 2014 Conference in Lewisburg, PA will be deferred to the 2015 Membership meeting due to the tight timing between meetings.

Adjournment

Mr. Walter Zullig motioned and Mr. Wes Ross seconded a motion to adjourn. Motion carried.

The meeting adjourned at 5:00 PM, CDT.

Respectfully submitted

Robert J. Ernst
Secretary
National Railway Historical Society

1 Attachment

- 2013 Annual Report Presentation



2013 Annual Report

Overview

Scope

- Covering National Society Only
- Audited Data Only (2013 finalized in late May)
- Report content changed from previous years

Headlines - 2013

- Operated Within Budget
- Financial & Membership Declines Continued
- Operated with New Governance System
- One-Year Suspension of RailCamp
- Prepared to Launch NRHS Fund in 2014
- NRHS at a Crossroads

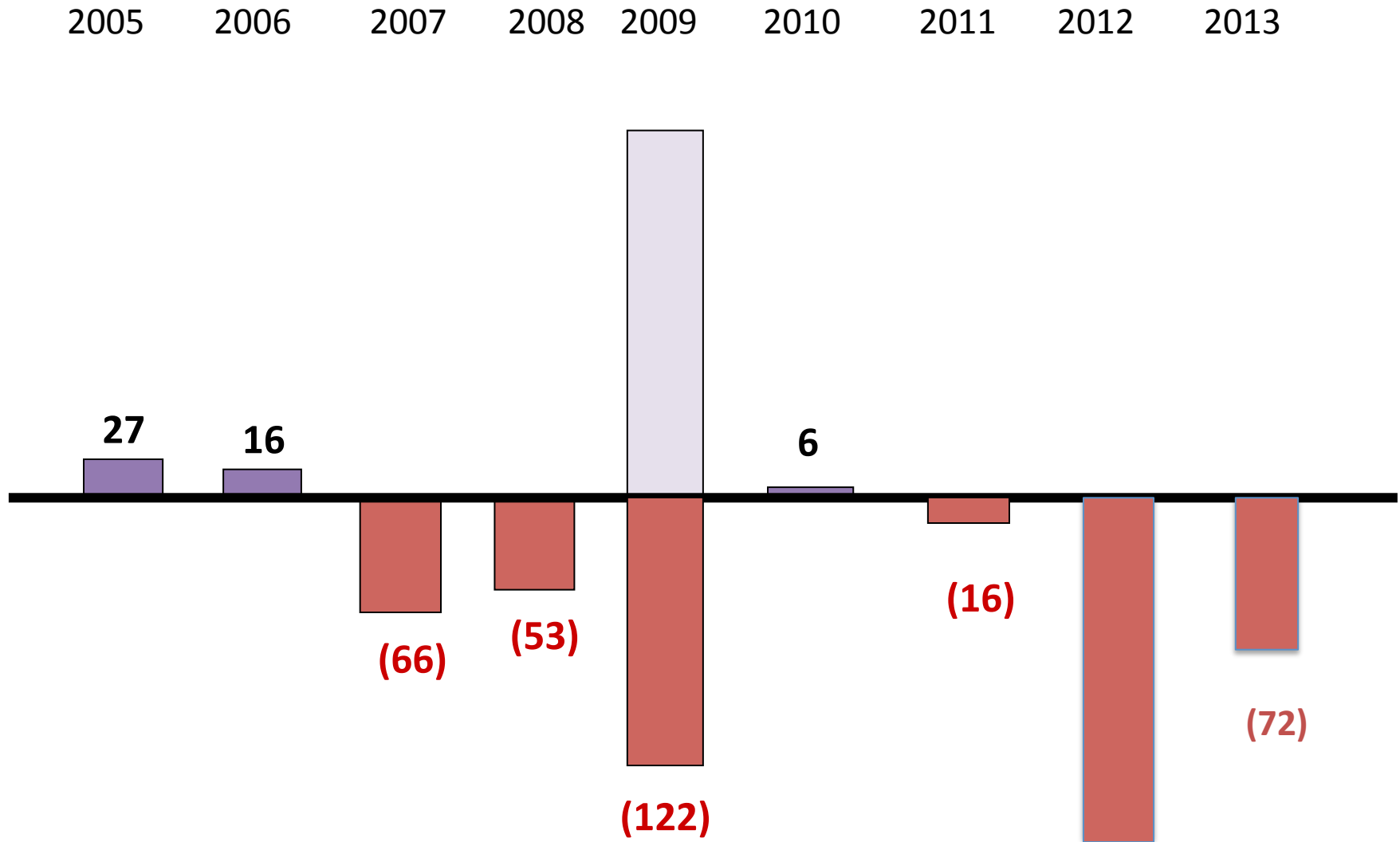
Financial Results

Fiscal Year 2013

2012 Net Income

- Actual **(\$72,000)**
- Budget **(\$74,000)**

Adjusted Net Income History



What Happened in 2013?

