

Minutes
**A Meeting of the
MONTANA HERITAGE COMMISSION**
Thursday, June 9, 2011
Virginia City, MT (Rehearsal Hall)

The Montana Heritage Commission preserves and manages historic resources in Virginia City, Nevada City and Reeder's Alley and promotes the appreciation of history through quality visitor experiences.

Commissioners Present for Quorum: Marilyn Ross –Chair, Andy Poole; Barbie Durham; General Womack; Bob Lawson; Philip Maechling; Mike Cooney; Randy Hafer; Diane Rice; Colin Mathews; Bill Howell, Vice Chair

DOC Legal Council: Ty Jones

Guests Present: Fred Zweifel; John Ellingson; Karen Shores; Karen Fisher

FIRST HALF—OPEN MEETING

Marilyn Ross called the meeting to order at 9:00am

Motion:

Approve minutes of previous meeting. Motion carried.

Community Conversations (Public Comments)

Karen Fisher brought letter to share with everyone containing the guest list for event held on June 1, 2011.

Old Business:

Letter to the Editor:

Diane Rice read the letter to the editor that came out on June 2, 2011

As a result of this letter the Commission may draft a response letter to the letter to the editor regarding questioning of commission's actions. Official response should address safety issues and the drastic cutting of funding.

Directors Report:

Marilyn Ross reported that the Montana Heritage Commission received NO long range building funds. Tenlee Atchinson is no longer with the MHC and the Helena Office is now closed.

Financial/Budget Report:

Teri Juneau explained that the STIP is like a savings account that earns interest. This is only the statutory appropriation, it does not include any long range funds. All salaries are being moved to statutory appropriation as follows: \$97K in long range 1; \$100K + in long range 2. HB 5 money is continued appropriations so it can be used until it runs out. Second is for Reader's Alley Virginia City and Nevada City. Last year long range 1 money could not all be spent. None of the Reeder's Alley funds are to be used for Long Range 1. Moneys can only be used for maintenance and preservation of buildings, not for other things. \$907K was spent on salaries from the long range funds.

Marilyn Ross and Teri Juneau went through all past invoices to figure out what was charged to long range and some of routine maintenance things being charged to it were not the best choice—ie: preservation items on particular buildings. Books and operations should be the same as those being kept by Teri Juneau.

Cash Balance on May 31st \$8,081.89. STIP Balance: \$21,176.92. License Plate Money: \$31,362.92. Tourism: \$150,854.68. Expenses: \$249,788.09.

Long Range Adjustments: \$16,827.32 can be moved. Payouts for Staffing Layoffs: \$13,223.81.

Teri Juneau talked about the ideas of how to get a loan. MHC could put in for general fund loan but must provide source, but this would be a hard sell. Inter-program loans within the agency might allow loan from Dir. Office Management Services. Salaries are projected based on pay periods ending July 31, 2011. Laying people off could also reduce them. We are looking at June payments from 2010. Terri asked if there are any we could go without? Items looked at: Advertising; Telephone will probably stay the same; Train Repairs; Auto Repairs; Train Sound System; RR Items.

Marilyn Ross spoke about the pretty major expenses related to legal issues. Some are the Lawsuit settled for \$16K. Also some substantial RR expenses and excavation, survey, etc... related to settlement. These are amounts to \$18K. Another \$10,000 on another legal matter (in addition to the \$25K). May and June Phone Bills also aren't on there, and they won't be this year so projected expenses may be reduced accordingly for this year. Liquor license will still be an expense. Print Services expenses —possibly wouldn't be here.

Another concern of Marilyn's is that there are many contracts out there. Can they be amended to start at a later date? There are some long term contracts for \$25K over the next three years so it won't necessarily be expended this year. Some are long range that won't affect this year, or work has been done, etc...There is No authorization for any work on any of the buildings unless clear that funds are available. The projected cash at end of June: \$25,985.50.

Marilyn Ross made a few statements that this afternoon, when discussions ensue, this report should be helpful. Her question was will all this happen soon or at the beginning of the fiscal year? Normally 12 or 13 seasonal employees are hired, but this year only 6 were hired and this puts tremendous pressure on staff and workers for the summer. Furlough likely wouldn't be possible because of the issue of notice required by the rules.

