

**CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION  
MEETING MINUTES FOR NOVEMBER 17, 2011**

A meeting of the C&TSRR Commission was held on  
Thursday, November 17, 2011, at 10:00 a.m.;  
at Our Lady Of Guadalupe Parish Hall, Conejos, Colorado

Meeting was called to order at 10:04 a.m. by Chairman Randy Randall. He welcomed everyone to the meeting.

Those present were:

Randy Randall, Chairman  
Dan Love, Treasurer  
Leo Schmitz, Executive Director  
Stephanie Gray, Administrative Assistant  
Eric Jacobson  
Jeremy Rutherford  
Elmer Salazar  
Jim Poston  
Dick Cowles  
Barbara Hogan  
Clifford Aragon  
Larry Mondragon  
Laura Grant  
Earl Knoob  
Frank Stapleton  
Dan Ranger  
Frank Montoya  
Carmen Montoya, Jr.  
Marty Knox  
Norbert Drenski  
Ed Lowrence  
Tom Herdershotl  
Rich Casford  
Jean Leonard

Pete Foster, Vice-Chairman  
Billy Elbrock, Secretary  
Marvin Casias, General Manager  
Tim Tennant  
Chris Czmyrid  
Bill Hume  
Roger Hogan  
John Matthews  
Jim Martins  
Ed Kurtz  
Alan Loomis  
Ronnie Lopez  
Senator Gail Schwartz  
Roberta Martinez  
Jim Towbridge  
Karen Ranger  
Carmen Montoya  
Alex Ponce  
Sam Seiber  
Nick Quintana  
Susie Salazar  
Steven Forney  
Kim Casford  
Paul Schranck

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Allen Harper  
Teresa Howell  
Glen Avery  
Ed Beaudette  
Maria T. Schmitz

John S. Kistler  
Keith Hayes  
Jay Warner  
Stephen Flowers

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

Commissioner Love then moved to accept the Commission Minutes for September 19, 2011 as presented. Minutes were approved with a second from Commissioner Elbrock.

Chairman Randall reported the Commission has been busy working on the management contract with AHR. Also, they are continuing lobbying for more funding from both Colorado and New Mexico's Capital Funds. He reported he was pleased with the strong effort shown by the C&TSMC's staff for the Season.

Leo Schmitz, Executive Director, then presented his report. He informed the Commission the work on the Chama Depot has been delayed awaiting the Contract with AHR since they are anticipating doing different revisions in the interior of the depot. He also informed them the yearly audit will start the week after Thanksgiving.

First, President Elmer Salazar gave kudos to all the Staff of C&TSMC, their Board of Directors and acknowledged the help given by Senator Schwartz and Representative Vigil. He then reviewed the work the C&TSMC had accomplished during their years of managing the C&TS RR. He reiterated the accomplishments made during the six years they had managed the Railroad; pointing out the different individual's efforts and time served.

He ended his report by congratulating AHR for being the new Management Team and offered his services to assist with the transition. Elmer told AHR they would be benefitting from all the work accomplished on the track line, the passenger cars, parlor cars, tourist cars, buildings and structures and inventory acquired. He thanked Leo Schmitz and Stephanie Gray for all their help and assistance given during the six years C&TSMC ran the Cumbres & Toltec Scenic Railroad. His final statement was to thank the Commissioners for all their time and dedication they have given to the Railroad and to C&TSMC Board of Directors and staff.

Tim Tennant then gave the Treasurer's Review for the Train Operation Budget. He reviewed the budget with the Commission and stated with four months into the fiscal year the Railroad is half a million ahead of where it was last year.

Marvin Casias, General Manager then presented his report. He thanked all the staff for their hard work and dedication they have given this past year he has been serving as General Manager. He

welcomed AHR and informed everyone the Railroad is in very good condition for them to manage.

Chris Czmyrid presented the Marketing Report. He thanked the Commission for their trust in him, Eric and their staff for these past years of serving the Railroad. He also acknowledged the hard work and cooperation given by the C&TSMC's staff and the Commission's staff. He offered his services to AHR to help with the transitional process.

