



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

CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION MEETING MINUTES FOR DECEMBER 6, 2007

A meeting of the C&TSRR Commission was held on Thursday, December 6, 2007 at Cookin' Books, Chama, New Mexico.

The meeting was called to order at 10:05 a.m. by Chairman Lon Carpenter.

Those present were:

Lon Carpenter, Chairman	Randy Randall, Vice-Chairman
J. Leonard Martinez, Treasurer	Pete Foster, Secretary
Leo Schmitz, Executive Director	Stephanie Gray, Administrative Assistant
Frank Turner	Amos Cordova
Richard H. Matthews	Dan Pyzel
Roger Hogan	Tim Tennant
Richard Tower	Max A. Pacheco
Richard Casford	Kim Smith Casford
Ed Beard	John Matthews
Kathy Romero	Ronnie Lopez
Gayle Martinez	Teresa Smith
Ed Ellis	Art Dederick
Linda B. Irvin	Les Irvin
Carlos Llamas	Dr. TC Grove
Debra Goodman	Steven Flowers
John Thomas	Zack Muniz
Marvin Casias	Ronica Lopez
Maria T. Schmitz	

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

Commissioner Randall then moved to accept the Commission's minutes for September 27, 2007 as presented. Minutes were approved with a second from Commissioner Martinez.

Chairman Carpenter acknowledged the accomplishments of the 1st full year of the Commissioners and the excellent working relationship with the Management Team was a contributing factor to the success of the past season. A priority for 2008 for the two Colorado Commissioners would be finding opportunities to continue to enhance the relationship with one of the Railroad's 'owners', the State of Colorado and the Colorado Legislature. Carpenter recognized our Legislative Liaison Hugh Fowler for his commitment and contribution for the progress that has been made this past year,

including participating in a mailing that went to all Colorado Legislators in a stockholder report type format on the success the railroad had this past year. Given the positive responses, there is a benefit in having the mailing continue at the end of each season. Commissioners Foster and Carpenter have been actively working with key members of the legislature and will participate in the CDC presentations in January. In closing Chairman Carpenter thanked everyone who contributed to the success of the 2007 operational year.

Leo Schmitz, Executive Director, reported the audit has been completed and approved by the New Mexico Auditor and within the next ten days should receive a copy of the audit. He also reported the Chama Shop smokestack has been accomplished and work on the doors will be done soon. Leo also reported he was working with CDOT to get the plans finalized for the Antonito Car Shop and will put the project out for bids in February and construction to begin sometime in March. He reported Engine 19 will be getting an analysis done on its vibration readings on its two motors to locate the problem. Leo ended his report with stating funding will be difficult this year in both states

Chairman Carpenter then asked for the C&TSMC representative to report. Frank Turner, President, reported they are still working on the tie project; however, with the snow coming in they will probably be shutting down soon. He then introduced the staff who were very helpful in making this Season a success: Marvin Casias-Chief Mechanical Officer; Kathy Romero-Reservations Manager; Veronica Lopez-Chief Dispatcher; Max Pacheco-Track Supervisor; Carlos Llamas-Safety Manager; Ronnie Lopez-Locomotive Engineers and trainer of other engineers; and Theresa Smith who worked with Tim Tennant. His last statement is he is disappointed Tim will not be working with the Management Team; however, they are working to find someone to replace him.

Commissioner Martinez offered his and the Commission's congratulations to these individuals who were instrumental in making this Season a success.

Richard Tower then gave his report on ridership and finances. He projected this Season was \$150,000 to the good. He reported the tie project will need \$250,000 for the continued track work. Richard presented the statistics of the Season. Ridership was up 11% with 42,825 passengers and if you add the special trains it brought the total ridership to 43,750 passengers for an increase of 8%. Revenue increase 14% from 2.6 million to 3 million and expenses increased; yet, there are still monies left to use for this upcoming Season.

Commissioner Martinez said he would give the Governor these statistics and inform him how well the C&TS RR did for the 2007 Season.

Gayle Martinez gave her report on the advertising and marketing. She said she and Chris will be working hard these next months promoting the Railroad. Gayle reviewed some of her projects she would be putting her time and energy into. She also reported they would use the survey statistics as part of the marketing program. They will be sending out new brochures and getting the word out about the C&TS RR.

