



**Northeastern Region NMRA
Board of Directors Meeting
Tuesday, January 5, 2016**

President John Doehring called the meeting to order at 7:35 pm.

This meeting was conducted using “GoToMeeting” software over the internet and telephone.

Present at the meeting were President John Doehring and Directors Steve Erickson, Kevin Katta, Bill Brown, Robert Dennis and James Van Bokkelen. Director Steve McMullin was excused from the meeting. Director Gerald Abegg passed away last week. NER Treasurer Peter McKenney, NER Model Contest Co-Chair Ken May, NER Secretary Chip Faulter, NER Convention Registrar Gerry Covino, Photo Contest Chair William Barry and NER Convention Chair David Insley (pending appointment approval from the NER BOD) were also in attendance. A quorum being present, the meeting could proceed.

President Doehring stated that the agenda would be as previously e-mailed to the BOD. President Doehring called for any proposed changes to the agenda. The agenda is included in these minutes as Attachment (1).

President Doehring provided brief opening comments.

President Doehring called for BOD confirmation of his appointments to key NER NMRA positions. The following appointments were proposed by President Doehring:

NER Convention Chair	David Insley
Editor of “The Coupler”	Jeff Paston

Director Katta moved, second by Director Van Bokkelen that the appointed be confirmed by the BOD. The motion passed by unanimous vote.

1. Approve NER BOD meeting minutes from the 9/29/15 meeting.

The meeting minutes from the 9/29/15 NER BOD meeting have been posted in draft form on the NER website since early October 2015. Director Van Bokkelen stated he had provided a recent revision to his input to the minutes via e-mail to Secretary Faulter. Director Van Bokkelen then moved, seconded by Director Dennis that the 9/29/15 NER BOD meeting minutes as amended by the Director Van Bokkelen revision be approved by the BOD. The motion passed by unanimous vote. The revised minutes will be re-posted on the NER website as the approved version.

2. President Doehring called for the standard reports. President Doehring took a personal action item to call for all reports in advance of the BOD meeting.

• **President's Report**

President Doehring received e-mails from both Bruce DeYoung and Jenny at HQ in regard to providing verification that all NER Directors are actually NMRA members. The same question applies to the NER Divisions. **President Doehring took responsibility to review the NMRA roster for the NER to verify that all of the NER Directors are NMRA members and provide the information back to HQ.** The matter of how to obtain this information from the NER Divisions was left undetermined.

• **Treasurer Report**

Treasurer McKenney had previously provided his Interim Report to the NER BOD and Officers via e-mail. The report is included in these minutes as Attachment (2). Treasurer McKenney summarized that the net investment income is more than \$3000 below budget. Further, the NER has been incurring an unbudgeted monthly operating expense of \$33.25 for a "Constant Contact" service account since October 2015. This expense had been borne personally by former NER President Youst. President Doehring accepted responsibility to contact Past President Youst and ask him if he wishes to be reimbursed for his expenditures to pay for this account during his tenure, or if he wishes that to be counted as a donation to the NER. Director Van Bokkelen moved, seconded by Director Brown that the Interim Treasurer Report be accepted as written. The motion was passed by unanimous vote.

• **Office Manager Report**

No report was called for or provided.

• **NER Convention Chair Report**

Convention status is discussed later in these minutes.

• **Audit Committee Report**

Audit Committee recommendations are discussed later in these minutes.

• **Achievement Program Report**

Director and AP Chair Brown reported that he is starting to deal with the issue of how to score (or give credit for) models built mostly or in their entirety via 3D printing. How do you compare this to a scratchbuilt model? This is similar to the Fast Tracks issue several years ago. At this point, he is learning (took a class) the process and at some point in the near future will have to take a position. Director Brown stated that the NER continues to get a steady flow of AP certificate requests. He stated that sometimes there is a backlog to be judged. This resulted in good discussion about who can judge and training more judges.

Director Erickson volunteered to work with the Division Superintendents on creating a workshop on how to make an AP submission.

- **Area Director's Reports**

- **Long Island/NYC**

No report was provided.

