

**CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION  
MEETING MINUTES FOR MARCH 6, 2009**

A meeting of the C&TSRR Commission was scheduled for Friday, March 6, 2009 at 9:00 a.m. at the Magnolia Hotel, 17<sup>th</sup> and Stout, Denver, Colorado.

The meeting was called to order at 9:49 by Chairman Pete Foster.

Those present were:

Pete Foster, Chairman	J. Leonard Martinez, Vice-Chairman
Lon Carpenter, Treasurer	Randy Randall, Secretary
Leo Schmitz, Executive Director	Tim Tennant
Roger Hogan	Barbara Hogan
Gayle Martinez	Soni Honegger
John Matthews	Cliff Young
Geoffrey Gordan	George Lawrence
Bob Jennings	Jim McGee
Sharon McGee	Frank Smucker
Janice E. Street	Rich Muth
Rich Weitzel	Kevin Corwin
Jim Barton	Craig McMullen
John Engs	Thomas J. Simco
Glen Hall	Duncan Burdick
Keith Hayes	Scott Hightower
Dave Schaaf	Gayle Fitzgerald
Tom Fitzgerald	W. T. Shearer
Frank Stapleton	Randy Worwag
Maria T. Schmitz	

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

Commissioner Randall then moved to accept the Commission's minutes for December 11, 2008, as presented. Minutes were approved with a second from Commissioner Martinez.

Chairman Foster welcomed everyone; apologized for the Commissioners tardiness; and thanked them for their patience in waiting for starting the meeting. The Commission had a breakfast meeting prior to this meeting with Senator Schwartz and Representative Vigil. He informed the audience the Commission was asked to be introduced to the Senators by

Senator Gail Schwartz and Representative Edward Vigil introduced them to the House of Representatives. The Commissioners felt this was a positive action to take on behalf of the C&TS Railroad.

Commissioner Randall asked to be recognized. He felt the time spent with Colorado's Legislative bodies was a positive effort to have them become more familiar with the Railroad they own. He said the Commission is hoping to have a meeting in Santa Fe to have the New Mexico's Legislators know more about the C&TS RR.

Chairman Foster had no further comments so he asked Leo Schmitz, Executive Director, to give his report. Leo reported the Antonito Car Shop project was progressing well and within budget. With the excellent progress being made, the project is ahead of schedule and completion will be early June.

He also reported he had submitted appropriation requests to Senator Jeff Bingaman, Senator Michael Bennet and Congressman Salazar for Infrastructure Improvements on the C&TSRR. The purpose of the project would be to continue the Track Upgrade Project with a total cost of \$1,550,000. Leo also reported the Commissioners, Gayle Berry, Bill Hume and Tom Rutherford are working with both states, Colorado and New Mexico, to get the Infrastructure Improvements in both states' share of the Federal Stimulus Package.

Soni Honegger, C&TSRMC's General Manager, presented the report for C&TSMC. He reported reservations were up in comparison to last season at this time. Soni felt the ability to make reservations has helped, especially with the group reservations which are holding steady. Soni also let the Commissioners know that most of the crew was back to work, after giving some of them one to three months off because of the money situation. He further reported the crew had cleaned and organized the shop in Chama, and the work on the new parlor cars is progressing well. They are trying to redo the interior of the parlor cars back to the latter 1800's.

Soni also reported the Management team is attempting to obtain a liquor license to be able to serve liquor to the patrons of the parlor cars. He felt this would be an asset since some of the parlor cars would be billed at a different rate for those adults over twenty-one who wish to purchase alcohol. However, he is working with the rules and regulations required for both states. Commissioner Randall wanted the minutes to reflect the license would be in the name of C&TSMC, the Management Company, not the Commission's. At this time, Commissioner Martinez asked Soni about the Track Project. Soni said Frank Turner was not present to report.

Soni also reported two of the locomotives, Engines 483 and 492, would be brought out of the back area of the Chama Yard, and moved into a prominent area and displayed for the public. He felt this will benefit the C&TS RR, especially giving tourists a chance to view the locomotives of a narrow gauge line. Chairman Foster thanked Soni for his report, and

he encouraged him to continue his efforts on getting a license to serve alcohol and keep the Commission informed of the process.