Marilyn's Brief Status Updates:

Current Employees: Julie Johnson -Site Coordinator; Bill Peterson -Director of Education; Dianna Carey – Administrative Assistant; Janna Norby – Collections; Dan Thyer- Living History and volunteers; Marge Antolik – Museum Tech.; Kathleen McCourt archeologist; Kate Slawsky --Intern for archeology dept.; 2 preservation & maintenance –Donny Steeley (who has been doing the job on his own) & Jeff Cleverley –Preservation Specialist.

Staff cutbacks: Emily McPharland is no longer with the MHC and Tenlee Atchinson is no longer with us.

Reeder's Alley Issues:

MHC is seeking a property management firm for a short term –1 year long—to make it work sure people are actually doing the work.

Salaries will no longer be paid or benefits associated with them or other expense associated with running office there, but we need to be sure that not only will our financial position be even but more ideally a positive position after paying for property management. Plumbing burst and that maintenance is being done right now –Donny should be acknowledged for this and the amount of work he has done and the quality of his work there –we need to acknowledge his good will.

Teri Juneau also ran revenue reports for 2009, 2010, 2011. Revenues were left as the same as last year minus the RR fees. Issue asked: If we are \$25K short and we can't lay off anyone; there is only one way to go-- which is some sort of bridge loan. Marilyn can sign off on all the bills to make sure we are alright with everything. Looking at expenses paid last year, there won't be any expenses associated with train, but most of the other expenses we are not so sure how much can cut back on.

Donny Steeley is doing a great job, but there is only so much he can do as one man. Reeder's Alley roofs were leaking, Donny was tied up here in Virginia City and repair service in Helena had to be called--- this sort of stuff will continue until another maintenance person there in Helena can work with Donny.

Diane Rice asked what do we have to do to get a loan from DOC?

Teri Juneau answered - We have to fill out form and send up to Dept of Admin and get it approved. They (DOC) have never denied approval of a loan that was not general funds.

MOTION: **Barbie Durham** motioned –“that we pursue this”. And it was seconded by Bill Howell.

AMENDMENT TO MOTION: **Andy Poole's** Amendment to existing Motion was to “Ask Director of DOC to approve short term loan to Montana Heritage Commission. This loan would cover expenses for the shortest period of time possible until cash flow is positive.

Andy Poole --Stated- “June is a bubble month, so once bed tax and summer season revenue comes up we can make it through; this is a short term issue that must be addressed and long term adjustments can be made later if we can cover it for now.”

Amended motion: Motion carries – unanimously.

Further discussion –

Mike Cooney –stated - Short term loans aren't uncommon; but if you get into this position, this happens all the time. The bed tax was not coming through because someone from the state was not allocating it; it is now being done on a monthly basis.

Bill Howell asked a question—Tourism income refers to what exactly?

Teri Juneau answered – (Tourism income comes from) - Virginia city gate fees, etc..

Marilyn Ross commented – (It) may be more prudent to base staffing levels on those monies certain to be statutorily appropriated rather than relying on any other source for salaries—this amounts to approx. \$600K –bed tax, tourism, license fees.

Bill Howell —NOTE: bed tax will sunset in 2 years, but maybe this won't be an issue. (This may be) just something to consider for long term strategy.

Marilyn Ross - we need to look at those revenue sources; maybe Diane Rice and Bob Lawson could tell us since they were in legislature.

Diane Rice answered- One of the purposes for commissions was to have it self-sustaining (eventually). We should be mindful of this.

Bob Lawson stated - vehicle registration; when you do the opt in there is no money there; in looking at proprietary funds there isn't much there so maybe we won't be self sustaining; other sources of revenue or rejuvenation of revenue must be accomplished.

Diane Rice—we will not receive any more general funds money.

Teri Juneau stated —HB 370 passed; so we will be getting more license plate money; it could potentially be \$9K but no certainty (13 cents) --- this is based on last year's revenues.

Bob Lawson —July 1 onward—looking forward; we have to base our decisions on forward-looking income for fiscal year 2012.

Marilyn Ross asked the question- do we need to make RIF effective July 1st or can we carry it out into new fiscal year (Sept. 1st)?