- **New York State**

No report was provided.

- **CT/RI**

Director Erickson reported that that the Little Rhody Division held an event last week and that the Nutmeg Division has an event scheduled for February.

- **Canada**

No report was provided.

- **MA**

No report was provided.

- **NJ**

Director Dennis reported that the Garden State Division Board of Directors is scheduled to meet in late March and the major agenda topic is an NER convention possibly to be hosted by the GSD in 2018. We are very excited about hosting this convention. In early March, two teams of Directors will be canvassing areas in Northern NJ for a suitable site – we will be using the Convention Handbook that is currently available as our guide. Membership in the GSD remains steady between 220 and 235 members, this is monitored regularly and annual recruiting drives seem to help us maintain our numbers. We offer a free (one time) Rail Pass to all new members and our retention rate is around 40%.

- **Northern New England**

Director Van Bokkelen reported that the Seacoast Division Winter Event will be on Saturday, January 9, 2016, in South Portland, ME. He is also working with the National Narrow Gauge Convention Organizing Committee to identify layouts that may be open during travel to and from the convention. Director Van Bokkelen is also discussing with Seacoast Division President Erich Whitney about coordinating efforts between the Derry Model Railroad Fun Night program hosted by the Seacoast Division and similar events hosted by the Hub Division to share clinics and clinicians, ideas, etc.

3. Passing of Director Gerald Abegg – Next Step

Director Abegg was the NER Director representing MA and Hub Division AP Chair. Director Abegg passed away last week after a fight with cancer. President Doehring can appoint a replacement with the approval of the NER BOD. The MA Director represents all NMRA members in Massachusetts, which means all of the Hub Division members as well as a few members who are in portions of the Little Rhody and Hudson-Berkshire Divisions that are inside Massachusetts. **President Doehring took responsibility to contact those three division superintendents and solicit candidates to fill that appointment.**

4. Changes to convention governance recommended by the Audit Committee

Treasurer McKenney briefly summarized the recommendations of the task force assigned to develop proposed language to implement the recommendations of the Audit Committee. A copy of the December 18, 2015, task force memo is included in these minutes as Attachment (3). Director Erickson moved, seconded by Director Brown to amend NER Bylaws as follows:

Article IV, Section 14 A

The duties, powers and obligations of the Treasurer shall include, but are not limited to, the following:

- (1) Keeping a record of, **or having oversight of the record keeping of**, all funds received or paid by the NER, as well as all accounts receivable and payable, ~~with the exception of the convention committee fund~~, by the use of generally accepted accounting methods;
- (2) Maintaining **or having oversight of the maintenance of** all NER funds in accounts in one or more financial institutions or through licensed securities dealers. The President **or the Treasurer** shall be the second signatory on all accounts;
- (3) Maintaining **or having oversight of the maintenance of** books of account for each fiscal year ending June 30;
- (4) Presenting financial reports at the Annual Meeting and at BOD meetings, as well as other reports to the BOD on demand;
- (5) Preparing of or providing information for the preparation of tax returns.
- (6) Paying **or having oversight of paying** all bills in a timely manner upon receipt as hereinafter provided; and
- (7) Performing all the duties and assuming all the powers normally associated with such an office not in violation of or inconsistent with these By-Laws, and other recognized lawful authorities including the NMRA.

Article V, Section 4

Convention Committee

A. The Convention Committee shall consist of a Chairperson, **Registrar**, and a Convention Committee Treasurer, ~~both~~ **all** appointed by the President and ratified by the BOD, and such other members as the Convention Chairperson may appoint.

- (1) The Convention committee shall be known as the “NER Convention Committee” and the committee set up by the division(s) hosting a convention shall be known as the “Local Convention Committee”.