- Financial Loss Close to Approved Budget
- A few major issues
 - Included Unbudgeted Costs
 - RailCamp Suspended
 - Convention Made a Profit
 - Non-Election Year
 - CFC Restored, But Reduced
 - Ended Investment Program

What Happened in 2013?

- Unbudgeted Costs
 - Litigation from 2012 Motor Vehicle Accident
 - Defense Cost \$38,000 in 2013
 - Will continue in 2014
 - Additional Mailing to Counter Rumors
 - Cost \$7,000 in 2013
 - Preparations for NRHS Fund in 2014
 - Initial work only \$1,000 in 2013

What Happened in 2013?

- RailCamp Suspended for One Year
 - No RailCamp Income
 - Expenses to Prepare for 2014 Program
 - Insurance Problems Resolved
 - Re-launch in 2014 at Two Locations

What Happened in 2013?

- 2013 Convention Made a Profit
 - Anchorage, Alaska
 - Preconvention in Fairbanks and Denali Park
 - 371 Registrants
 - Over 400 Local Riders @ Fairbanks
 - Earned \$48,000
 - Lots of Positive Publicity

What Happened in 2012?

- Additional Developments
 - Not an Election Year (but 2014 is)
 - \$15,000 to \$20,000 cost for elections
 - Participated in CFC after one-year suspension
 - \$6,200 vs. Over \$10,000 in Past Years
 - Ended Investment Program
 - \$36,000 capital gain
 - Cash to Run the Business