Leo Schmitz then reviewed the train operations, capital projects and the Commission budgets. He handed out a report to the Commission informing them they were \$154,000 below the operating budget. Monies need to be found for the continuation of the track project and other projects. Leo ended the report by stating he is working with the two states to find capital monies for the Commission's requested Capital Projects.

Chairman Carpenter then asked for the Friends report to be given. Tim first thanked everyone for their cooperation in making his past two years as the General Manager an enjoyment. However, he has decided to return as the Friends President. He then gave the Commission a check for \$540.00 to be used for Engine 488. Tim reported there would be six (6) work sessions for the 2008 Season. Two work sessions will be held in each month: May, June and August. He reported the friends did a lot of work to help with the preservation of the C&TS RR this past Season.

At this time Chairman Carpenter gave the floor to Ed Ellis, president of the San Luis Rio Grande Railroad, to give his report. Ed said he wanted to continue working with the C&TS RR and increase the promotion and ridership of both entities. He also felt this next Season he would be bringing in more riders from Alamosa to ride the train since he would be extending his days of operation to Antonito.

Next on the agenda was Unfinished Business. Under the first item, Approval of RGRPC Request for 2006 Billboard Reimbursement, Leo reported he had reviewed the contract with the attorney, Ms. Buzzard, and the Commission is responsible for the amount requested of \$5,800. Commissioner Randall moved to reimburse RGRPC the \$5,800. Motion was approved unanimously with a second from Commissioner Martinez.

After much discussion of the next item, Approval of Lease Agreement with Village of Chama, Commissioner Martinez moved to approve with the understanding the Village of Chama will pay for the appraisal New Mexico requires and there will be no cost to the Railroad Commission. The contract shall be for three years, whereupon, they will have to renew. Also, there is a sixty day cancellation notice period. Notice of what the Village proposes to do with the property must be given to the Railroad Commission before construction can begin. Commissioner Randall second the motion and motion passed with the consensus of all Commissioners.

Chairman Carpenter then opened discussion for the next item under Unfinished Business, Discuss/Develop Plan for Grant Writing. Chairman Carpenter appointed a Committee to develop a Capital Plan which will be used for grant writing efforts. He will represent the Commission and Richard Tower agreed to represent the Management Team. The Friends will have a person involved as well as Leo Schmitz, the Executive Director.

Chairman Carpenter then moved on to New Business. Under the first item was Approval of Open Meetings Resolution. Commissioner Randall moved to approve the Resolution as present. A question on #7 arose and needed to be discussed; therefore, Commissioner Randall withdrew his motion. After much discussion, Commissioner Foster moved to table this item until item #7, Meetings of Less than a Quorum, can be resolved. Motion carried unanimously with a second from Commissioner Martinez.

Leo then presented the Commission with the Change to Commission Rules—Telephonic Attend: Section 4.21.4.8 L. Commissioner Martinez moved to approve the wording of the change in Section 4.21.4.8.L, as presented. A second was made by Commissioner Foster and motion carried unanimously. Chairman Carpenter was pleased with the guidelines provided for the Commission to follow.

Leo then presented the Commission with the Service Mark License Agreement which needs approval by the Commission. This will protect the Commission's Trademark, and the Commission will have to give its approval to anyone else wishing to use the

trademark. Agreement was approved with a motion made by Commissioner Randall and a second from Commissioner Martinez.

Richard Tower then presented the Commission with the Reservation Software Proposal. He reported four reservation vendors had been evaluated and researched by him so he could make a firm recommendation to the Commission. After studying the data, Richard recommended Fulgen Technology as the provider for the reservation system. After discussion and getting more information from Richard, the Commission approved the lease to be made with Fulgen Technology, with the motion being made by Commissioner Randall and a second by Commissioner Martinez.

Commissioner Martinez then reported on the next item of the agenda, Approval of Amendment to C&TSMC Management Contract. The amendment addresses the Commission shall amend the paid ridership fee and time period to include all trains operated from May, 2007 through December 31, 2007. The Amendment was approved as presented, with the motion being made by Commissioner Randall and a second from Commissioner Foster.