B. The committee shall:

- (1) prepare and maintain a Convention Manual which upon adoption as amended by the BOD shall have the same force and effect as these By-Laws, a copy of which shall be provided to each Local Convention Committee Chairperson upon his or her appointment to that position;
- (2) find suitable convention sites and arrange for responsible Local Convention Committees so that at least the next two sites will have been approved by the BOD by the time each Convention is held;
- (3) refer bona fide bids by responsible Local Convention Committees and groups for open dates to the BOD with recommendations once such bids are tendered;
- (4) monitor the activities of all Local Convention Committees;

- (5) report the progress of all pending Conventions to the BOD; and
~~(6) assure that the final after-convention reports and accounting are received and reported to the BOD; and make recommendations to the BOD.~~

C. The duties of the Convention Committee Treasurer shall include, but are not limited to, the following:

- (1) Maintaining a fund in the amount of \$4,000.00, to be used to make cash advances, as prudent judgment dictates, to Local Convention Committees to cover any advance expenses and guarantees. Said fund shall also be used to provide a cushion to cover any losses sustained by a convention;
 - a. The fund shall be maintained in a savings account or a checking account or both. The Convention Committee Chairperson ~~and the NER Treasurer~~ shall be ~~the second additional authorized~~ signatoryies on the account(s);
 - b. The fund shall be maintained at its stated amount. In the event the fund should drop below its stated amount, it shall be renewed by retaining the NER's share of net profits of each convention until the maximum is again reached; and
 - c. When the fund is over its stated amount after a convention's accounting is completed and/or at the end of the fiscal year ending June 30, the NER's share of the excess shall be turned over to the ~~Region-NER~~ Treasurer together with an accounting.
- (2) Keeping a record of all funds received or paid by the Convention Committee, by the use of generally accepted accounting methods;
- (3) Maintaining books of account for each fiscal year ending June 30;
- (4) Presenting financial reports including the status of accounts and a per convention accounting at the Annual Meeting and at BOD meetings, as well as other reports to the BOD ~~and NER Treasurer~~ on demand; and
- (5) Providing information to the ~~Region NER~~ Treasurer for the preparation of tax returns-;
- ~~(6) Assure that the final after-convention reports and accounting are received and reported timely to the BOD and NER Treasurer; and make recommendations to the BOD.~~
- ~~(7) The Convention Committee Treasurer shall also serve as the NER Assistant Treasurer and report to him or her; and~~
- ~~(8) The NER Treasurer shall be authorized to act on behalf of the NER with respect to any savings or checking account established for the Convention Committee.~~

After discussion, the resolution passed by unanimous vote.

Director Van Bokkelen moved, seconded by Director Brown, that the Operation Manual for NER Treasurer be amended as follows:

2.0 The Treasurer's minimum duties, powers and obligations are defined within the NER By-Laws and include:

- Keeping a record of, ~~or having oversight of the record keeping of~~, all funds received or paid by the NER, as well as all accounts receivable and payable, ~~with the exception of the convention committee fund~~, by the use of generally accepted accounting methods;
- Maintaining all NER funds in accounts in one or more financial institutions or through licensed securities dealers.

The President **or the NER Treasurer** shall be ~~the second~~ **an additional authorized** signatory on all accounts;
Maintaining **or having oversight of the maintenance of**, books of accounts for each fiscal year ending June 30;
Presenting financial reports at the Annual Meeting and at Board of Directors meetings, as well as other reports to the BOD on demand;
Preparing of and/or providing information for the preparation of tax returns.
Paying **or having oversight of the paying of** all bills in a timely manner upon receipt as hereinafter provided; and
Performing all the duties and assuming all the powers normally associated with such an office not in violation of or inconsistent with the NER By-Laws, and other recognized lawful authorities including the NMRA.

The resolution was passed by unanimous vote.