Teri Juneau answered - it would probably be approx. another\$3K—numbers through August.

Andy Poole made a statement - Until we determine which positions and what the organization will look like and who will fill jobs that are left; this process won't happen today; gov't analysis of who is left and who is qualified to fill each position remaining. (then) we FIRST have to determine what kind of revenue will be there.

Teri Juneau —revenues by month or by account code?

Bob Lawson stated that the operating expenses and income (numbers are) scattered so- where is our income coming from?
EX: \$8k out of \$13K was rent in March

License plate also would be renewed throughout the year

Bob Lawson asked - What is other/ misc? Part time personnel and Seasonal staff?

Marilyn Ross answered - everyone will get copies of the financial reports for this afternoon's discussions. These reports will cover -Cash projections, Expenses, Revenues, and payouts.

Bob Lawson asked "How can we alleviate your workload Teri?"

Answered: By using SABHRE documentation rather than taking it and putting it into another sheet with formula errors.

Marilyn Ross explained that we will be getting more accurate numbers that will jive with commerce and also understand what the reports are actually saying thanks to Teri Juneau.

Janna Norby's Loan Discussion/Fort Benton Update:

Janna Norby, the director of collections, wants to discuss results of the loan discussion with the commission.

She has talked with Jeff _____, the Executive Director of Fort Benton Museum.

She talked with him about the Sullivan Saddlery in Nevada City.

We (MHC) currently own the building. They – (the Fort Benton Museum) -want it back –everything –Building and everything inside of it. The FBM will move it at their own expense. The Leatherwork that sits in there currently will be updated. The FBM have a foundation ready to put it on. The FBM might be able to get a new –old building to put in its place for a place to have a saddlery. They would provide leather, tools, and most of standard equipment that goes into it. Artifact loans.

John Ellingson, the former curator spoke about the history of the Sullivan Saddlery in Fort Benton. He said that Charlie Bovey bought the Sullivan Saddlery in Fort Benton, where it stood on Front Street. It was built in 1863 and was one of the older buildings. In 1943 when Sullivan daughters offered to give him, Charlie Bovey, the building, he thought it was a good idea for historic preservation. It may be one of the first preserved in MT. Charlie was possibly already in Legislature then.

One of mayors (in Fort Benton) said they didn't want preservation, he wanted progressive measures only; and that the Saddlery must be out of there by 1941, etc...Charlie moved it to the Fairgrounds at Great Falls and stored it at the Livestock Pavillion—called it old town. There became an entire town inside the other building. All buildings in Old Town were then removed in favor of placing them in Nevada City – most favored was Sullivan Saddlery –it was a gift from the daughters.

Diane Rice commented that the state paid \$7.5 Million dollars for it when they bought the VC/NC Museums.

Janna Norby voiced her biggest concerns are there is only one preservation person to work on this. It will rot. Buckets have been strategically placed to keep rain out. The state is now losing money so rather than status quo we would now be on the downward. Maybe appropriate aged ranch building could be used as a new saddler; living exhibit so to speak.

Mike Cooney asked about if we could do an indefinite period loan of this building.

Janna Norby stated that ultimately the heritage commission still retains ownership of the property and loan paperwork allows MHC to retain any property with proper notice.

Mike Cooney asked what legal issues? Would there be any contractual issue of maintenance because of no transfer of ownership? There is some historical significance that is key here.

Janna Norby answered that the alternative is to do nothing. It has no new roof.

Bill Howell stated that we need to fix the roof. He is not in favor of beginning down this dangerous road of dismantling Nevada City. Actions like that could take the whole town.

Mike Cooney said this might keep the city intact to maintain it in its historically accurate location. If we want it and you get nothing back in return then this is probably not a good idea, but this makes more sense because they are offering to restore it and allow us an alternative site that won't end up a pile of rotting rubbish.

Andy Poole asked if it is possible to see photos of both these two buildings we are talking about?

Janna Norby said that the word he used was "in kind"; ranch building, log structure, not necessarily exactly the same, but from 1860s,-90s.

