

This board meeting was conducted virtually, via Zoom, on the evening of Monday, November 7, 2022. Three of the four officers were in attendance. These were President Mike Yuhas, Vice President Keith Schmidt and Treasurer Tara Grudzielanek. Secretary Tom Marcussen was up north tracking old logging railroad grades (warm weather for November, no bugs, and more visible when the leaves are down). Directors Dan Grudzielanek, Andrew Roach, and Cathy and Neal Wegner were present. Director Ralph McClure was excused. We had seven out of nine present. The quorum requirement is six out of nine. Therefore the meeting could proceed. Four other members were present from the beginning: Doug Fast, Rich Hawthorne, Jim Rindt, and Ward Wells. Member Steve Thomas joined at 7:32 pm.

President Mike Yuhas called the meeting to order at 7:30 pm.

The first agenda item was review and approval of the minutes from the previous virtual board meeting held on Tuesday, April 19, 2022. Those minutes are posted on the Chapter Web Site. Secretary Tom Marcussen sent an electronic copy to the board members before leaving for up north. No corrections were suggested. Keith Schmidt moved that the minutes be approved. Neal Wegner seconded the motion. There was no discussion. The motion passed by a unanimous show-of-hands vote.

The second agenda item was the President's remarks / report from Mike Yuhas. We had a very successful regular Chapter meeting on Friday, November 4. We had 22 attend in-person at the North Shore Congregational Church in Fox Point, and 43 attend virtually via Zoom. Total attendance was 65. Bill Christopher's Western Pacific presentation was very well-received. Treasurer Tara Grudzielanek was there in person. She is getting some renewals and dues for 2023.

President Yuhas then gave a preview of the remainder of the agenda (which we later discussed in depth—see below).

President Yuhas had begun trying to estimate the cost of registering as a tax-exempt organization under Section 501 (c) (3) of the US Internal Revenue Code. Obtaining that status would allow anyone who contributes money (above basic dues) to our Chapter to claim that contribution as a charitable deduction on his or her federal and state income taxes. The large increase in the standard deduction starting in the tax year of 2018 has greatly reduced the value of those deductions. We could then accept Qualified Charitable Distributions from Individual Retirement Accounts (IRA's). We have a number of members who are either at or approaching the age where they must start taking Required Minimum Distributions (RMD's) from those accounts. We would also gain a more legitimate image as a charitable organization.

Mr. Yuhas started with his own family estate / probate attorney, who said the up-front cost might be as high as \$5000.00 or even \$10,000.00, because the process involved "lots of paperwork." Member Jerry Krug, who has some experience with the process, thought it could be done for much less than that. Mr. Krug offered to volunteer his labor. The Internal Revenue Service charges a \$275.00 application / filing fee. There may be some other charges / fees.

Rich Hawthorne cautioned us that we might have to make some changes to our by-laws. Mr. Yuhas tried to contact the State Historical Society of Wisconsin for any information on their 501 (c) (3) status, whether we could work with them in pursuing the same, and how our doing so would affect our relationship. He was not successful in finding anyone to discuss those things. Cathy Wegner said she knew someone at the State Historical Society of Wisconsin who might be able to help explain the rules.

They will make that connection outside of this meeting. Ward Wells said that the 501 (c) (3) status might come with some financial reporting duties. President Yuhas said that we do not currently file any tax returns or financial reports. Steve Thomas said that the East Troy Electric Railroad, which is a much larger organization than us, and has 501 (c) (3) status, annually files a Form 990 in lieu of a tax return, with an audited annual financial report. There are both costs and benefits to obtaining 501 (c) (3) status. Both will have to be weighed, after further investigation, before making a recommendation or decision on whether to pursue that.

We had about 80 members before the corona virus pandemic. We now have over 160 members. Most of that gain came from opening up remote participation in meetings and presentations. We are serving much larger groups at most of our regular monthly meetings than we did before the pandemic.

Our recent donated book auction raised about \$500.00. All of those payments have now been received. President Mike Yuhas delivered some of the purchased books in person, on his way back up to Trempealeau, saving the purchasers and/or the Chapter the cost of shipping / postage. We are using that money to add more color photographs to the interior pages of Sparks & Cinders.

Mr. Yuhas restated that he will not be running for re-election as our Wisconsin Chapter President for 2023. He will be seeking a Director seat on the Chapter Board. We are looking for suitable candidate(s) to take over as Wisconsin Chapter President.

