

Exhibit Number: 2

The following exhibit is several assorted documents that exceeds the 10-page limit therefore it cannot be scanned. A small portion has been scanned to aid in your research for information. The exhibit is on file at the Montana Historical Society and can be viewed there.

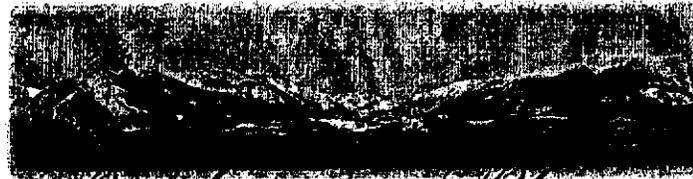


EXHIBIT 12
 DATE 2/9/05
 HEL 9

Board of Directors

- Mitzi Vorachek
President - Red Lodge, MT
- James E. Moore II
Co-Vice President - Red Lodge, MT
- Nail Irto
Co-Vice President - Jettei, MT
- Don Kinney
Secretary - Luther, MT
- Sally Wenz
Treasurer - Red Lodge, MT
- Lois "Skip" Alekrich
Red Lodge, MT
- Earl "Andy" Andersen
Red Lodge, MT
- Eddie Barfield
Luther, MT
- Rusty DeVries
Roberta, MT
- Paul Henry
Luther, MT
- Nancy Krekeier
Red Lodge, MT
- Linda Marycott
Roberta, MT
- Kit Richards
Red Lodge, MT
- Brian Roat
Red Lodge, MT
- Pat Haggerty-White
Red Lodge, MT
- Senia Hart - Ex Officio
Red Lodge, MT
- Robert Moran - Ex Officio
Red Lodge, MT
- Shirley Zupan - Ex Officio
Red Lodge, MT

Peaks to Plains
MUSEUM
 Carbon County Historical Society

July 29, 2004

Montana Cultural Trust
 Cultural and Aesthetic Project Advisory Committee
 316 North Park Avenue, Suite 252
 Helena, MT 59620-2201

Dear Committee Members,

We are pleased to submit this grant application to the Cultural Trust for operating expenses for the Carbon County Historical Society's Museum. Ensuring adequate funding for our operations is critical at this time of increased demand on the Museum's staff and on our facility. Our services and programs for the community continue to grow as Carbon County increasingly values its wonderfully unique heritage.

On behalf of our Board of Directors, I assure you that we provide programs and activities to all persons and do not discriminate against any group or person; that we comply with the Fair Labor Standards Act; that we will use the funds only for the express purpose for which they're granted; that we comply with all state and federal laws governing the treatment of human remains and objects of cultural patrimony; and that we comply with all State of Montana laws including the open meeting law.

The Carbon County Historical Society's Museum is the major cultural and historical institution in Carbon County, and funding for our operations is critical to our continued success. We thank you for this opportunity to submit this grant.

Sincerely yours,

Mitzi Vorachek
 President

Advisory Board

- Jean Anderson
Frederick, MT
- Gretchen Arndt
Red Lodge, MT
- Mike Bitterman
Plymouth, MN
- Helen Mackay Bradford
San Francisco, CA
- Albert Brown
Bridge, MT
- Joe Chienoweth
Roscoe, MT
- Linda Dutcher
Carbondale, IL
- Alvin A. Ellis
Luther, MT
- Richard Gessling, DDS
Red Lodge, MT
- Deb Greenough
Luther, MT
- Bill Haddow
Jettei, MT
- Elaine Higgins
Red Lodge, MT
- Ed & Dorothy Hull
Billings, MT
- A.W. "Tony" Kendall
Red Lodge, MT
- Art Kidwell
Clark, WY
- Judy McNally
Billings, MT
- Mary Elizabeth Royal
Red Lodge, MT
- Elizabeth Scanlin, Esq.
Red Lodge, MT
- Cynthia Tearse
Red Lodge, MT
- Vern Waples
Red Lodge, MT

Penny Redli
 Executive Director

224 N. Broadway Avenue • P.O. Box 881 • Red Lodge, Montana 59068-0881
 Telephone: (406) 446-3667 • Fax: (406) 446-1920
 eMail = peaks2plains@tgrsolution.net

Montana Cultural Trust Grant Application Form

Grant Category (Check One)

- 1) Special Project
- 2) Special Project Under \$4,500
- 3) Operational Support
- 4) Capital Expenditure

Challenge Grants for endowment Development: Call the Arts Council at (406) 444-6430 for a form.

1. Grantee: Carbon County Historical Society
2. Grant title: Operations Support
3. Grant Amount Requested: \$30,000
4. Project Description (Complete in space provided. DO NOT reduce copy.)