Philip Maechling stated, "We don't have an original village Nevada City is already a compilation of a bunch of buildings from other places. Will they pay the salary of the saddle maker? We need more details here and someone coming from outside of here won't know the underlying issues here.

Ty Jones—Asked if in kind swap of property and no ownership changes hands then who is responsible for maintaining each building and will this be a good trade or will you end up with expenses that make this a wash or more expensive than it is worth?

Mike Cooney stated that there are many questions so making a clear yes/no response isn't possible. Mr. Leply should provide additional info and this is worth further review & investigation, maybe having him address the commission would be best.

Janna Norby said that he was going to be here, but he missed this meeting.

Marilyn Ross asked can we have him address the Sept. commission meeting and we need something in writing to show what is being proposed. To have something for commission to look at and something for legal to look at; photos, etc...

Janna Norby said that normally with loans like this we ask them to provide all this info.

Bob Lawson said we need to watch out for public relations; this is really important to the people of Virginia City and we have to be careful when making decisions of this magnitude.

Mike Cooney said that we must ask is this a good deal for Heritage Commission and operations we are responsible for; without passing this test we shouldn't move forward; this could be beneficial for public as well and we wouldn't move forward without public comment.

Janna Norby said that she will tell Mr. Leply.

Janna Norby also brought up that a descendent of resident in town a great niece painted a portrait of the mining camp widow and they want to hang it in her great-great uncles' cabin in town. This would be a loan to us from them- currently some WSU professors maintain it.

Mike Cooney asked what the terms of this loan are.

Janna Norby stated that Joy Dayes has already received it and tried to give it to me (Janna). The loan would be 1 year and we would have to get some insurance.

Diane Rice asked if we can secure the painting. Then Mike Cooney asked "is it an oil painting?"

Janna Norby answered "yes; we could put a plexiglass case on it, but no value was placed on the painting.

Ty Jones stated that the liability would fall on commission to pay if anything happened to it and getting it appraised would likely fall on MHC to pay any associated expenses with this. The artist's name is Sally Marson Braggist's

Mike Cooney asked if they would possibly allow the painting to be gifted to us.

Janna Norby then said that the painting would then fall under our insurance coverage.

Mike Cooney said that if they won't gift it to us, we may have too much liability or expense associated with this.

Janna Norby said that we would have to work out a schedule of when it is there and why it is there, etc...

Colin Mathews asked if we don't have any other info on history of Alder Gulch that we could connect this (painting) to. Then it may be more appropriate for us to hang it up then under this current proposal.

Philip Maechling asked "was it painted here? And did the person who painted it live here? And did the subject live here?"

Janna Norby then answered that she was not sure where it was painted, but both painter and subject of painting lived here. She just was not sure whether it was ever hung in the cabin.

Janna Norby also wanted to add that the MHC has a box from Lewis H. Herschfeld from 1891 & 1892 and we want to add it to the rest of the historical society's collection of Merchant Bank stuff from Helena and beyond.

Mike Cooney asked if we have talked to anyone else about this?

Janna Norby responded with – Yes, Zoanne. Prior to the Sept. meeting. The wagon loan needs to be re-newed with Cheskin Minnesota who still has our wagon; that is the farthest and the largest loan.

Marilyn Ross stated that we should ask to see it.

Janna Norby said that there is no insurance on file from them; the loan is due on the 10th of August. She asked that "do we want to go get it at the Hangman's building?" There is no proof of liability insurance since March. There is also the bronze plaque, wicker chair, and large safe that we loaned them in 2007. Do we want to do this? Before we required them to list us as additionally insured. Or individually list these items on the docket so we now need to get this done if loan is to be renewed.

Marilyn Ross asked for Commissioners discussion? She asked that it be noted that we have worked hard to standardize all contracts and all leases to make sure insurance coverage is in place, is adequate, and has been done across the board with anyone doing any business with Heritage Commission.

Mike Cooney expressed his concern about this situation and there may be others like it. We need to make sure that the insurance is in place and we are listed properly on insurance or get it back or recall it until it is. We can't extend for 3 or 4 months with current situation.

Marilyn Ross said that this could be a public relations issue. Some folks are angry when we require insurance to allow lease of building, etc...