There was a later out-of-order addition to the President's report. This was the presentation of our new simplified Chapter logo. Drew Halverson, former art designer at Kalmbach Publishing, drew that up for us at no charge. It would be worth about \$200.00 if sold in an arms-length transaction. Mr. Yuhas offered Mr. Halverson a free Chapter membership, which he accepted.

The third agenda item was the Vice President's remarks / report. Keith Schmidt said that he does not have to do much as Vice President. He does a lot more as the editor of our Chapter newsletter Sparks & Cinders. He is always looking for good material to publish. He is trying to obtain permission to reprint a really interesting article from the Milwaukee Road Historical Association magazine, on our 1958 NRHS Wisconsin Chapter photo charter / excursion to Fox Lake. Jim Rindt said that he had some historic photos from, and was considering writing some short articles about, Ozaukee and Sheboygan Counties.

The fourth agenda item was the Treasurer's report from Tara Grudzielanek. She said some dues and renewals for 2023 are starting to come in. We are also getting some new members. As of September 30, the latest date for which we have complete statements, our assets stand at:

- \$849.42 in Pay Pal account
- \$3468.60 in US Bank checking account
- (We have no savings account.)
- \$28,592.66 in Chase Bank Certificate of Deposit.
- \$74,627.68 in Heartland Fund (mutual funds).
- These add up to a total of \$107,538.36.

The mutual fund is significantly down due to market conditions. It was valued at \$88,182.15 on March 30. Most equity investments have experienced similar reductions in the same time frame. Our Chase CD

is earning only a 0.01 % annual return. It is safe. It is not losing money. But it is earning very little. She will send copies of the above statements to Ward Wells, the chair of the Financial Advisory Committee, for their consideration.

The fifth agenda item was the second report from the new Financial Advisory Committee. Committee Chair Ward Wells took over. He re-introduced us to rest of that Committee: Doug Fast, Bon French, and Rich Hawthorne. He acknowledged input and support from President Mike Yuhás and Treasurer Tara Grudzielanek. The goals of the Committee remain at:

- Evaluate the Chapter's current financial position.
- Gain insight into the board's charitable giving plans.
- Suggest ways to earn greater returns.
- Enable the Chapter to begin philanthropic activities through increased and recurring returns.
- Maintain the safety and soundness of Chapter funds.

The first topic of discussion was our current Certificate of Deposit (CD). It is zero risk—but that leads to a very low return. Chase Bank is paying a very low rate of 0.01% per year. We are not likely to get them to offer us any greater rate. Most Wisconsin credit unions are offering between 2.25 and 3.25 % for 12-month CD's. CoVantage is currently offering a 17-month CD that pays 3.445 % per year. Those numbers were at about 0.7 to 0.8 % earlier in 2022, before the Federal Reserve began raising interest rates. The expert advice out there, for the current rising-rate environment, is to:

- Avoid 3-6 month CD's. The rates being offered are still very low.
- Be in the range of 12-24 months. Those rates are much better.
- Avoid longer terms, in the range of 48-60 months. We could tie up our money for a long time, missing some future rate increases, and leaving us vulnerable to inflation.

Credit unions are structured somewhat differently than banks. Any person or entity (with very limited exceptions) can do business with a bank. Every credit union has a limited "field of membership." Usually it is something pretty broad like residence, occupation, employer, union membership, or personal background / history. Organizations can join, if they or their key people qualify for the field of membership. (Keith Schmidt later said that he is a member of Landmark Credit Union, and he can probably get us in there.) Most (maybe all) credit unions have fees to initially join. These are usually modest (in the range of \$5 to \$50). Funds are safe. (Ward Wells later reminded us that credit unions are federally insured, just like the insurance at a bank, for up to \$250,000.00—which is well in excess of our assets.)

Our current Chase CD renewed in September 2022, for 6 months. The new maturity date is March 28, 2023. We may want to consider closing it out short of that date. Penalties are usually limited to loss of interest since the last renewal, which would be much less than the increased return to be gained. Treasurer Tara Grudzielanek checked the terms on the latest Chase Bank statement. It shows a penalty of \$25.00 plus 1 per cent of the amount withdrawn. (That would come to $\$285.92 + \$25.00 = \$310.92$). She suggested that March is not that far away. No decision was made tonight. This may become a matter of someone working through the math to figure which way we are better off.