Gayle Martinez then gave her report. She presented the new brochure and reviewed for the audience. Gayle also informed everyone present how the website has helped with enabling her to acquire necessary statistics to study marketing procedures and find better ways to market the C&TS RR. She also informed the Commission of the several trade shows she or other members of the Friends Organization have attended, promoting the C&TS RR. These trade shows have been held in Colorado, Indiana, New Mexico and in Texas. Gayle ended with a positive note, by stating she feels this Season will see an increase in ridership.

Leo then reported on Train Operations, Capital Projects Budget, Commission Budget, and Cash Flow (See Attachments.) Leo said at the present time the expenses for operations are up to par, thanks to Soni for holding the budget. He said the prepaid reservations have increased to \$117,630 compared to \$51,502 from last year at this time; however, the reservation system is in place this year where it was not last year at this time and the ability to sell tickets on line is in place this year. He reported as of the end of February, the actual is income year to date is \$102,119 behind budget. These monies already include some of the necessary materials, supplies and marketing needs for the 2009 Season.

Leo reviewed the Capital Budget and said the projects are within budget. Leo said the Commission's budget was also within budget. Leo said the Cash Flow was low, but there are revenue monies coming in because of early reservations being made on-line.

Commissioner Randall recommended the Commission needs to track the monies from Engine 463 as a Capital Project. Leo said the monies were being tracked by the Friends Organization since the Commission reimburses the Friends for incurred expenses. After more deliberation, Chairman Foster directed Leo to meet with Tim Tennant and set up an accounting report, for Engine 463, to report to the Commission.

Next on the Agenda was the Friends Report. Tim Tennant gave a notebook to each Commissioner and a copy to each states' SHPO, with an updated review, with pictures, of the 2008 Projects the Friends completed. The Commissioners related they were going to present their copies to the Governors of each State and the lobbyists since it will help promote the Railroad.

Tim also presented a complete list of planned jobs for the upcoming 2009 Work Sessions. They will also be doing some work in Montana in exchange for some historic trucks for the Gramps Tanks Cars. Tim also presented the Commission with a check for \$10,000; these monies are from a grant the Friends applied for, from the New Mexico Department of Tourism.

The last thing Tim addressed was the top name of the nine candidates who applied for the Development Coordinator's position, Michelle LeBlanc. He said she had been offered the

job, but she has not confirmed. Chairman Foster thanked Tim for the monies; the great work the Friends have done; and what they are continuing to do for the Railroad.

Leo then reported what grant requests had been made for different Capital Projects. He reported he was working with Commissioner Martinez and Pedro Garza, Austin Regional EDA Director to submit a pre-application for Infrastructure and Safety Improvements on the C&TSRR. He also reported Tim and he met with Gates Family Foundation to research the possibility of submitting a grant application to their Foundation. They said the Commission would have to have 30% committed before they would contribute with the maximum only being 5% of the total project cost. Leo said the Commission would not be able to submit an application until January 2010 to the Boettcher Foundation, since they have a three year moratorium between grants to the same property. Chairman Foster said the Development Coordinator will be giving this report since they will be hired by the next Commission Meeting.

Chairman Foster then gave a schematic overview of what has happened with the funding at the Legislatures of both States. Commissioner Randall said the Chama Depot did not get funded in New Mexico. However, New Mexico has \$100,000 for the Commission for the fiscal year 2009/10, but not funding \$150,000 for operations. Chairman Foster reported Colorado has \$225,000 for the Commission and Asset Maintenance monies in the request process. He also reported Colorado did not fund the Chama Depot.

Next on the Agenda was Public Input. Chairman Foster requested to move this item of the Agenda before Adjournment. Commissioner Martinez made the motion to move Agenda Item: (Public Input,) before Adjournment. Motion was approved unanimously with a second from Commissioner Randall.

Next on the agenda was Unfinished Business. Chairman Foster asked to table the next item on the Agenda: (Plan for Inspection Trip in Spring 2009,) until Frank Turner could be present. Commissioner Randall moved to table Plan for Inspection Trip in Spring 2009 until the next meeting. Commissioner Martinez second the motion and motion was approved.

The next item to be addressed was the Update on Los Pinos Siding Access. Chairman Foster felt at this time it would be more important to have the monies spent on the track project and employees. After discussing this item with the Commissioners, Leo, General Manager Soni and John Matthews, Chairman Foster directed Soni and John to study the situation if there was an alternate route to get to the site without purchasing the land. He then asked them to report to Leo, who would inform the Commission.