Finally, Treasurer McKenney highlighted the task force's recommendation that the NER Convention Handbook needed to be revised to replace the names of former convention officials with the specific titles of such officials. **President Doehring asked newly appointed NER Convention Committee Chair David Insley to undertake responsibility for this task.**

5. Conventions update

- **Albany 2016** The Hudson-Berkshire Division has not been very "needy" and seems to have things well in hand. The hotel is good to go.
- **New Brunswick 2016** President Doehring suggested that it might be a good opportunity to talk to representatives from the non-active Canadian Divisions to see if any opportunity might exist to get them back up and running. No action was assigned.
- **Augusta (Narrow Gauge) 2016** The Seacoast Division is a co-sponsor of this convention.
- **Newport 2017** The Little Rhody Division has agreed to sponsor this convention if they can make in work in the Newport, RI area in November after the hotel rates drop. Director Erickson will start working with Convention Chair Insley offline to figure this all out.
- **New Jersey 2018** President Doehring would like to see a convention in northern NJ in 2018. Although Director Katta suggested that the Sunrise Trail would be interested in co-sponsoring this event, President Doehring made a great case for the Sunrise Trail to host their own convention in NYC or Long Island, perhaps in 2019.
- **General** President Doehring made two general points about conventions. The first is that the NER has to make it easier for a division to host a convention. The second is that the NER needs to set a long range plan for conventions or guidelines/expectations for how often a division should host a convention. No actions were assigned however.

6. Website status and update

President Doehring reported that Webmaster Poor was mostly done with updating the existing NER website to make it accurate and current. President Doehring did not know the status of Phase 2 which would include an overall replacement of the website platform itself. Webmaster Poor will be invited to future BOD meetings.

7. Strategic Planning Process

Director Erickson is leading this effort and reported that he is working on another project (outside of the NER) and intends to use the template from that effort as a start for the NER Strategic Plan.

8. Coupler transition status and update

President Doehring has stepped down as the editor of The Coupler effective with Jeff Paston's appointment as Editor. The Coupler is in great shape. Mike Tylick will also be playing a bigger roll supporting The Coupler going forward. Director Brown suggested using "the best of the best" from Division newsletters to include in the Coupler. **President Doehring assumed responsibility to work with Editor Paston and Webmaster Poor to insure the next release of The Coupler was on time, got posted to the NER website and that there was an e-mail blast to all NER members alerting them to the fact that The Coupler had been posted.**

9. Investment Committee status and update

President Doehring reported that the Committee was forming with Vin Gallogly as chair.

10. Leadership Development (Nominating) Committee status

President Doehring used this topic to expand on his expectations to use this committee as a conduit to increase the number of available volunteers at the NER level from 10 to 50. Tom Wortmann is the Nominating Committee Chair. Discussion centered upon the need to approach people personally at the division level, and that non-personal e-mail blasts will not result in the number of volunteers desired. It was suggested in general that the NER needs to make more of a presence at the division level and together with division leadership, approach prospective volunteer candidates.

11. Purchase of NER Go-To-Meeting account

President Doehring is currently using the Go-To-Meeting account he uses as part of his business which is fine as long as he is leading the meeting. President Doehring suggested that the NER purchase their own Go-To-Meeting account that could then be used by all committees and divisions. This would be a benefit provided to the divisions by the NER. The anticipated cost would be around \$500/year. **President Doehring took responsibility to develop a proposal and bring it to the NER BOD at the next meeting for approval.**

12. Schedule for next meeting

The next meeting is scheduled for Tuesday, March 8, 2016, and again will be conducted via Go-To-Meeting.

President Doehring called for adjournment at 10:18 pm.

Proposed NER BOD Meeting Agenda January 5, 2016

1. Approve prior Meeting Minutes (September 2016)
2. Treasurer's Report Status/Update
3. Passing of Director Gerald Abegg – Next Step
4. Changes to Convention Governance Recommended by the Audit Committee
5. Conventions Update:
 - New Convention Chair*
 - Albany 2016*
 - New Brunswick 2016*
 - Portland (Narrow Gauge) 2016*
 - Newport 2017*
 - New Jersey 2018*
6. Website Status Update
7. Strategic Plan Project Update
8. Coupler Transition Status/Update
9. Investment Committee Status/Update
10. Leadership Development (Nominating) Committee Status
11. Purchase of NER Go-To-Meeting Account
12. Schedule Next Meeting – Proposed Tuesday April 5, 2016

To: NER Board of Directors and Officers
From: Peter McKenney, NER Treasurer
Date: January 4, 2015

Interim Report

As of December 31, 2015, only two material items are substantially in variance from budget. **Net investment income is more than \$3,000 below budget** as of the first six months of the fiscal year. After six months, the investment portfolio is about \$2,000 below the balance of the first of the fiscal year and it was budgeted to grow \$2,500 during the full 12 months.