At this time, Chairman Randall introduced Al Harper, owner of American Heritage Railways. Mr. Harper introduced AHR's management staff who will be working with the C&TSRR's crew, C&TSRR Commissioners and staff and the local populace. He gave those present a brief history of his railroad expertise and some of his credentials and accomplishments. He informed those present of some of his ideas which will increase ridership numbers for the C&TS RR. He said he would be bringing in the Polar Express to run between Antonito and Lava.

Mr. Harper ended his summarization of future projects and review of how AHR would increase ridership for the Railroad by informing everyone he wanted to make the C&TSRR well-known and available to tourists by trying to meet their different demands to come ride the Cumbres & Toltec Scenic Railroad. Also, he wanted to work with the local populace of Antonito and Chama to bring tourists in and help make their ride of the C&TSRR an exciting, memorable adventure.

The meeting continued with the next item on Agenda, the Review of Capital Projects, Commission Budgets and Cash Flow. Leo reviewed the Capital Project Budget with the Commission. He informed them there was still \$250,000 in the track budget since these monies had been moved to the Lobato Trestle but not used.

Next Leo reviewed the Commission's Budget. He said the Candelaria Funds still needed to be expanded and monies could be found to complete the Osier Facility. The Commissioners questioned Leo on other monies and realized the budget was within constraints of the demands of the budget line items of the first four months of the Fiscal Year.

Cash Flow was then discussed. Leo and the Commissioners reviewed the Cash Flow budget and realized there would be the needed funds to meet the demands of the Commission.

Chairman Randall then asked for the Friends report to be given. Tim informed the Commission there would be six work sessions for 2012. He also told them the Friends would be attending a number of train and collectible shows over the next few months throughout the country. He then introduced Marty Knox who gave the progress report for Project 463. The boiler has been installed in the 463 and the anticipated return of the 463 to the C&TSRR will be by March 31, 2012.

Chairman Randall then asked Senator Gail Schwartz and Jeremy Rutherford to address the next item on the Agenda, Report of Legislative Activity. Senator Schwartz informed everyone she and Representative Vigil are working hard to try to get more dollars for the Railroad through the Colorado Legislature. Jeremy also reported he and his father, Tom are working with the New

Mexico Legislative Finance Committee to assure the Railroad will get the monies they have requested for Capital Improvements. Both Chairman Randall and Commissioner Love commended the efforts of Senator Schwartz and Representative Vigil for their strong efforts and time they have given on behalf of the C&TSRR. Chairman Randall and Fellow Commissioners gave thanks to those who have been instrumental in helping the Railroad acquire the needed funds for Capital Projects.

At this time, Chairman Randall acknowledged Richard and Kim Casford who were making a presentation to the Commission. Richard Casford spoke on the behalf of the Rio Grande Railway Preservation Corp. who presented the Commission with a check for \$5,000, to meet the matching funds challenged by Gates Foundation. These monies were presented in the memory of President Bill Albert.

At this time Chairman Randall recessed the meeting at 12:18 p.m. for a short lunch break.

Chairman Randall reconvened the meeting at 12:47 p.m.

Next on the Agenda was Public Input. Some of the audience spoke thanking C&TSMC for their six years of managing the C&TSRR and keeping it in operation. Others welcome AHR on board and wished them luck and hope they will be great managers and marketers for the Cumbres & Toltec Scenic Railroad. Others asked questions of Al Harper, AHR's owner, of some of the changes he will make on the Railroad. Still others offered suggestions of targeting other States to help increase ridership.

Under Unfinished Business was Approval of Property Insurance Values. Leo reported he was working with Charles Schwaab to make adjustments to the property insurance values as requested by the Commissioners. Leo presented the changes made, and the Commissioners reviewed them. After studying the values deliberating and reviewing them, Commissioner Foster made the motion to approve the values as presented. Motion carried with a second from Commissioner Love.

Next on the Agenda was New Business. First item discussed was Review of Management Agreement. Chairman Randall and Commissioners reviewed the contract with AHR. Chairman Randall said nothing will be decided until after the Executive Session when the Commission will discuss contract negotiations with AHR.