Chairman Foster then asked the Commissioners if they had reviewed the Executive Director's contract which had been reviewed by counsel. Commissioners said they were satisfied with the finished contract, and adhered to the specifications from December 11, 2008 meeting. Therefore, Commissioner Randall moved to approve the Executive

Director's contract as presented. Motion carried unanimously with a second from Commissioner Martinez.

The first item addressed under New Business was Approval of Audit Report. Leo reported the Audit Report had yet to be released by New Mexico's State Auditor; therefore, there was no audit present for approval. This item was tabled with a motion being made by Commissioner Randall and a second from Commissioner Martinez.

Commissioner Randall then addressed the next item on the Agenda, Discussion of Submission to Candelaria Fund. He reported the Commission had received a one million dollar grant from Candelaria Fund to be used in ten years, \$100,000 per year. Commissioner Randall informed everyone that Tim Tennant, Soni Honegger, Frank Turner and himself will meet this coming week to discuss the different needs which will be submitted to the Candelaria Fund.

Chairman Foster asked who would be addressing the next item on the Agenda, Approval of Advance to Narrow Gauge Caterers. Roger Hogan said Stephen Flowers had called him to represent him. Commissioner Randall presented the Promissory Note which would be between the Commission and Stephen Flowers. The purpose is to for the Commission to help Stephen acquire needed merchandise to stock his gift shops. The attached list of merchandise is for better train souvenir merchandise which will be available for the C&TS RR patrons. Commissioner Randall moved to approve the advance to Narrow Gauge Caterers, for the purchase of inventory. Motion carried with a second from Commissioner Carpenter.

Leo Schmitz then presented the next item on the Agenda, Approval of Conejos County Tourism Ambassador. He said Anne Marie Velasquez, on behalf of the Conejos County Tourism Council, had approached him to ask the Commission if it would be possible to have someone from their council present at the Antonito Depot to answer questions of what else is available to the tourist or patron of the Railroad. (See Attached Proposal.) Leo said it would mean the ambassador would be at the Antonito Depot one (1) to one and a half (1 ½) hours before and after to answer questions at no cost to the Railroad operation.

After further discussion, Commissioner Martinez moved to amend the agreement to state the "Commission has the right to refuse at anytime." The amendment was approved with a second from Commissioner Randall. Then Commissioner Carpenter moved to approve the agreement with the Conejos County Tourism Council for a Conejos County Tourism Ambassador with the passed amendment to be included in the agreement. Motion carried with a second from Commissioner Randall.

Chairman Foster then addressed the last item of the Agenda, Other Business. He asked if there was anyone who wished to bring something before the Commission. Soni said he would like to address one other item before the Commission. He said he would like to clean all the scrap metal and unused items around the yards. Soni said he would like to

separate several items in three piles. First would be scrap metal which is of no use for the Railroad or anyone. The second pile would be what the Railroad could use for future projects. The third pile would be items the Railroad would not use, but an item which a Railroad Buff would purchase and the monies used for the Railroad. He said these items could be sold on e-bay. After discussion ensued, Chairman Foster directed Soni and Leo to study these options and report back to the Commission at the next meeting.

Another item brought before the Commission, under Other Business, was the possibility of having patrons interested and willing to pay the cost for riding in the cab. After more input from the audience and the Commission discussing this idea, Chairman Foster directed Leo to follow up on this idea, especially the liability issue and if the Commission could get a rider for this special event or ride. He would like Leo to report on this item for the next meeting.

At this time Chairman Foster asked for Public Input from the audience. Many members complimented the Commission for having the meeting in Denver. Also, many of the audience members felt the lobbying efforts of the Commission were much needed to make Colorado's Legislative Body aware they own the Cumbres & Toltec Scenic Railroad, and how important it is to Colorado. Some of the audience offered ideas and suggestions for other lobbying efforts. Chairman Foster thanked everyone for their comments. He especially thanked all the Friends present for their time and dedication they have given to the Railroad.

There being no other business, Chairman Foster adjourned the meeting at 12:23 p.m. with the motion being made for adjournment by Commissioner Carpenter and a second by Commissioner Randall.

/s/ 6/9/09

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**Pete Foster, Chairman**

/s/ 6/9/09

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**Leonard Martinez, Vice-Chairman**

/s/ 6/9/09

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**Lon Carpenter, Secretary**

/s/ 6/9/09

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**Randy Randall, Treasurer**