The Carbon County Historical Society (CCHS) respectfully requests operational support from the Montana Cultural Trust to assist with the day to day operations of Carbon County's Museum. The Museum began in a little log cabin in 1959, and the Society was formed in 1975. In 1990, when the historic 20,000 sq. ft. Labor Temple was donated to house the Museum, CCHS had 56 members. Today it has over 800 members from throughout the U.S. and Scotland. The Museum houses the County archives, two floors of exhibition areas, collection storage and a newly developed Mercantile - Museum Store all within 10,000 sq. ft. It serves County schools for guided tours and research for class projects, many genealogists, and researchers for publications and various other projects. Attendance to the Museum for exhibits, research and monthly lecture series has shown steady growth. The CCHS is well respected throughout the County and with area business leaders, and is an important cultural resource for both local and area visitors. The Society is entering a four year period of intense activity to conduct a major capital campaign to complete the renovation of the Labor Temple, improve our exhibit space, grow the endowment, and improve the public and educational outreach programs. During this time, operational costs are expected to fluctuate unexpectedly and increase significantly in order to support the demands of the capital campaign. At the same time, we must continue to serve our public constituency in the professional manner they have come to expect. The support of this grant will be critical to maintaining an effective, timely, and responsive operation environment during this period.

5. Are you a (501)(c)(3) non-profit organization? Yes No. Is this your first Cultural and Aesthetics grant application submitted? Yes No
7. Last Year Operating Income: \$98,383 9. Present Year Operating Income \$97,248 11. Next Year's Operating Income \$100,700
8. Last Year Operating Expenses: \$90,838 10. Present Year Operating Expenses: \$97,248 12. Next Year's Operating Expenses: \$100,700

13. # Volunteers Involved: 30	15. How does your project or organization serve the state?	Urban %	Rural %	Total %
14. Individuals to Benefit	Statewide	5	5	10
General Audience: 12,500	Region of the state (counties or tribes)	15	30	45
Special Populations: 450	Local	30	15	45
Total to Benefit: 12,950			Total	100%

BELOW IS FOR OFFICE USE ONLY

Project Category:

- Art
- History
- Other Cultural

Community Type

- Rural
- Urban
- Statewide

- Applicant Status:
- Applicant Institution:
- Applicant Discipline:
- Project Discipline:
- Type of Activity:
- Project Type:
- Arts Ed:
- Touring/Presenting:

Date Received:

Grant Number:

History Number:

Grant Category:

Revenue	\$	231,270.00
Expenses	\$	231,270.00
(must equal zero for the budget to be balance)	\$	-

16. Is this application being made by or on behalf of an organization which owns a cultural facility? Yes No (If no, skip to 20)

17. Who owns this cultural facility?
(Please provide the names of the owners and type of organization.)

- Non-profit corporation
- For-profit corporation
- Municipality
- County
- Other (Name)

18. Who operates the facility?
(Please provide the names of the operators and type of organization)

- Non-profit corporation
- For-profit corporation
- Municipality
- County
- Other (Name) Carbon County Historical Society

19. If the facility is owned by a municipality or by the county, what kind and value of support is given to the facility annually? (Please see matching requirements page 7.)

- Not applicable
- General Funds: \$
- Revenue Sharing: \$
- Other Cash: \$
- Mill Levy: \$\$4,175 # Mills 1/8
- Block Grant: \$
- In-Kind: \$
- Total Value: \$

20. Indirect costs: Not Applicable Used as match: \$ Paid from grant: \$

21. Have you contacted the State Historic Preservation Office to obtain a letter of agreement, if applicable? Yes NO Not applicable

22. Government Sponsor Assurances: I understand that by making application for Cultural and Aesthetic Project funds from the Cultural Trust Fund, the government sponsor I represent will provide financial and accounting services and will be fiscally and legally responsible for the completion of the project, if funded.

Authorizing Signature of the Governmental Sponsor

John E. Prinkki

7-29-04

Name of Authorizing Signator John E. Prinkki

Title Carbon County Commission Chair

Government Sponsor Organization Carbon County

Address PO Box 887, Red Lodge, MT 59068

E-mail Address commission@co.mt.us

Day Phone (406)446-1595

Date 7/29/2004

Grantee Assurances:

I assure that no person shall, on the grounds of race, creed, religion, color, sex, physical or mental handicap, age or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity which results from the expenditure of grant funds.

