

**CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION
MEETING MINUTES FOR JUNE 15, 2011**

A meeting of the C&TSRR Commission was held on
Tuesday, June 15, 2011, at 10:00 a.m.,
at Our Lady of Guadalupe Parish Hall, Conejos, Colorado.

Meeting was called to order at 10:10a.m. by Vice-Chairman Randy Randall. He informed those present Colorado's Governor John Hickenlooper had re-appointed Commissioner Pete Foster and Commissioner Lon Carpenter had been replaced by Dan Love, former Governor John A. Love's son.

Those present were:

Randy Randall, Vice-Chairman
Commissioner Dan Love
Marvin Casias, General Manager
Stephanie Gray, Administrative Assistant
Stephen Flowers
Elmer Salazar
Nick Quintana
Roger Hogan
Jim Poston
Amos Cordova
Dick Cowles
Brenda Felmlee
Jean Leonard
Glen Avery
Mack Loon
Erin Minks
Matt Abbey
Tom Rutherford

Pete Foster, Secretary-Treasurer
Leo Schmitz, Executive Director
Tim Tennant
Eric Jacobson
Chris Czmyrid
Frank Turner
Frank Stapleton
Geoffrey Gordon
John Matthews
Marty Knox
Steven Forney
Bonsacc Johnson
Roberta Martinez
Theresa Howell
Dan Pyzel
T.C. Grove
Richard Tower
Maria T. Schmitz

Commissioner Foster moved to approve the agenda as presented. Motion carried with a second from Commissioner Love.

Commissioner Foster then moved to accept the Commission Minutes for March 16, 2011 as presented. Minutes were approved with a second from Commissioner Love.

Vice-Chairman Randall welcomed Dan Love and was glad Commissioner Foster had been reappointed. He then asked Commissioner Love to say a few words. Commissioner Love gave a brief sketch of his resume, and informing those present he is the former Governor Love's son, who was Colorado's Governor when the Railroad was purchased. He has been actively involved with Colorado tourism and is enthused to work for the betterment of the C&TSRR.

Vice-Chairman Randall said Lon Carpenter, former Colorado Commissioner, could not attend the meeting; however, at a later time they would present him with a gift of appreciation for serving as Colorado's Commissioner for four and a half years.

Leo Schmitz, Executive Director, then presented his report. He informed everyone they are finalizing the work at Lobatos Trestle. Installation of the walkway will happen before the railing is installed. Final inspection was conducted on Monday, June 13th and the first train is scheduled to run on the 20th of June. Commissioner Foster asked if the project was within budget and if there were any necessary change orders? Leo said they were within budget, and there was no need for additional change orders.

Leo also reported insurance values, with Charles Schwaab have been in force since the 15th of May. He also let everyone know the auditors from the Department of Labor have already participated in an exit conference. The last piece of information Leo provided was the Colorado Capital Development Committee have made tentative plans to visit on the 16th or 17th of August.

First, President Elmer Salazar introduced C&TSMC's finance manager, Roberta Martinez, to those present. He then gave kudos to the management company's employees for the excellent work they have done saving monies with the deficit the Lobatos Trestle's fire caused. Also, he informed everyone the C&SMC have adopted a new policy of no overtime. They are doing split shifts to be able to accomplish the work needed during the day and the maintenance of the locomotives and other equipment.

Elmer informed the Commission, Roger Hogan, will be installing Wi-Fi at both depots. Also, they are trying to get the accounting for liquor sales and more concise information of all sales into their computer system. He hopes this Season they do get high numbers of ridership to have the necessary funds needed for the off-season. He ended by welcoming the new Commissioner, Dan Love, and was hopeful for this upcoming Season since the staff is prepared and eager looking for over 40,000 riders.

Since Bill Hume was not present, Tim Tennant then presented the Treasurers Report and Review of Train Operating Budget. He said he had much admiration for the diligent work Leo,

Stephanie and Marvin have done in saving monies since there was a shortfall of \$980,000 in ticket revenue. The employees have worked hard to cut expenses to be able to end the fiscal year with a deficit of only \$144,390.

He was saddened there were some employees who had to be laid off; however, there were no monies to keep everyone on during the Season. He hopes this Season will be so much better. He said there were some monies lost with the Trestle not being ready for Opening Day; yet, there is still time to make up the loss. He ended by saying the employees, Leo, Stephanie and the local populace from both terminals has worked hard to be positive at this trying time.