Mike Cooney stated that we are keepers of and must protect assets. We have a fiduciary duty under national and state-wide guidelines to protect the asset for future generations so that must be our guiding principle. We must comply with the regulations and rules to properly protect assets.

Colin Mathews said there was significant robberies on either side of that building in the last few weeks. Colin added a **MOTION** that CPA should be informed that they have to have insurance to secure items. Then a list on there must be obtained. Then leave up to discretion of chairman and ED to decide exactly what that deadline means.

Philip Maechling then **Second the MOTION**

Motion passed unanimously.

Ty Jones added that we need a potential breach notice to cure; we have to comply with obligation to provide letter.

Janna Norby stated that there is lots of money concentrated in one single building at the music hall. She is concerned that we now have over \$2million in one building with all visitor services. We need to solicit some bids for fire suppression and security in light of recent robberies.

Mike Cooney made a **MOTION** to do so.

Philip Maechling **seconded motion.**

The **MOTION** passed unanimously.

Marilyn Ross said that we will work with Dianne Carey to do so.

Bob Lawson asked if we have ever looked for corporate sponsorship of segments of buildings.

Andy Poole answered that we tried to get BNSF & MRL to sponsor a train and see if they would.

Marilyn Ross stated that there is no statutory reason why we can't seek out additional ways of carrying out our mission.

Ty Jones answered that other than tobacco companies, we aren't barred from doing so-(seeking Corporate sponsors)

Marilyn Ross asked "Did we once approach Coors brewery for assistance with our brewery?" Bill commented that he wasn't sure if they were asked. Mike Cooney commented that we could almost go to the corporate side rather than foundation to get this done.

Marilyn/Director's Update:

Nevada City Hotel—we dredged the creek down to original level to resolve water problem. It was dredged out and water level has sunk; it is now dry and supporting beams have been replaced. It has also improved music hall water level, also re-wired the hotel and all the cabins.

Second Project—phase two – In the wetlands behind the cabins we need to remove water by using pipelines. We need to get an engineer in there to assess it and maybe that could begin in Sept.

The Long range building money authorized to improve wiring for infrastructure and maintenance.

Logs will be replaced by hitching posts to keep people from falling into the creek there at the boardwalk. Then the Montana Conservation Corps & Americorps volunteers have repaired all the boardwalks.

We are closing the office in Reeder's Alley and looking for a property management firm which will make it considerably more affordable. Everything else will be the same and repairs will be maintained; still some long range money will be needed as there is stone foundation crumbling that needs repair and Donny can't do this. We will need historic masonry folks to secure them.

Mike Cooney asked if there is a timeline for use it (Long term money) or lose it? Or is it continual with no time restraints?

Marilyn Ross stated that we need to work with Kelly to get the real estate sales before the land board and when that happens we need to call Diane Rice to appear before the land board and have that discussion.

We are working with Teri Juneau and Legal Dept. relating to staff reorganization issues to plot out our major concerns relating to long range building funds & we need to be reluctant to approve anything not going into long term security of our resources. The most egregious infrastructure issues are Water, Wiring, and Foundations.

Bob Lawson asked a question about funding for DNRC project –Ruby Watershed.

Marilyn Ross answered that it was funded by legislature; in the fall we might see some activity there but the name of the firm is not clear.

Bob Lawson then asked where we are with marketing and advertising for Virginia City and Nevada City in light of our lack of a Helena office.

Marilyn Ross answered that the Helena office position handled all of this, but that position is no longer with us. This position wasn't done well in the past, so we are looking forward. We need more emphasis on marketing; so we are exploring different kinds, including social networking, etc... We are looking into forming collaborative partnerships with towns, and tourism marketing. But questioned if the ED the right person to deal with this?

Bob Lawson asked about if the membership funds allocated to this need to be regenerated to create a new base for this?

Marilyn Ross asked "how can we incorporate this responsibility and find someone with experience & expertise to get this done? The Chamber maybe should be collaborating so they don't have to do everything. We are allocating portions. Diane Carrey has taken on admin & other duties that far exceeded what she originally came on board to do and she is working on our website.

MHC's next meeting is scheduled for Thursday, Sept. 15th in Virginia City at 9:00am

First Half meeting ended.