



CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION
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Peter Foster, Chairman **Lenny Martinez, Vice-Chairman**
Lon Carpenter, Secretary **Randy Randall, Treasurer**
Leo Schmitz, Executive Director

CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION MEETING MINUTES FOR DECEMBER 11, 2008

A meeting of the C&TSRR Commission was held on Thursday, December 11, 2008 at Cookin' Books, 2451 S. Hwy 84, Chama, New Mexico

The meeting was called to order at 10:04 a.m. by Chairman Randy Randall.

Those present were:

Randy Randall, Chairman	Pete Foster, Vice-Chairman
J. Leonard Martinez, Treasurer	Lon Carpenter, Secretary
Leo Schmitz, Executive Director	Stephanie Gray, Administrative Assistant
Frank Turner	Amos Cordova
Amanda Haley	Roger Hogan
Tim Tennant	Gayle Martinez
Richard Tower	Frank Stapleton
Stephen Flowers	Ed Lowrance
Elmer Salazar	Dr. TC Grove
Jim Poston	Jerry Hanks
John Matthews	Roger Casciani
Soni Honegger	Steve Malner
Larry Winget	Sam Tischler
Scott Flury	Barbara Hogan
Ed Beaudette	Michelle Martin
Alan Loomis	Jeremy Rutherford
Tom Rutherford	Donald Bayer
Kindy Martinez	Eric Jacobson
Maria T. Schmitz	Suegy Randall

Commissioner Martinez moved to approve the agenda, as it stands. Motion carried with a unanimous vote with a second from Commissioner Foster.

Commissioner Foster then moved to accept the Commission's minutes for both August 28, 2008 Commission Meeting and for the Special Meeting of November 11, 2008, as presented. Minutes were approved with a second from Commissioner Carpenter.

Chairman Randall welcomed everyone and gave everyone a special thank you for being able to make this meeting. Chairman Randall said he wanted to extend the Commission's gratitude to the Management Team and welcomed Soni Honegger as their General Manager. He emphasized the Commission needs to work with Soni and continue to keep

the lines of communication open by following the chain of command and updating the Management Team through their General Manager.

Leo Schmitz, Executive Director, reported Van Iwaarden Construction, Antonito Car Shop Contractor, RME Santa Fe Engineering, C&TSMC GM, Soni Honegger, Marvin Casias and himself met, and they were able to identify nine items of savings for the amount of \$26,109. This will reduce the contract price to \$361,441, which is \$32,984 below the available funding of \$394,425. He also reported he is working with Xcel Energy to bring over a third line to the Antonito Car Shop. If all goes as planned, Xcel will only charge \$200 instead of the anticipated \$20,000. He will update the Commission when the issue is resolved by Xcel Energy.

Leo also informed the Commission Mr. Roger Escherman contacted the Commission's Office requesting the Railroad employees cease driving across his property to reach the siding at Los Pinos. He contacted Mr. Joe Montoya, President of the Cumbres Subdivision Property Owners Association, to seek an easement to use the existing road which crosses the property. Leo is also working with the Garcia family to find another solution to this problem.

After the Commissioners discussed this issue, Commissioner Foster requested if the Commissioners could discuss this item under Closed Session since it is a legal issue. Chairman Randall agreed and the other Commissioners were in consensus with this request.

The only other item Leo reported was yesterday, Wednesday, December 10, 2008; he was contacted by the Colorado Governor's Office asking if the Track Upgrade Project, which funding was requested for, would be able to start June, 2009, if monies were found from a Federal Funding Source. Leo answered adamantly yes the project would commence once funding was approved.

Chairman Randall thanked Leo for his report and hoped these much needed monies would be received to continue with the Track Upgrade Project. He said let the minutes reflect there will not be a report from Counsel since Ms. Andrea Buzzard is not present. Then Chairman Randall asked for the C&TSMC representatives to report.

Frank Turner, President, reported to the Commission the C&TS RR had a very safe year with only three FRA reported injuries. He also informed them that Elmer Salazar had conducted safety training and management training before the Season. Frank reported 30,000 ties, almost covering 60 miles of the track, have been installed. Also, he noted only 13 more miles of the track needs ballast, about 45,000 tons of ballast.