The second topic of discussion was our mutual fund. Investment funds typically take higher risks, and over time provide a higher rate of return. There are some periods of decline, which are difficult to predict. In June 2021, we held about 1720 shares of Heartland Funds, valued at about \$87,490. The value of that number of shares declined to (an estimate of) \$71,695 in June 2022. Someone asked—what happens to our dividend payments? These are re-invested to purchase additional shares. Treasurer Tara Grudzielanek said that we owned 1953 shares as of September 30, 2022. Doug Fast checked the current value of those shares online. They were worth \$42.35 at the close of trading today. Our mutual fund was therefore worth approximately \$82,700 today. That is a significant recovery of value since September 30. Bon French recommends that we split our holdings into two separate funds—fixed income, for predictable regular returns and income, and growth, for maximum future returns and keeping up with inflation. Heartland offers several different funds with different investment objectives. Moving money among them is not as expensive as it once was. Fixed rates of return are expected to go higher with rising interest rates.

The third topic of discussion was a set of questions for the board:

- Is routine / operating income (membership dues, auctions, etc.) sufficient to cover operating expenses?
- Charitable giving—what are the board’s goals?
 - Frequency—one-time and annual grants
 - Longer-term projects—such as endowments, scholarships, and extended fund-raising campaigns
- Should we pursue obtaining tax-exempt 501 (c) (3) status?

The answers were that we are not currently drawing any money out of our CD or mutual fund to support routine operations. We are currently losing a little bit, mainly due to the high cost of publishing our member newsletter *Sparks & Cinders*. There are ample reserves in our fluid checking and PayPal accounts to cover those losses for some time. Our charitable giving and projects are pretty close to zero. We published some books years ago. We have given some money to the East Troy Electric Railroad. They treat us very well on our Chapter trips. We have not followed through on earlier plans to regularly give \$500.00 per year to railroad preservation organizations and/or projects.

Mike Yuhas said that NRHS National gave out about \$99,600, funded entirely by donations, for 21 railroad preservation projects in the past year. These included \$5000 to the Ozaukee County Historical Society for the restoration of their Milwaukee Road rib-side caboose.

Our assets would allow us to comfortably give out \$1000 per year. We could go to \$2000 per year if we move more of our assets to income funds. We might do two awards of \$1000 each. What to do with our money is a decision to be made by the board (and the membership). That drew the following discussion / comments:

- Neal & Cathy Wegner—anything under \$1000 will not do much. Keep it local. That includes the Mid-Continent Railroad Museum in North Freedom.
- Andrew Roach—in agreement. Would support two \$1000 awards.

- Dan & Tara Grudzielanek—maybe suggest 5 projects, and let the members vote on which one(s) they want to support.
- Mike Yuhas—appoint a committee to nominate candidate projects.
- Dan & Tara Grudzielanek & Mike Yuhas—look for projects where our donations can get them going, leading to more private individual donations, leveraging our impact.
- Rich Hawthorne—Have the Board do the initial screening / vetting of candidate projects, with the final selection to be made by the membership. Having an application process might be helpful.
- Keith Schmidt—is OK with the above. Having an application process is the way to go. It puts the burden on the applicants, instead of our having to go out to find and research candidate projects. Seek to maximize the cost-effectiveness of what we give.
- Doug Fast, Rich Hawthorne, and Steve Thomas—be careful with the definition of “local.” How far away is too far?
- Multiple others—probably limited to Wisconsin. That need not be a hard line. The members have some input into who qualifies. The Illinois Railroad Museum in Union, Illinois, is close to the Wisconsin state line, and serves fans from Wisconsin. They could be considered local.
- Steve Thomas—could we subsidize the annual banquet?
- Steve Thomas—we should consider the TMER&L / transit museum in Cudahy. They are small and just re-opened to the public. Our money could go a long ways there.
- Jim Rindt—keep it railroad related.
- Jim Rindt & Keith Schmidt—support small and local operations like the Milwaukee Road caboose in Sturtevant. A little money could go a long way there.
- Mike Yuhas—look for where we can make a visible difference. Success and accomplishments bring in more donations.
- Neal Wegner—we can adjust the amount of our giving, in response to changing conditions, as needed.
- Ward Wells—should we consider drawing down assets to support a gift of over \$2000 per year? This would be only if an exceptional one-time opportunity presented itself. This money was given / raised with the intent to support railroad preservation.