Under the next item of the Agenda: Review of Landmark Designation, Chairman Randall recognized Keith Hayes who would be addressing the Commission. Mr. Hayes presented a historical sketch of how the idea of designating the C&TSRR as a National Landmark came to be. He said the final application was sent to D.C. on the first of November for their review. He said they will have until the first of February to complete the application, and then there will be a comment period. He asked everyone to send their positive comments in support of having the C&TSRR given status as a National Landmark.

Dick Cowles said there would only be sixty days to get your comments supporting the C&TSRR's designation as a National Landmark. He also emphasized to get letters sent to members of Congress to get their support for the cause. Chairman Randall thanked the efforts given by Keith Hayes and Dick Cowles, and he asked everyone to get their letters in ASAP to assure the Railroad is given National Landmark status.

Commissioner Love then presented the next item on the Agenda: Fund Raising Proposal. Commissioner Love said it was a strategic method of finding and obtaining more funds for the Railroad by hiring Mitch Butler to seek out federal dollars and other private funds. After further discussion, Commissioner Love moved to hire Mitch Butler to seek out federal grants and other business and private agencies offering grants to help increase the capital dollars for the C&TSRR Commission. With a second from Commissioner Foster, motion carried.

Chairman Randall then addressed the next item on the Agenda: Review of C&TSMC Performance of Incentives. Chairman Randall said there would be three items reviewed: ridership; management plan; and safety goal. After reviewing the C&TSMC's year and deliberating whether standards had been met, Commissioner Foster moved to give C&TSMC \$44,000 for incentives in meeting and succeeding in their management plan and safety goals. He wanted the minutes to reflect no monies will be given for increase of ridership. Motion was approved with a second from Commissioner Elbrock.

At this time, Chairman Randall moved Item G on the Agenda: Other Business before going into Executive Session. Chairman Randall said he would like to extend West Agency's contract month to month to help with the transitional phase. Commissioner Foster moved to approve a monthly contractual agreement for West Agency to ease into the transition phase with AHR. A second was made by Commissioner Love and motion carried.

Chairman Randall then asked for a motion to convene to Executive Session to discuss Contract Negotiations with AHR. Commissioner Foster moved to adjourn into Executive Session at 2:14 p.m., with a second from Commissioner Love, Chairman Randall adjourned into Executive Session.

At 4:35 p.m., Chairman Randall reconvened the meeting stating, "Let the minutes reflect there was no action taken during Executive Session, and the only item discussed was the contractual negotiations with AHR." Commissioner Foster moved for the Commission to approve contractual negotiations made and the revised contract will be sent out by November 21<sup>st</sup> for final review; and the contract between Cumbres & Toltec Scenic Railroad Commission and AHR will be sent to New Mexico's Attorney General's Office for review and approval. Motion was approved with a second from Commissioner Love.

Once again, Chairman Randall asked for a motion to reconvene into Executive Session to discuss the Executive Director's Evaluation and Contract. Commissioner Love made the motion to convene into Executive Session to only discuss the Executive Director's Evaluation and Contract. A second was made by Commissioner Elbrock and motion carried. At 4:41 Chairman Randall adjourned into Executive Session.

At 4:58, Chairman Randall reconvened the meeting stating, "Let the minutes reflect there was no action take during Executive Session, and the only item discussed was the Executive Director's Evaluation and Contract." Commissioner Foster moved to give Leo Schmitz, Executive Director, \$5,000 bonus for 2011 and to renew his contract for 2012, with the possibility of two, one year extensions, and the revised incentive provisions. Motion carried unanimously with a second from Commissioner Love.

Commissioner Love then moved to offer this contract to Leo Schmitz, Executive Director. Motion carried with a second from Commissioner Foster. Leo Schmitz, C&TSRR Commission's Executive Director agreed to accept the contract offered to him for 2012.

Since there was no further action or business to discuss, Chairman Randall adjourned the meeting at 5:05 p.m.

/S/ 3-29-12

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**Randy Randall, Chairman**

/S/ 3-29-12

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**Pete Foster, Vice-Chairman**

/S/ 3-29-12

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**Dan Love, Treasurer**

/S/ 3-29-12

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**Billy Elbrock, Secretary**