The NER has been incurring an **unbudgeted monthly operating expense of \$33.25 for “Constant Contact”** since October. This expense had been borne personally by former President Youst prior to October, unbeknownst to anyone but Scooter. Once he became aware of the situation, President Doehring authorized the Treasurer to have the NER assume direct responsibility of this cost and to ask Scooter for the amount of his personal outlay for the service so he could be reimbursed. Scooter has not responded to that request. This expenditure is classified as “Communication Expense” on the Revenue and Expense Statement (aka Profit and Loss Statement).

The cash balance of the checking account is \$4,696 (reconciled) and the investment portfolio balance is \$49,846, per email from RBC this morning. The December statement for the investment account is not available yet.

The ad hoc Investment Committee under the chairmanship of Vin Gallogly is just initiating a process to address investment strategy issues. On January 3, Vin requested input from the other four members of the committee.

The task force charged with making recommendations to the Board to implement Audit Committee recommendations issued its report on December 18. Hopefully, the Board will vote soon on these recommendations. I am very pleased with the communications that I have had with NER Convention Treasurer Roger Oliver. He has been working on installing a very good accounting system that the NER Treasurer will be able monitor it. Our current aim is to issue at least once a year a combined financial statement.

Some NER divisions are not depositing NER checks in reasonable time. As of today, Green Mountain Division has not deposited a check sent to it on September 15. Until 2 weeks ago, two other divisions also had not negotiated their checks from the NER. I believe that part of the problem is that division change officers without the NER being aware of such changes in time to send disbursements to the appropriate address.

To: NER Board of Directors
From: Ken May, Peter McKenney, Bill Barry, and Roger Oliver
Subject: Implementing Audit Committee Recommendations
Date: December 18, 2015

We recommend that the Board of Directors do the following:

- 1) Amend NER bylaws as follows (changes shown in red font):

Article IV, Section 14 A

The duties, powers and obligations of the Treasurer shall include, but are not limited to, the following:

- (1) Keeping a record of, **or having oversight of the record keeping of**, all funds received or paid by the NER, as well as all accounts receivable and payable, ~~with the exception of the convention committee fund~~, by the use of generally accepted accounting methods;
- (2) Maintaining **or having oversight of the maintenance of** all NER funds in accounts in one or more financial institutions or through licensed securities dealers. The President **or the Treasurer** shall be the second signatory on all accounts;
- (3) Maintaining **or having oversight of the maintenance of** books of account for each fiscal year ending June 30;
- (4) Presenting financial reports at the Annual Meeting and at BOD meetings, as well as other reports to the BOD on demand;
- (5) Preparing of or providing information for the preparation of tax returns.
- (6) Paying **or having oversight of paying** all bills in a timely manner upon receipt as hereinafter provided; and
- (7) Performing all the duties and assuming all the powers normally associated with such an office not in violation of or inconsistent with these By-Laws, and other recognized lawful authorities including the NMRA.

Article V, Section 4

Convention Committee

A. The Convention Committee shall consist of a Chairperson, **Registrar**, and a Convention Committee Treasurer, ~~both~~ **all** appointed by the President and ratified by the BOD, and such other members as the Convention Chairperson may appoint.

- (1) The Convention committee shall be known as the “NER Convention Committee” and the committee set up by the division(s) hosting a convention shall be known as the “Local Convention Committee”.