I assure that the organization will comply with the Fair Labor Standards Act in regard to the

employment of professional personnel, mechanics and laborers, and the health safety and sanitary laws of Montana and that this assurance will be provided to the Montana Commissioner of Labor and Industry or the Secretary of Labor upon request.

I assure that the organization will comply with the Hatch Act (5 U.S.C. 1501-1508) and the Intergovernmental act of 1970 as amended by Title VI of the CMI Service Reform Act and that none of

the funds granted will be utilized for lobbying, influencing legislation, or partisan political activity of any kind.

I assure that the organization will comply with the Native American Graves protection and Repatriation Act and Montana's Human Remains and Burial Site Protection Act (MCA 22-3-801 through 22-3-811.)

Project Director Signature

Penny Redli

Project Director Name Penny Redli

Organization Name Carbon County Historical Society & Museum

Address PO Box 881, 224 N. Broadway

City/State/Zip Red Lodge, MT 59068

Daytime Phone (406)446-3667

Fax Number (406)446-1920

Evening Phone (406)322-4842

Email Address peaks2plains@tgrsolution.net

NARRATIVE

1. Carbon County Historical Museum Organization Description

The Carbon County Historical Society and Museum is operated as a private non-profit 501(C)(3) organization by the Carbon County Historical Society (CCHS) incorporated in the State of Montana. The museum preserves, documents, and conveys to the public the rich and varied multi-cultural heritage of this region. The museum is housed in the historic Labor Temple, a four level brick building constructed in 1909 entirely by local miners to house their union activities. A very dynamic CCHS Board of Directors, organized into committees structured around the major activities of the Society and Museum, oversees the execution of all activities. The museum paid staff consists of one full-time Executive Director, one half-time Assistant to the Director, a Senior Community Employee Program (USDA/USFS) employee, and a part-time summer employee to help operate the Museum gift shop. In addition, there is a very active core of approximately thirty volunteers assisting in membership, fundraising, special events, the Museum lecture series, public and education outreach, Museum facilities renovation and expansion, archival research, and grant applications.

2. Purpose and Goals of Grant Request

The CCHS is entering a four year period of intense activity including a major capital campaign to complete the Labor Temple restoration, grow the endowment, secure and preserve the collection, improve the exhibits and exhibit area and the public and educational outreach programs. Consequently, the demands on the operational budget are expected to increase substantially for office supplies, utilities,

security, building maintenance, and administrative costs. The purpose of this proposed grant is to aid the CCHS in maintaining an operational environment that enables timely and efficient management of the day-to-day operations during this period of intense activity. In the past, some operations expenditures have been deferred until funds become available. In the coming period of intense activity, the activities are highly interdependent, with Museum Operations being central to the day-to-day progress of the overall endeavor. During this time, the ripple effect of a delayed action by Operations into other activities could be quite detrimental. By promoting effective and responsive operations, this grant, if awarded, would be a critical enabling factor in the success of our campaign. The funds awarded would be applied to the unrestricted operations budget thereby strengthening all operations activities. A specific planned use of a portion of the funds is to aid in the publication of our quarterly newsletter that has been a very effective vehicle for promoting the Museum. The goal is to use the grant funds to smooth the temporal disparities between Museum income and operational expenses during the grant period. The amount requested is approximately 13% of the museum's predicted operating budget over the grant period.

3. Importance of Grant Support

During the grant period, operations activity will be at unprecedented levels for this organization. It is critical to the overall success of the capital campaign and the other planned activities that the operations component be timely and efficient in responding to the fluctuating demands of all the activities in progress. The grant will promote a degree of flexibility that has at

times in the past been lacking in speed and direction of operations management response to fluid situations. The success of the planned activities, of which museum operations is a pivotal element, will result in a substantial and palpable enhancement to the cultural environment of Carbon County. In the event that funds are not awarded, it will be necessary to reprogram funds from other CCHS activities to cover the shortfall in Operations, impacting the overall CCHS effectiveness.

5. Progress Assessment

Since the purpose of this grant is to promote an operations environment that serves both our public constituency and the internal demands of the execution of our campaign plans, the effectiveness of Operations will be reviewed at each monthly Board meeting and the annual Board retreat. The metrics applied include growth in visitor and researcher numbers, membership, donors, and other items such as gift shop income. Also, annual financial audits are conducted.

6. Operations Staff Capabilities

The Executive Director, Penny Redli, has managed Museum Operations since 1999. During her tenure the museum has seen steady growth in the stature of the museum in the county. Her management has placed the museum on the sound fiscal footing necessary for the launching of the major CCHS campaign activities described in Paragraph 2 above. She has staff development training in museum governance, a variety of museum operations practices, as well as conservation and preservation practices, and is the Carbon County Historic Preservation Officer. Ms. Redli is currently Secretary, Board of Directors of the Museums Association of Montana, and serves as Montana History Society Appointee for C & A Grants, Montana Arts Council.