Commissioner Martinez then led into the next item, Approval of Incentive Fees for C&TSMC. Since the amendment to the contract passed, Commissioner Martinez would like to recommend to the Commission they give the C&TSMC Management Group an incentive fee of \$26,500 since they met three of the four goals. Commissioner Foster moved to approve the incentive fee, and motion was approved with a consensus of all Commissioners with a second from Commissioner Randall.

At this time, President of C&TSMC, Frank Turner, said these monies would be given as a year end bonus to all the employees of C&TSMC. All present applauded this news. Commissioner Martinez noted there should be a formulating system for the bonuses. President Turner agreed there would be one established. Both Commissioners Martinez and Randall felt this was a good method of recognizing everyone's hard work and dedication to work towards a successful Season.

Commissioner Martinez then presented the New Management Contract with C&TSMC. After much discussion, questions asked and deliberation, Commissioner Randall moved to table this item until further review, study, research and work on the contract be made by the Commissioners and attorneys. Motion carried unanimously with a second from Commissioner Foster.

Chairman Carpenter then recessed for lunch at 12:49 p.m. At 1:22 p.m. he reconvened the meeting.

Next item on the agenda is Approval of Capital Personnel Contracts with C&TSMC. Leo reported the three capital projects, Upgrade of Railroad Track, Locomotive 489 Restoration and Passenger Car Rehabilitation/Construction, need to be approved, beginning January 1, 2008, between the C&TSRR Commission and C&TSMC. After discussing this item, Commissioner Martinez moved to approve the Capital Projects Personnel Contract with C&TSMC. Motion carried unanimously with a second by Commissioner Foster.

Leo then presented the Capital Project Budget Revisions for Approval. After deliberation and getting their questions answered, Commissioner Randall moved to approve the Capital Project Budget Revisions as presented by Leo Schmitz. Motion was approved

unanimously with a second by Commissioner Martinez. Commissioner Foster wanted it to be noted it must be signed by Chairman Carpenter for next year's audit.

Chairman Carpenter then presented the next item, Approval of Reimbursement Request from Friends. He presented a list; see attachment, from the Friends for several projects they were asking to be reimbursed. Commissioner Martinez wanted to know if it was reflected in the minutes if the previous Commission approved to pay for these projects. The Commission Executive Director, Leo Schmitz, responded that he had reviewed prior Commission Minutes and did not locate references relating to the referenced items being requested for reimbursement. Friends President, Tim Tennant replied that he would research the Friends reference that the projects and reimbursements were approved by the Commission. After more discussion, Commissioner Randall moved to table this item until more proof and invoices can be presented. Motion carried with a second from Commissioner Foster.

Tim then presented the next item on the agenda, Approval of Request from Friends to Relocate Coal Pile. Tim said at Friends' expense they want to move the coal pile. Commissioner Randall moved to table this item until more information can be gathered and presented to the Commission. Commissioner Foster second this motion and motion was approved by unanimous consensus.

Chairman Carpenter opened the next item, Election of Officer for 2008. He stated it was New Mexico's turn to have the Chairmanship and it should be noted the officers would serve for the calendar year instead of the fiscal year. Commissioner Martinez moved to have:

- Randy Randall as Chairman;
- Peter Foster as Vice-Chairman
- Lenny Martinez as Secretary
- Lon Carpenter as Treasurer.

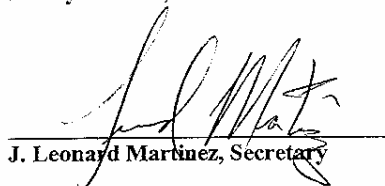
Commissioner Foster second the motion and motion carried unanimously.

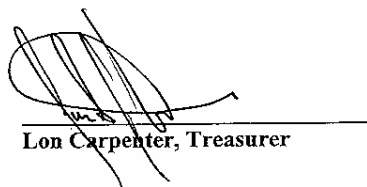
There being no other business, Commissioner Martinez moved to adjourn the meeting. Chairman Carpenter adjourned the meeting at 1:57 p.m. with a second from Commissioner Randall...

Approved by:


Randy Randall, Chairman


Pete Foster, Vice-Chairman


J. Leonard Martinez, Secretary


Lon Carpenter, Treasurer