

The Minnesota Streetcar Museum
P. O. Box 14467, University Station
Minneapolis, MN 55414-0467
EIN: 34-2030631

IRS Form 1023
Application for Recognition of Exemption

ATTACHMENT D

**Narrative and Supplemental Information to Schedule G – Successors to
Other Organizations**

Item 2a *The Minnesota Streetcar Museum, Inc.*, has been formed to assume the mission, goals and assets of the former *Traction Division* of the *Minnesota Transportation Museum* (MTM).

The first operating and exhibit site of the MTM was the *Como-Harriet Streetcar Line* in Minneapolis, Minnesota that began operations in 1971. Starting in the late 1970s and continuing through the 1990s, other geographically separate historic transportation operations and exhibit sites were established by the MTM and additional administrative and operations organizations were formed. These were called “divisions.” These divisions were:

- § The *Traction Division*, operating the *Como-Harriet Streetcar Line* starting in 1971 and later the *Excelsior Streetcar Line* starting in 1999.
- § The *Railroad Division*, located initially in Stillwater, Minnesota and later running railroad excursions trains from Osceola, Wisconsin to Marine on St. Croix, Minnesota.
- § The *Jackson Street Roundhouse Museum* in St. Paul, Minnesota
- § The *Lake Minnetonka Division*, located in Excelsior, Minnesota and operating the historic steamboat *Minnehaha*
- § The *Classic Bus Division*, which was comprised of several historic gasoline and diesel powered motor buses

Item 2b The *Minnesota Transportation Museum* was recognized by the IRS as a non-profit and tax-exempt organization on or about 1963

Item 2c On or about 1963 the *Minnesota Transportation Museum* applied for tax-exempt status with the IRS. The IRS ultimately approved the application.

Item 2e The *Minnesota Transportation Museum* was originally formed in 1963 to preserve an historic Minneapolis streetcar, Twin City Lines Number 1300. The first operating and exhibit site for the MTM was the *Como-Harriet Streetcar Line*, rebuilt on former Twin City Rapid Transit Company streetcar right-of-way in Minneapolis, Minnesota.

As described above, throughout the 1980s and 1990s, the MTM increased the number of exhibit and operating sites at various locations around the Minneapolis and St. Paul metropolitan area. By 2004 it became evident to the MTM Board of Directors that the wide dispersion of MTM's five operating divisions and the vast differences in operating methods, crew qualification training, facilities requirements, maintenance requirements, etc., for each of the distinct and widely-separated operating or exhibit sites had become a management and administrative problem. And the situation was not getting better even though several different management studies were done and programs implemented in the 1990s to try to improve MTM's management. Ultimately, the MTM Board of Directors came to the inevitable conclusion that the *Minnesota Transportation Museum* had become unmanageable in its current state. Scarce resources were being used to support an administrative and management structure that was not benefiting the operating and exhibit sites (the "divisions"). It was also found that the current MTM management structure was actually hindering the divisions' ability to perform their stated individual mission and goals. The Board, therefore, concluded that the basic structure of MTM must change.

This structure change has resulted in the abolishment of the MTM *Traction Division* and the incorporation of *The Minnesota Streetcar Museum, Inc.*, with the objective of assuming the mission, purpose, goals, objectives and all assets of the former *Traction Division* of the MTM. The ultimate result of this reorganization will allow *The Minnesota Streetcar Museum* to better manage its resources and become a more effective and efficient organization.

The activities and assets of the MTM's *Traction Division* are being conveyed to the *Minnesota Streetcar Museum, Inc.*, so that the collection of historic streetcars and artifacts can be safely preserved for future generations of Minnesotans. The MTM Board concluded that the only way to fully realize the mission of the *Traction Division* was to allow it to incorporate as an independent non-profit educational and historical organization and to obtain recognition by the IRS as a 501(c)(3) organization.

The Minnesota Streetcar Museum intends to continue to strive to implement the vision, mission and goals as stated in our response to Part V as depicted in attachment B. *The Minnesota Streetcar Museum* can better use our scarce resources and preserve and operate our historic streetcars. The incorporation of *The Minnesota Streetcar Museum* will save the Museum many thousands of dollars that can be better used to support the mission and programs of *The Minnesota Streetcar Museum*.

Item 3 The *Minnesota Transportation Museum* was incorporated in 1962 to initially preserve a single historic streetcar, Twin City Rapid Transit Company No. 1300. Over the years MTM created and developed geographically separate historic operations and exhibit sites where streetcars, railroad trains, classic motor buses, a railroad roundhouse museum and a historic steamboat were operated for the education and enjoyment of the citizens of Minnesota and to preserve these vital historic artifacts of Minnesota's transportation heritage.

See the narrative in item 2a of this attachment for a brief overview of the development of the *Minnesota Transportation Museum* in the 1970s, through the 1990s.

Item 6a A lease will initially be employed to accomplish the transfer of assets that are now to be provided to *The Minnesota Streetcar Museum*. After approval of this IRS application for recognition of exemption a formal purchase agreement at minimal consideration (\$501 or less) will be prepared and executed in accordance with applicable law and regulations.

The assets to be transferred to *The Minnesota Streetcar Museum* are summarized as follows:

- Five operating historic Minnesota streetcars with an insured value of \$500,000.
- Two streetcar storage buildings with an insured value of \$540,800
- One station building and one small storage building with an insured value of \$57,200.
- Three unrestored streetcar bodies with an insured value of \$21,000.
- Track and overhead trolley wire system with an estimated value of \$50,000.
- Miscellaneous tools and equipment with an estimated value of \$100,000.

Item 6b See attached lease (attachment E).

Item 6c See attached lease (attachment E).

Item 8 The lease agreement is at attachment E. The value of the leased assets was determined based on insured values, book value of the items less depreciation and the value of the assets as determined by precedence and commonly accepted practice among similar transportation museums.

Item 4 **List of Minnesota Transportation Museum Directors**

Name	Address
Keith Anderson	
William Graham	
Robert Hawkins	
Ronald S. Heiderich	
Jack Kegel	

The Minnesota Streetcar Museum
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Mike Kramer	
Kenneth Luebeck	
Michael E. Miller	
Nick Modders	
John Oliver	
Noel Petit	
Arthur E. Pew, III	
Scott Reed	
John Senior	