B. The committee shall:

- (1) prepare and maintain a Convention Manual which upon adoption as amended by the BOD shall have the same force and effect as these By-Laws, a copy of which shall be provided to each Local Convention Committee Chairperson upon his or her appointment to that position;

- (2) find suitable convention sites and arrange for responsible Local Convention Committees so that at least the next two sites will have been approved by the BOD by the time each Convention is held;
- (3) refer bona fide bids by responsible Local Convention Committees and groups for open dates to the BOD with recommendations once such bids are tendered;
- (4) monitor the activities of all Local Convention Committees;
- (5) report the progress of all pending Conventions to the BOD; and
- ~~(6) assure that the final after-convention reports and accounting are received and reported to the BOD; and make recommendations to the BOD.~~

C. The duties of the Convention Committee Treasurer shall include, but are not limited to, the following:

- (1) Maintaining a fund in the amount of \$4,000.00, to be used to make cash advances, as prudent judgment dictates, to Local Convention Committees to cover any advance expenses and guarantees. Said fund shall also be used to provide a cushion to cover any losses sustained by a convention;
 - a. The fund shall be maintained in a savings account or a checking account or both. The Convention Committee Chairperson ~~and the NER Treasurer~~ shall be ~~the second~~ additional authorized signatories on the account(s);
 - b. The fund shall be maintained at its stated amount. In the event the fund should drop below its stated amount, it shall be renewed by retaining the NER's share of net profits of each convention until the maximum is again reached; and
 - c. When the fund is over its stated amount after a convention's accounting is completed and/or at the end of the fiscal year ending June 30, the NER's share of the excess shall be turned over to the ~~Region~~ NER Treasurer together with an accounting.
- (2) Keeping a record of all funds received or paid by the Convention Committee, by the use of generally accepted accounting methods;
- (3) Maintaining books of account for each fiscal year ending June 30;
- (4) Presenting financial reports including the status of accounts and a per convention accounting at the Annual Meeting and at BOD meetings, as well as other reports to the BOD ~~and NER Treasurer~~ on demand; and
- (5) Providing information to the ~~Region~~ NER Treasurer for the preparation of tax returns;;
- ~~(6) Assure that the final after-convention reports and accounting are received and reported timely to the BOD and NER Treasurer; and make recommendations to the BOD.~~
- ~~(7) The Convention Committee Treasurer shall also serve as the NER Assistant Treasurer and report to him or her; and~~
- ~~(8) The NER Treasurer shall be authorized to act on behalf of the NER with respect to any savings or checking account established for the Convention Committee.~~

2) Amend Operation Manual for NER Treasurer

2.0 The Treasurer's minimum duties, powers and obligations are defined within the NER By-Laws and include:

Keeping a record of, **or having oversight of the record keeping of**, all funds received or paid by the NER, as well as all accounts receivable and payable; **with the exception of the convention committee fund**; by the use of generally accepted accounting methods; Maintaining all NER funds in accounts in one or more financial institutions or through licensed securities dealers.

The President **or the NER Treasurer** shall be ~~the second~~ **an additional authorized** signatory on all accounts;

Maintaining **or having oversight of the maintenance of**, books of accounts for each fiscal year ending June 30;

Presenting financial reports at the Annual Meeting and at Board of Directors meetings, as well as other reports to the BOD on demand;

Preparing of and/or providing information for the preparation of tax returns.

Paying **or having oversight of the paying of** all bills in a timely manner upon receipt as hereinafter provided; and

Performing all the duties and assuming all the powers normally associated with such an office not in violation of or inconsistent with the NER By-Laws, and other recognized lawful authorities including the NMRA.

- 3) Appoint a workgroup to amend the NER Convention Handbook to update references to the responsible individuals using a roster of officials rather than naming each individual in the body of the Handbook.

Background and Discussion

The Audit Committee provided recommendations in its last two reports. The latest report repeated three from its prior report and added three more. There was a fourth recommendation in the first report that was not reflected in the most recent report, but it is added here for completeness. The recommendations are as follows:

The Committee makes the following recommendations to Management that should be immediately implemented:

1. *NER Convention accounts are placed under the direct control of the Treasurer for all purposes.*
2. *The NER Convention Treasurer should be named as the NER Assistant Treasurer, reporting to the Treasurer.*
3. *All NER Convention income and expenses be reported in all the Treasurer's financial reports to the NER Trustees [sic].*
4. *The Treasurer has signatory authority on all NER Accounts.*
5. *The BOD must approve the annual Budget of the Region and **MUST** authorize the NER Treasurer to expend funds in accordance with the approved budget.*
6. *When the BOD adopts recommendation #4, then the By-laws should be amended to remove the requirement for dual signature on checks.*
7. *The BOD must adopt a policy that allows for the payment of non-budgeted, unforeseen expenses, by the Treasurer, with the BOD using an electronic method of approving and authorizing such expenses.*

Between the four of us, we have significant and complementary experience in dealing with various financial functions of the NER. We agree with some of the Audit Committee recommendations and have offered specific recommendations on implementing them. We do not support a few of the recommendations and explain our reasoning below.