At this time Chairman Randall asked once the Track Project had been completed with the remaining ties and ballast, would it bring the Railroad's line up to par. Frank answered yes; however, the track would have to have a yearly maintenance program in place to assure the track will not deteriorate as it has in the past; therefore, the track will not have to have the monies it has taken to bring it up to par, instead a proper maintenance program will satisfy the yearly need of track replacement, ballast maintenance and keeping the track operable.

Richard Tower then spoke on the ridership statistics of this Season. He reported 44,714 patrons rode the Railroad for the 2008 Season in comparison to 43,164 who rode during the 2007 Season. However, he did want the Commission to note these numbers do not include the Christmas Trains. Richard reported ridership had increase 3.4% over the

previous Season. However, the revenue had not increased or met the budget for the 2008 year. Revenues may have increased 6% compared to last year; yet, the budget was increased and the actual revenues were below the proposed budget for 2008, a difference of \$150,000.

Mr. Tower then reviewed the budget items with the Commission, (See Attachments.) Chairman Randall directed Leo to add a column to the variances of the previous year's amounts with the current year. He felt this would help the Commission get a clearer picture of where the monies are being spent and the shortfalls of the budget. Leo said he and Richard would work on this project and give the Commission a clearer report with variances.

After Chairman Randall thanked Richard for his report, he then asked Soni Honegger, C&TSRMC's General Manager, to present his report. Soni reported, since his promotion as of November 1, 2008, he has been busy trying to learn the position and work with everyone in learning the operation. He said his major goal will be to keep the train operating and doing it within budget. Soni said he is working with the crew, the Management Team, the Commission and Leo to keep knowledgeable of all happenings on the Railroad. He stressed it was important for everyone involved to keep the lines of communication open and continue working together to keep everyone informed.

Gayle Martinez then gave her report. She gave the Commission a handout, showing the Commission's page on the Railroad's website. Gayle informed everyone how successful the year was for marketing. She spoke on the success of the Cinder Bear trains, the different charter trains and of course the parlor cars helped increase the number of patrons riding.

Ms. Martinez then presented a copy of 2009 brochures, (See Attachment.) She said she would be busy these next few months with different trade shows, the website and working with The West Agency in advertising and promoting the Railroad. Gayle ended the report saying she was working with a strong team to continue promoting the C&TSRR within both towns, counties, states and throughout the Southwest Region. Gayle felt the number of patrons would increase for the 2009 Season.

Leo then reported on the Capital Projects and Commission Budgets, (See Attachments.) Leo recommended first, to revise the Passenger Car Revenue and Expenses to match the actual remaining of 6/30/08. Second, he recommended increasing the New Mexico 07/08 Capital Appropriation by \$20,357 to match the actual amount remaining 6/30/08. Last, he recommended establishing a budget for Locomotive 489 work of \$40,417, transferring \$20,060 from Locomotive 463 to Locomotive 489. After discussing his recommendation, Commissioner Martinez moved to accept Leo's recommendation for amending the Capital Projects Budget. Motion carried with a second from Commissioner Carpenter.

Chairman Randall then asked for the Friends report to be given. Tim Tennant reported the Friends are in the process of moving its Colorado Springs satellite work site to the Pikes Peak Historical Street Railway Foundation, providing more room for the volunteers and more exposure to general public visitation. He also reported the Friends have catalogued in the excess of 15, 500 images from the Dorman Photo Collection. Tim informed the Commission the Docents had logged in 4,815 volunteer hours.

Tim further informed the Commission the outcome of the three "Regional Membership" meetings. In March it was in Albuquerque, New Mexico; April the meeting was in

Wimberly, Texas; and the last one was held in September at the Western Railway Museum in Solano County, California. He felt these meetings help bring the Friends organization closer since they reached out to the Friends members closer to their own areas.

Tim also reported the Friends have submitted grants for \$59,000 to the Institute of Museum and Library services to help with the planning phase of the Railroad Visitor Center. Also, submitted were a \$5,150 grant to the New Mexico Historic Preservation Division for developing an Educator's Guide for the Railroad; and \$5,500 for development of a Historic Stock Field Guide. Chairman Randall thanked Tim for his presentation and all the Commissioners felt the Friends Organization was an asset to the preservation of the C&TS Railroad.