Membership

2012 Trends

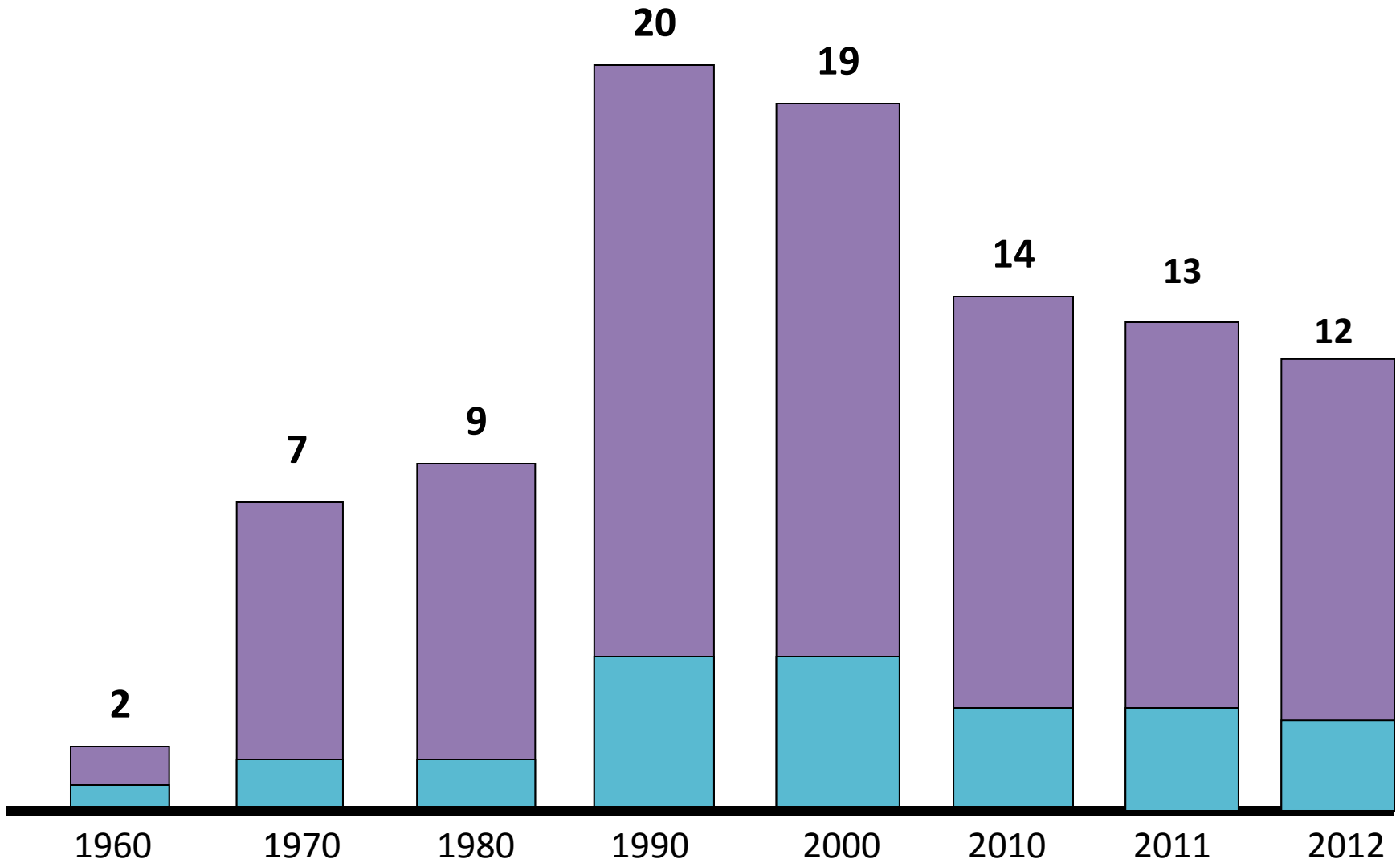
Membership October 1, 2013

| | | |
|------------------|---------------|---------------|
| Primary Chapter | 7,107 | (7.4%) |
| Primary At-Large | 2,174 | (5.9)% |
| Family | 2,256 | (7.8%) |
| Total | 11,537 | (7.2%) |

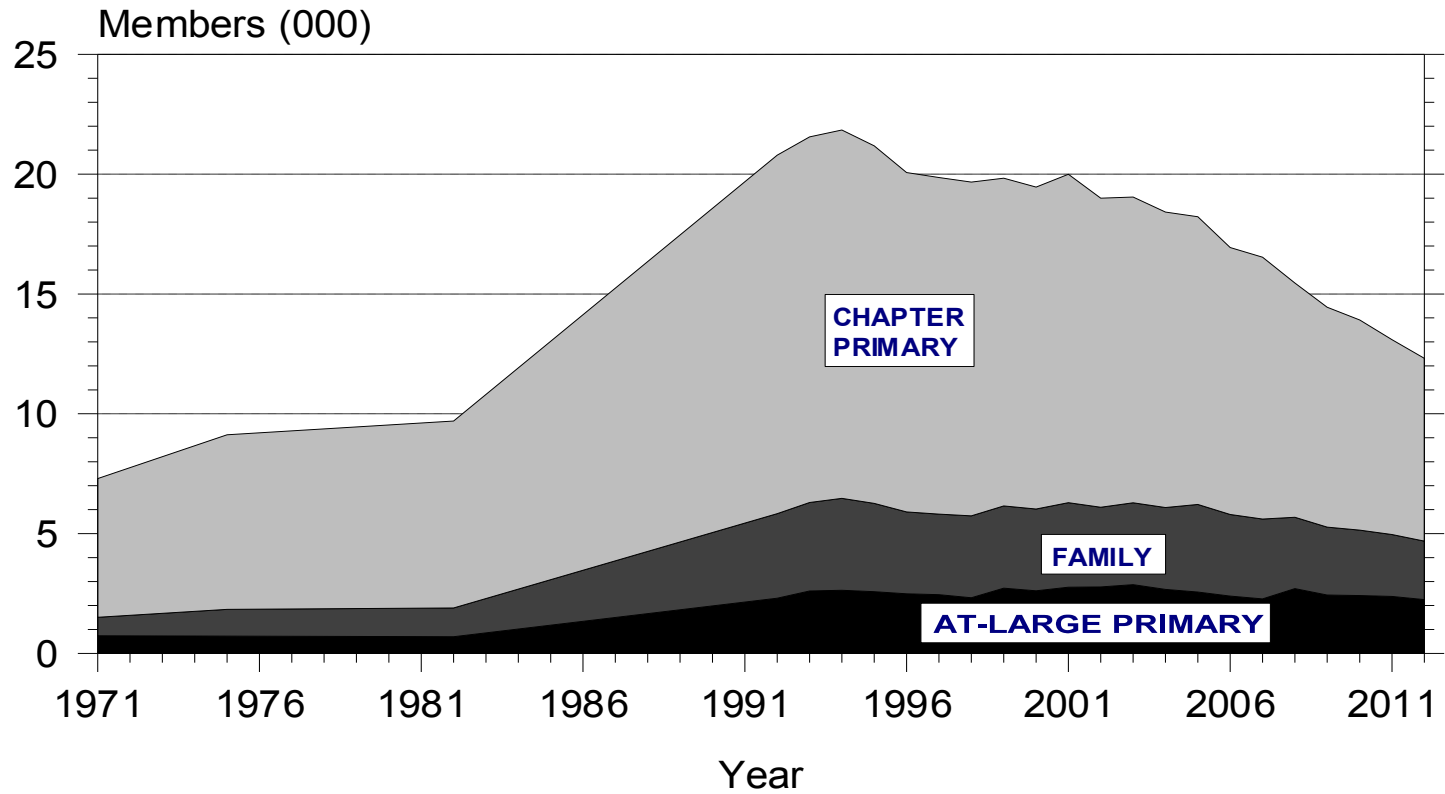
2012 Membership

- **(7.2%)** vs. **(5.8%)** in 2012
- Was Budgeted for 5% Decrease
- Still Primary Source of Operating Income
- 10th Consecutive Annual Decrease