The sixth agenda item was “Old Business.” The only topic under “Old Business” was the question of whether to provide honoraria or other compensation to program presenters at our regular monthly meetings. President Mike Yuhas again spoke in favor of our providing something. Preparing a quality presentation takes significant time and effort. Many of them are spending some time and money to come here. We need to consider the value of their time. It is not fair or reasonable to ask them to prepare a presentation, and travel here to give it to us, for nothing. Ward Wells suggested that we offer to pay their hotel bill if they are coming from a long distance away. Keith Schmidt was in agreement. Mike Yuhas reminded us of the effort put into preparing material, by those who come from nearby, or present to us over Zoom.

Member Al Baker had sent an e-mail that he was opposed to providing any payment. He has never asked for any, nor would he. Chapter funds should be used to advance Chapter goals, especially railroad preservation. Steve Thomas cautioned us about possible complications. There are constraints that come with becoming a tax-exempt 501 (c) (3) organization. We would have to watch who we give money to. Even without that, we might have to report these payments to the IRS, which would trigger added taxes and reporting requirements for the presenters (and more paperwork for our treasurer). That might become a disincentive. Mike Yuhas will ask Jerry Krug about those issues.

Payment for a hotel stay might be simpler. That is reimbursement of an expense, not payment for labor, and is not treated as income. Hotels have gone up in price. Keith Schmidt estimated a price of \$125 to \$150 for a respectable hotel in the Milwaukee area. Ward Wells said his two 2022 Wisconsin trips cost more like \$170 to \$180 per night. Mike Yuhas estimated a range of \$140 to \$180 per night. Cathy Wegner said we should think about paying \$100 to subsidize the bill. There was a consensus that we were all OK with that. Dan Grudzielanek moved that we offer pay up to \$100.00 toward travel / lodging costs for presenters who travel here from a remote location and stay overnight. Keith Schmidt and Cathy Wegner both seconded the motion. There was a short discussion. Should we establish a distance limit? The consensus was no. The presenter should make the decision of whether to stay overnight or not. The motion passed by a unanimous show-of-hands vote.

The seventh agenda item was “New Business.” The only topic there was the upcoming annual business meeting and election on Friday, February 3, 2023. Current Chapter President Mike Yuhas is not standing for re-election. He intends to seek a Director seat on the Chapter board. Vice President Keith Schmidt said that he will run for another term, and was willing to continue as acting editor of *Sparks & Cinders*. Treasurer Tara Grudzielanek said she would run for another term. Secretary Tom Marcussen (who was up north tracking logging grades) had sent an e-mail that he intended to run for another term. All of the Directors who were present indicated their willingness to continue on into 2023. None of those present had been planning to run for Chapter President. Some (who are not currently officers or directors) were considering running for Director positions on the Board. Two were interested in serving on the Advisory Council at National (that person is appointed by the Chapter President). Any member (not limited to those in attendance at this meeting) who is interested in running for any office should let current Chapter President Mike Yuhas know. Officers and Directors must be dues-paying members of both NRHS National and the Wisconsin Chapter. Nominations from the floor at the February 3 business meeting are allowed. Earlier announcements / nominations are preferred, so that voting members have time to consider their choices / options.

The eighth and agenda final item was “Anything else for the good of the order.” Keith Schmidt reminded us that Train Fest is this coming weekend. Kalmbach Publishing / *Model Railroader* magazine is sponsoring it for the first time. It is somewhat reduced in size this year. They are looking to bring it back up to its former size. Should we think about our returning and having a booth / table there in November 2023? We have recruited some new members there. Ward Wells suggested that we could also consider being at the Mad City Train Show in Madison in February 2023. Mike Yuhas said that our booth, especially the signage, is outdated and in poor condition. It was done cheaply, and looks like it was done cheaply. It will need some work before we can do any exhibiting. Jim Rindt said that this daughter is a graphic designer. She may be able to help with updating the signage. Someone reminded us that we may need to pay for space at Train Fest, and that prices have gone up significantly since we were last there. The Mad City Show has historically been free to historical societies. Both venues may charge more to

exhibitors who are selling merchandise. It was unknown whether we would do so. Mike Yuhas suggested forming a Publicity Committee to look into these various opportunities.

There was no further business to discuss. President Mike Yuhas declared the board meeting adjourned at 9:15 pm. The recording ended shortly after that.

Respectfully Submitted
Thomas W. Marcussen
Wisconsin Chapter Secretary