Chairman Randall reported what was happening with the Grant Writing Committee. He reported he had submitted a grant application, on behalf of the Commission, to the Candelaria Fund. The amount requested was one million dollars to be split over a ten year period. Commissioner Martinez reported the grant he and Leo submitted to EDA for Track Work, had been denied. However, he was asked to resubmit the grant to EDA. Chairman Randall directed Commissioner Martinez to work with Leo to resubmit the grant to EDA.

Chairman Randall then introduced New Mexico's legislative advisors, Tom and Jeremy Rutherford who will be assisting the Commission in finding monies at the New Mexico Legislature. They will be replacing the time and efforts Carl Turner gave to the Commission. Tom Rutherford thanked Chairman Randall for his introduction, and he felt confident he would work with New Mexico's legislative body to find monies for the Railroad's capital projects. He did add it would be a difficult year since monies are tight within New Mexico's budget. Chairman Randall thanked them for being there and ready to help the Commission's efforts.

Next on the Agenda was Public Input. Chairman Randall then asked if anyone in the audience wanted to speak. Frank Stapleton, Friends member from Lakewood, Colorado informed the Commission that he is impressed with the way the C&TSRR is progressing. Jerry Hanks, First Serve Productions, informed the Commission of the possibility of using the Railroad for a movie production this year. He has worked with Commissioner Martinez and C&TSMC's Elmer Salazar to get approval from Chama, the state of New Mexico and other sources within New Mexico. He will be working with Roger Casciani and Sam Tischler, to get the movie produced in Chama and surrounding areas. The name of the movie will be Chrome Bikes, set in the 1950's lumber town. It will have a budget of six million and should begin filming in late spring or early summer. Chairman Randall thanked them for their presentation. Commissioner Martinez said whatever help the Commission can give please let them know.

At this time, 12:25 p.m., Chairman Randall adjourned the meeting for a short recess for lunch. The meeting was reconvened at 12:49 by Chairman Randall.

Next on the agenda was Unfinished Business. Chairman Randall said there was no business to be conducted under this item of the Agenda. He then proceeded to the next item on the Agenda.

The first addressed under New Business was the Plan for Inspection Trip during the spring of 2009. Chairman Randall said it was time the Commission, C&TSRMS, Friends and Stakeholders should take a trip to inspect the track and make a list of what items need

to be addressed for the maintenance and upkeep of the Cumbres & Toltec Scenic Railroad. Frank Turner, President of the C&TSRMC, said the first part of June would be the best time to accomplish this inspection trip. After some discussion, Chairman Randall directed Leo Schmitz to investigate the open meeting laws of both states and how it can be accomplished.

Chairman Randall then addressed the next item on the Agenda, Audit Update. He said himself, Commissioner Foster, Leo Schmitz and Richard Tower reviewed the variances noted in the 2008 Audit Report. He said the variances were minimal, one related to a reimbursement charge; another to the financial statement preparation; budget amendment process; and the Commission needs written accounting control policy for good internal controls. Otherwise, Chairman Randall reported the Audit Report was positive and the Commission would receive a final copy come spring or for sure by summer.

Commissioner Lon Carpenter and Richard Tower presented the next item on the Agenda, Approval of Bus Service Contract with Mountain View Tours. Commissioner Carpenter said they had met with Mr. Gregory Conser, President of Mountain View Tours, and he felt a 2 ½% increase over 2008 would be appropriate. Commissioner Carpenter said all had reviewed the presented contract, and it had also been reviewed by Counsel, Ms. Buzzard. After further deliberation, Commissioner Carpenter moved to approve the three year contract, as presented. Commissioner Martinez second the motion and motion carried unanimously.