Membership History



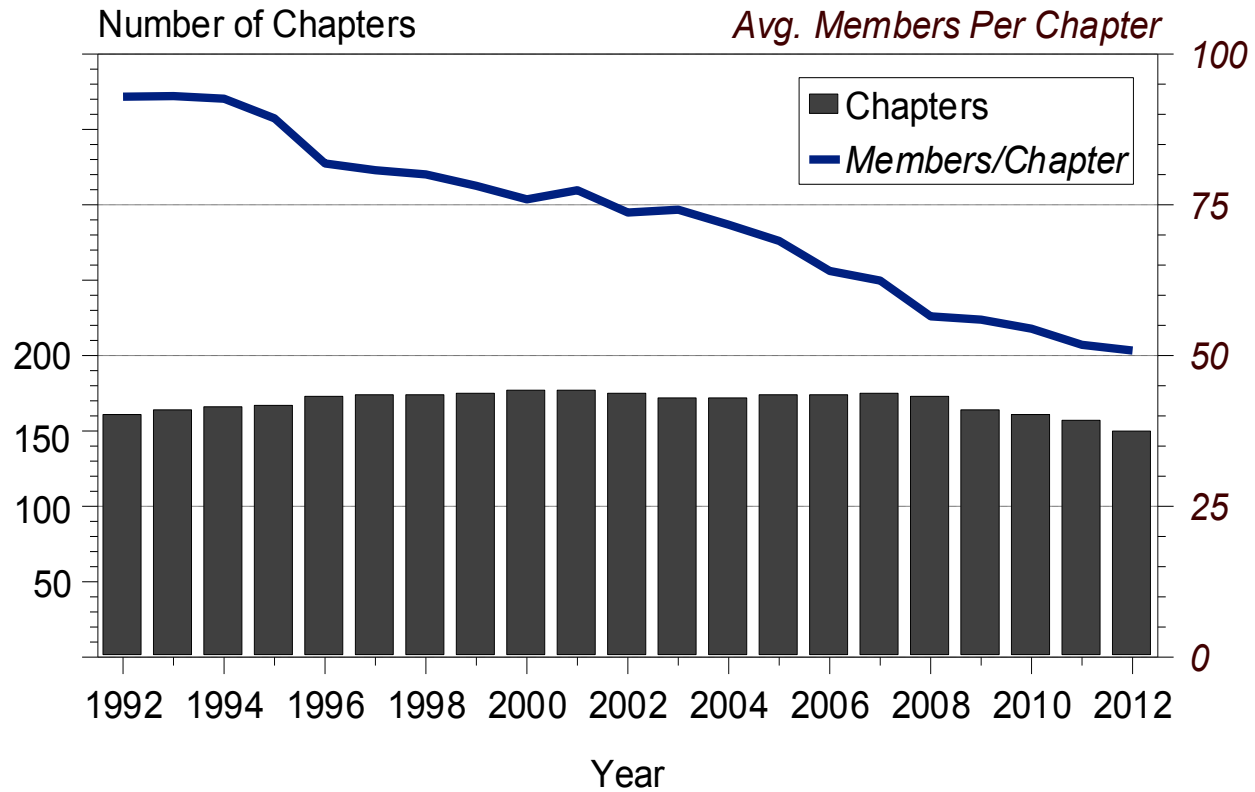
NRHS Membership



Chapters - 2013

- Added
 - Southern Kentucky
 - Monterrey
 - Bradford, Ohio (reinstated)
- Dropped
 - Central Florida
 - Bluebonnet
 - Chiloquin
 - North Alabama
- 150 Chartered Chapters at end of 2013

Chapter Primary Members per NRHS Chapter



Excludes Family Members

What's Next?

Financial Situation

- Losses Continue – Money and Membership
- Running Out of Cash
- Temporary Cutbacks Must Be Part of a Larger Change
- Cannot Save Our Way Into Prosperity

Reinventing NRHS

- Bequests in 2009 bought time, but money running out again
- Reinvention not moving fast enough
- Current Business Model Can't Be Fixed
- Most urgent issue before Board

Current Realities

- Cash Shortage Critical, Especially in Summer
- Can't Do Everything We Do Now
- Simpler Dues System is Critical
- Resistance to Change Is Growing
- Must Adhere to IRS Regulations
- Some Parts of the Business Make Money

The Future NRHS

- Separate NRHS Fund
- Smaller Organization Initially
- Only Those Who Want to Belong
- The Rest to Be Defined



2012 Annual Report