Recommendation 1. Direct control of the Treasurer. We believe that the NER is best served by a financial officer primarily responsible for the NER Convention and one primarily responsible for the non-convention functions. On the other hand, we support the NER Treasurer having an oversight role in the finances of the NER Convention Committee and we support the NER Treasurer having signatory authority over NER Convention accounts, along with the NER Convention Chair and NER Convention Treasurer. It is imperative that the NER Convention Committee continue to have discretion over disbursement of funds for producing NER conventions. Our recommendations to the Board on pages 1-3 of this memo reflect this philosophy.

Recommendation 2. The NER Convention Treasurer. We agree that the NER Convention Treasurer should also serve as Assistant NER Treasurer.

Recommendation 3. Integration of NER Convention Financial Reports into NER Reports. This recommendation was dropped from the latest Audit Committee report, but it is our understanding that the current treasurers are making arrangements to combine the two reports, particularly the fiscal year end reports, and they are willing to do so.

Recommendation 4. NER Treasurer Signatory on All NER Accounts. We concur and the recommended bylaw changes reflect this.

Recommendation 5. Mandatory NER Budget. We agree completely with the sentiment of this recommendation but do not believe any amendment to bylaws or other governing instrument is required. The current Operation Manual for NER Treasurer, Paragraph 1.0, provides that the NER Treasurer “shall also prepare a budget annually for submission to the Board of Directors.” This has been done consistently, but for unknown reasons the Board has not officially approved an annual budget for a few years until the current fiscal year. The Board has had a temporary lapse in good financial management practices but can and should cure this omission without having to add a provision to the bylaws.

Recommendation 6. Dual Signature on Checks. The NER suffered a major embezzlement by a former officer years ago and one of its reactions was to adopt a Board policy requiring multiple signatures on checks above \$500 from the regular account. No such restriction was applied to the NER convention account. Recently, the Board voted to raise this requirement to \$1,500 on the regular checking account. This policy may require dual signatures once every four years, whenever an election issue of The Coupler needs to be produced. Given that the regular checking account has a balance ranging between \$4,000 and \$6,000, we do not see any material benefit in revising current Board policy.

Recommendation 7. Policy on Paying Non-Budgeted Expenses. We believe that the current bylaws provide a practical and reasonable provision for payment of non-budgeted expenses. Article IV, Section 14. B. provides as follows:

The Treasurer may pay on his or her own authority all bills which are supported by proper documentation and signature and are for the normal operating expenses of the NER. This includes bills for the normal operating expenses of the NMRA Achievement Program activities within the NER and bills submitted by any committee chairperson if the total of such bills from the chairperson does not exceed the approved budget amount for that committee for that fiscal year. The Treasurer shall send all questionable bills to the President for determination of payment and shall notify the sender that such action has been taken, whereupon the Treasurer shall pay the same after approval by the President or refuse same upon disapproval by the President.

It is our interpretation of the provision that the Treasurer, in the event of an unforeseen expense, shall seek guidance from the NER President in such case. If the President approves the unforeseen bill, the Treasurer shall pay it. This practice has been used in the past, although rarely. If the President wishes to have input on the matter from the Board, he or she may seek such input, either by electronic means or waiting for a Board meeting, and make a decision with the benefit of that input. Requiring Board approval by electronic method in such cases is deemed to be unnecessary as well as raises questions of proper process. E.g., would all Directors have to vote? Do all Directors routinely monitor their email boxes sufficiently to be aware in time to cast their vote?