Chairman Randall then said he and Richard Tower would speak on the next item of the Agenda, Approval of Food and Gift Concession Contract. He reported they had met with Stephen Flowers and developed a three year contract with two additional one year extensions. The price of the meals, at the Osier Dining Facility, would increase to \$9.50 for adults; \$7.00 for children 2 to 11 years of age; and for those children under two the meal would be free. The Concessionaire would give the Commission \$1.15 per rider for 2009 and for each year following increase this amount by \$.05, and these monies would be used for the maintenance fund for Osier Dining Facility. Chairman Randall also reported the meals, at Cumbres, will be \$8.00 per adult and \$7.00 for children 2 to 11 years of age. He also said Counsel, C&TSRMC, Stephen Flowers and other Commissioners have reviewed the contract. After discussing this item, Commissioner Foster moved to accept the presented contract with Stephen Flowers. Motion carried with a second from Commissioner Carpenter.

Next on the Agenda was Approval of Incentives for C&TSMC. Chairman Randall recognized Commissioner Martinez to make the presentation. Frank Turner, C&TSMC's President said whatever monies received by the incentive program would be given to the employees, the amount based on performance. After deliberating this matter, Commissioner Martinez moved to give the C&TSMC \$8,333.33 for Incentive 1 (Increasing Paid Ridership); \$5,000 for Incentive 2 (Grow Local Talent by Establishing Succession Planning Processes); and \$12,000 for Incentive 3 (Safety Goal Was Met With Zero (0) Reportable Accidents and Zero (0) Derailments) for a total of \$25,333.33 to be awarded to C&TSMC. The motion carried unanimously with a second from Commissioner Carpenter.

Chairman Randall then recognized Gayle Martinez who presented the next item on the Agenda, Approval of Schedules and Fares for 2009 Season. She presented the Proposed 2009 Fares, (See Attachment) to the Commission. She also presented the Proposed Schedule for the 2009 Season, (See Attachment.) After studying the presented Schedule and Fares for the 2009 Season, Commissioner Foster moved to accept the schedule and

fares as presented, with the flexibility to change the pricing for Special Trains and round fares to whole dollars. Commissioner Martinez moved to accept the motion, and motion carried unanimously.

At this time, Chairman Randall asked Soni to make the next presentation on the Agenda, Approval of Track Maintenance Project Plan/Budget. Soni said he would not be doing the presentation, rather John Matthews. Mr. Matthews reported there was \$250,899, not committed, left in the Track Capital Maintenance Program. Monies have been set aside for acquiring 9,7000 tons of ballast, which will complete all but 1.5 miles of the C&TS RR track. The \$250,899 will be used to purchase spikes and other materials needed for the Track Project. Also, there will be enough monies to hire sixteen workers to start the 1st of May, 2009 through the end of June, 2009.

Chairman Randall informed those present that approval had to be given to continue the authority for C&TSMC to oversee the spending of these monies. Commissioner Foster moved to approve the presented plan and budget to keep the track maintenance project operable to complete the much needed work. Commissioner Carpenter second the motion, and the motion carried unanimously.

Chairman Randall then recognized Soni Honegger, C&TSRMC's General Manager, to discuss the next item on the Agenda, Approval of Passenger Car Work Plan/Budget. Soni reported they needed the Commission's approval to renovate the two concession cars to parlor cars and to convert two box cars to concession cars. The proposed cost would be \$138,000. Chairman Randall directed Soni to get the budget, with a small narrative, to Leo Schmitz to be filed with the Commission's Minutes. Motion to approve the work and the monies to do the proposed work was made by Commissioner Carpenter and second by Commissioner Martinez.

The next item on the Agenda, Approval of Locomotive 463 Triad Agreement and Budget was presented by Leo Schmitz. He said Counsel, Andrea Buzzard, had developed and reviewed the contract and copies had been sent to the Commission, Friends and C&TSRMC for their review. This would help reimburse monies and ease the floating system since the Friends will be responsible for reimbursements to CTSMC and the Commission and pay vendors directly. Motion to approve Locomotive 463 Triad Agreement and Budget was made by Commissioner Carpenter. Motion was approved unanimously with a second from Commissioner Martinez.

Leo then presented the next item on the Agenda, Ratification of Ash Pit Contract to the Commission. After reviewing the contract and being reassured Soni, the C&TSRMC's General Manager was aware of the contract, Commissioner Foster moved to approve the Ash Pit Contract for \$30,402. The motion carried with a second from Commissioner Martinez.