Marvin Casias, General Manager then presented his report. He said there was little to say since Elmer and Tim had covered the main points. He emphasized the train would be going over the Trestle, without passengers, to be sure all is working well. Marvin let the Commission know Ronnie Lopez, Locomotive Supervisor, had built a weed sprayer to keep the track clear. Also, they have a car following the trains as a preventive for fire hazards. Marvin said the numbers were low because of the Lobatos Trestle, but he is confident they will increase once the passengers can traverse up Windy Point to Cumbres Pass. He ended his report by praising the hard work Leo and Stephanie have done, and of course, the employees are outstanding.

Chris Czmyrid presented the Marketing Report. Chris said Opening Day was up 55% compared to last year. Memorial Day was only up 18%; however, it still seems the Lobatos Trestle not being in operation has caused some numbers to decrease. There have been many reservations cancelled because the patrons would not be able to ride from Chama to Osier or Antonito over the Trestle. He answered Commissioner Foster's question if the marketing team was meeting on a consistent basis: Chris said yes which is helping keep the problems at bay and exploring new possibilities. He said the Marketing Department was willing to cut their budget if the monies were needed. Vice-Chairman Randall said there would be no cuts made to the marketing budget. Both Commissioners Foster and Love agreed.

Before Leo could present the Review of Capital Projects, Commission Budgets & Cash Flow, Vice-Chairman Randall asked to have Item #10 of the Agenda: Report of Legislative Activity be moved up to permit Tom Rutherford, New Mexico lobbyist for the C&TSR Commission to speak. Mr. Rutherford reported it was going to be tight trying to get monies from New Mexico. He said Governor Martinez may call a special session in September, and there may be a slim possibility the Cumbres & Toltec Scenic Railroad may get some monies for Capital Projects.

The meeting continued with the next item on Agenda, the Review of Capital Projects, Commission Budgets and Cash Flow. Leo informed the handouts were in the Commissioners' folder. Under Capital Projects, there will be some monies left from the Colorado ARRA funds which will be returned to the Track Project for ballast. The ballast project at Martinez's Point, the contract with Tezak will be able to be continued.

Vice-Chairman Randall asked how important is it to continue with the ballast project. Leo directed the question to John Matthews. John said it was very important to get the ballast project

completed as soon as possible since it is needed for the Railroad. He also wanted Leo to remember the Candelaria projects were put on hold in the event the monies would be needed for the Lobatos Trestle. Leo said the Candelaria monies are not forgotten and the projects will be addressed and completed.

Leo then reported the Commission's budget is within the line items, and there is no unforeseen expenses coming up. He then reviewed the Operating Budget with the Commission. He said they have tried hard to cut expenses and to decrease the deficit. Commissioner Foster asked if a motion was needed for approval. Leo said approval of budget will be under New Business.

Vice-Chairman Randall then asked for the Friends report to be given. Tim said the Friends were now in Work Session C. He reported the first work session had 40 volunteers, the 2nd there were 31 volunteers, this session has 90 workers. He said the first Work Session was held in Antonito, and the workers helped paint the display train at the entrance, clean and get rid of the trash a few miles west of Antonito, and doing landscaping around the CRF. The workers were quite receptive to working in Antonito, and the Friends plan on doing other sessions there.

He also informed everyone the Friends will have their Moonlight Train Ride on the 16th of July. Also, this coming Friday, June 17th, here at Our Lady of Guadalupe Parish Hall, the Friends will have their Annual Meeting. He then recognized Dick Cowles to report on the National Historic Landmark work accomplished. Dick said the application had been submitted to the Denver Regional Office and waiting for some information. If approved, it will be the following year.

Tim then recognized Marty Knox to give an update on the 463. Marty said he had made a trip to Alabama to check on the boiler. He said the boiler is scheduled to be delivered next month, and the frame should be ready for it. Work on the frame is being done in Monte Vista and progressing well. He anticipates the 463 will be ready in 2012. Tim said he was pleased with all the work being accomplished by the Friends. However, there needs be more funds found to continue and finish the 463 Project.

Next on the Agenda was Public Input. Vice-Chairman Randall then asked if there was anyone who wanted to address the Commission. Stephen Flowers was recognized and informed everyone lunch was ready. The only other audience member wishing to be recognized was T.C. Grove who questioned if the Friends had any financial ties to the Commission, since the Friends financial information is presented in the Commission's audit report. Vice-Chairman Randall said they were two different entities and neither one was involved with the other financially.