Ms. Redli is assisted by Joel Bertolino on a half-time basis. Mr. Bertolino has staff development training in a variety of museum preferred practices and is the Assistant Historic Preservation Officer for Carbon County. He has led the development of several new exhibits including the recent, very well received "Barns of Carbon County", now a traveling exhibit.

7. Publicity and Access

Since this is a request for operations assistance funding, there is not a specific project *per se* to publicize. However, the Museum maintains a high profile in the community. Events and exhibits managed by museum operations are widely publicized including in the quarterly newsletter. If awarded, the support of the Cultural Trust Grant will be prominently acknowledge in each newsletter issue. A press release to the Carbon County News will be issued with a description of the purpose of the grant and the granting agency identified and described.

The Museum ground floor, including restrooms, is wheelchair accessible. However, the basement level exhibits are not wheelchair accessible. The Museum charges no admission fee for handicapped visitors. A Conservation Assessment Program grant resulted in a survey: *General/Facilities Conservation Survey, June 27-28, 2002, Carl Patterson, Director of Collection Services, Denver Art Museum.* The need for compliance with ADA requirements was noted. As part of the renovation of the Labor Temple building in which the Museum is housed, an annex will be added that includes an elevator, and all doors, passageways, and restrooms will be ADA compliant. The CCHS Strategic Plan (see pg. 15, item 5.4.3.1-1e regarding ADA compliance), and the preliminary engineering drawings are included as supporting documentation.

**Carbon County Historical Society
Budget Detail**

<u>EXPENSES</u>	<u>FY2006</u>	<u>FY2007</u>	<u>TOTAL</u>
Employee Salaries & Benefits			
Directors plus benefits	\$33,360	\$34,560	\$67,920
Assistant-1/2 time	\$13,723	\$14,352	\$28,075
Gift Shop Attendant-1/2 time	\$10,722	\$10,818	\$21,540
Research Assistant-1/2 time (<i>in-kind</i>)	\$ 5,720	\$ 5,720	\$11,440
Membership 8 hrs/wk for 48 wks @ \$12/hr (<i>in-kind</i>)	\$ 4,608	\$ 4,608	\$ 9,216
Office Aides 16 hrs/wk for 48 wks @ \$12/hr (<i>in-kind</i>)	\$ 9,216	\$ 9,216	\$18,432
Front Desk Assistants 8 hrs/wk for 46 wks @ 12/hr (<i>in-kind</i>)	\$ 4,416	\$ 4,416	\$ 8,832
Contracted Services			
Accountant- audit	\$ 2,500	\$ 3,000	\$ 5,500
Travel			
In-state travel & staff development (state conference fees, travel & meals)	\$ 2,500	\$ 3,200	\$ 5,700
Marketing			
Quarterly newsletter layout & printing	\$ 3,000	\$ 3,500	\$ 6,500
Remaining Operating Expenses			
Utilities	\$ 8,150	\$ 8,500	\$16,650
Office Supplies, copier & computer leases	\$ 7,000	\$ 7,500	\$14,500
Maintenance, building insurance, security	\$ 6,720	\$ 7,195	\$13,915
Programs, Exhibits	\$ 1,400	\$ 1,650	\$ 3,050
Total Expenses.....	\$113,035	\$118,235	\$231,270
 <u>INCOME</u>			
Earned Income			
Admissions	\$ 7,000	\$ 7,500	\$14,500
Memberships	\$16,900	\$17,100	\$34,000
Memorials	\$ 2,000	\$ 2,000	\$ 4,000
Other Revenue			
Sales – Gift Shop	\$ 7,500	\$ 8,000	\$15,500
Other Private Support			
Special Events	\$31,000	\$35,000	\$66,000

Government Support

State - Historic Preservation Grant	\$ 5,500	\$ 5,500	\$11,000
Local - Carbon County Mill Levy	\$ 4,175	\$ 4,175	\$ 8,350
Total Cash Income	\$74,075	\$79,275	\$153,350
Total In-kind Contributions(Salaries above)	\$23,960	\$23,960	\$47,920
Total Grant Amount Requested	\$15,000	\$15,000	\$30,000
Total Income.....	\$113,035	\$118,235	\$231,270

What the grant funds will be used for: The grant funds awarded will be applied to the unrestricted operations budget to aid in the publication of the quarterly newsletter, office supplies, utilities, security, building maintenance, and administrative costs.