Under Approval of Amendment to Car Shop Engineering Contract, Leo asked the Commission to extend the contract until the 31st of December, 2009, giving RME Santa Fe Engineering, Inc., the engineering firm time to allow for inspections during construction. Motion was approved unanimously with a motion being made by Commissioner Martinez and a second by Commissioner Foster.

Chairman Randall then addressed the next item on the Agenda, Approval of Development Coordinator with Friends. He said this position would be jointly funded by the Commission and Friends. The Development Coordinator would be hired by the Friends organization and be responsible to research for grants and submit grants for the

C&TSRR. Chairman Randall felt it was time to find other sources of funding, not totally depending on the two states for the needed monies for the Railroad. This position would enable the Friends and Commission to find the necessary monies needed for projects to keep the Cumbres & Toltec Scenic Railroad in operation.

After some discussion and deliberation, Commissioner Carpenter moved to work with the Friends in hiring a Development Coordinator, with the Commission putting in \$28,000 and the Friends the remainder of the \$50,000 proposed salary and taxes and other benefits. The Friends will be the employer and the position will be for one year trial basis and up for review next year. The position should be responsible for the research of grants; writing the grants; and keeping the Friends, C&TSMC and the Commission informed through monthly progress reports. Also, once the grant have been approved, with the assistance and efforts of the Friends, C&TSMC and their General Manger, and the C&TSRR Commission and their Executive Director overseeing the expending of the grant monies. The motion was approved unanimously with a second from Commissioner Martinez.

Next item on the Agenda was Election of Officers for 2009. Chairman Randall stated the two states took turns being Chairman and each Commissioner would then move up a step. Chairman Randall said it should be Commissioner Pete Foster would be the Chairman: Commissioner Lenny Martinez would be the Vice-Chairman: Commissioner Carpenter would be the Secretary: and he, Chairman Randall would be the Treasurer. Commissioner Carpenter moved to accept the slate as presented by Chairman Randall. Motion carried unanimously with a second from Commissioner Foster.

Chairman Randall then moved to the next item on the Agenda, Closed Session for "Limited Personnel Matters" pursuant to Section 10-15-(h)(2). Commissioner Foster move to adjourn to the Closed Session to discuss the Executive Director's Contract and the legal issue of the Easement for access to the Los Pinos Property. Commissioner Martinez second the motion. Chairman Randall called for a Roll Call Vote. Commissioner Carpenter said yes: Commissioner Foster voted yes: Commissioner Martinez said yes: and Chairman Randall voted yes. Before going into the Closed Session, Chairman Randall thanked everyone for coming to the Commission Meeting. Chairman Randall and Commissioners Carpenter, Foster and Martinez went into the Closed Session at 2:44 p.m.

At 4:10 p.m., Commissioner Martinez moved to reconvene the Commission Meeting. Motion carried with a second from Commissioner Foster. Chairman Randall called the meeting back to order, and he stated let the minutes reflect no action was taken during the Closed Session, and further let the minutes reflect the only two items discussed were the Executive Director's Contract and the legal issue of the Easement concerning the property at Los Pinos.

Under Approval of Executive Director, Commissioner Martinez moved to work with the Commissioner's counsel in finalizing the agreement with the Executive Director and extend the present contract for sixty days, until February 28, 2009, when the agreement would be finalized and presented to the Commission for final approval before or by this date. Motion carried unanimously with a second from Commissioner Foster.

Under Other Business, Chairman Randall directed Commissioner Foster and Leo to work together to work with those involved in finding a solution and obtain rights by an easement or agreement to have access to the Railroad's property in the Los Pinos Loop.

There being no other business, Chairman Randall adjourned the meeting at 4:15 p.m. with the motion being made for adjournment by Commissioner Carpenter and a second by Commissioner Martinez.

/s/ 3-6-09

Pete Foster, Chairman

/s/ 3-6-09

Leonard Martinez, Vice-Chairman

/s/ 3-6-09

Lon Carpenter, Secretary

/s/ 3-6-09

Randy Randall,