At this time Vice-Chairman Randall adjourned the meeting for a short recess for lunch. He recessed the meeting at 12:34p.m. Vice-Chairman Randall reconvened the meeting at 1:00 p.m.

Vice-Chairman Randall informed those present there were no items under Unfinished Business since the Commission had used Candelaria Gant Monies to purchase the land at Los Pinos.

Next on the Agenda was New Business. The first item discussed was Approve Train Operations Budget for FY 11-12. Leo reviewed the proposed budget with the Commissioners, and he said he had used the number of 39,300 passengers as his working number. The only comment made was Vice-Chairman Randall wanted Leo to find another \$20,000 for the Marketing Budget. After reviewing the budget, Commissioner Foster moved to approve the Train Operating Budget with one change for Leo to put \$20,000 more in the Marketing budget and cut a few other line items to get this amount. Motion was approved with a second from Commissioner Love.

Next, Leo presented the next item on the Agenda: Approve Capital Projects Budget for FY 11-12. After reviewing the handout, Commissioner Foster asked if the contingency monies could be used for the Cascade Trestle. Leo said those monies may have to be used in the event Department of Transportation does not approve the costs for the purchase of the steel girders for the Trestle. After further deliberation, Commissioner Love moved to approve the Capital Projects Budget, with a second from Commissioner Foster and approved unanimously.

Leo then presented the Commission with the Commission Budget for FY 11-12 for Approval. Vice-Chairman Randall said to increase the Candelaria funds to \$150,000 since Richard Tower informed him of this over lunch. Leo said the Candelaria funds would be listed separately since this budget was for asking monies from the States of Colorado and New Mexico. Commissioner Foster then moved to approve the Commission Budget for FY 11-12. Commissioner Love then seconded the motion and motion carried unanimously.

Next on the Agenda is Ratification of Amendments to Narrow Gauge Caterers Contract. Leo reviewed the two amendments: first Narrow Gauge Caterers, Inc. relinquishing their rights to operate the concession cars on the C&TSRR because of the liquor sales. The second Amendment is funding up to \$10,000 for gift inventory at the Osier Dining Facility. After reviewing the Two Amendments, Commissioner Foster moved to approve the Two Amendments. Motion was approved with a second from Commissioner Love.

Leo then presented the next item on the Agenda: Approval of Amendment to C&TSMC Contract. He said the Amendment was a formality required by the Department of Labor Auditors, after their review of the CO ARRA monies, to comply with Davis Bacon Rules and Regulations. Motion carried with a motion made by Commissioner Love and a second from Commissioner Foster.

Next on the Agenda is Update on Request for Information. Leo then informed the Commission there were five interested parties. He said the next step was the development of the Request for Proposals. He reviewed the time schedule with the Commission. Vice-Chairman Randall said the schedule was too tight.

Vice-Chairman Randall recognized Richard Tower who addressed the Commission concerning the RFP. Richard said private companies do this for profit and the Commission should stay flexible in terms of what it is willing to give up in terms of control.

After further discussion and deliberation, Vice-Chairman Randall directed Leo to manage the RFP process keeping the Commission informed. He would let Leo know who he would appoint for the Review Committee. There would be two Commissioners, Leo and others.

Dan Pyzel was to address the Commission on Friends' Request for Deacquisition of Car #1033. Commissioner Foster moved to approve the Deacquisition of Car #1033. Motion carried with a second from Commissioner Love.

Leo then presented the next item on the Agenda: Approval of Banking Resolution. Leo said this was needed to remove Ex-Commissioner Martinez as a signer and to put in Vice-Chairman Randall, and Commissioners Foster and Love as signatories for checks and all accounts. Motion was approved with a motion being made by Commissioner Foster with a second from Commissioner Love.

Under Other Business, Vice-Chairman Randall informed those present the Commission would be convening into Executive Session to discuss personnel issues. Motion to go into Executive Session was made by Commissioner Pete Foster and seconded by Commissioner Dan Love. The Commissioners convened into Executive Session at 2:35. At this time Vice-Chairman Randall asked for C&TSMC's President, Elmer Salazar and General Manger Marvin Casias to join them.

At 3:00 p.m. the Commissioners returned to the meeting. Vice-Chairman Randall said let the minutes reflect there was no action taken during the Executive Session. There being no other business, Vice-Chairman Randall adjourned the meeting at 3:02 p.m.

/S/ 9-19-11

Randy Randall, Vice-Chairman

/S/ 9-19-11

Pete Foster, Secretary -Treasurer

/S/ 9-19-11

Dan Love, Commissioner