

**CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION  
MEETING MINUTES FOR DECEMBER 16, 2010**

A meeting of the C&TSRR Commission was held on  
Thursday, December 16, 2010, 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 Lenny Martinez. He informed those present Commissioner Pete Foster would be running late because of the weather.

Those present were:

J. Leonard Martinez, Chairman	Lon Carpenter, Vice-Chairman
Randy Randall, Secretary	Pete Foster, Treasurer
Tim Tennant	Bill Hume
Leo Schmitz, Executive Director	Marvin Casias, General Manager
Stephanie Gray, Administrative Assistant	Eric Jacobson
Stephen Flowers	Chris Czmyrid
Elmer Salazar	Frank Turner
Nick Quintana	Frank Stapleton
Roger Hogan	Barbara Hogan
Sam Seiber	Renee Richardson
Jim Poston	Charlotte Bobicki
Teddy Grove	Ed Beaudette
Matthew Abbey	Amos Cordova
Frank Montoya	Harold Abeyta
Harvey Lee Trembly	Dick Cowles
Rick Muth	Donald Martinez
Glen Avery	Steve Forney
Jim Trowbridge	Maria T. Schmitz
Tommy Garcia	

Commissioner Carpenter moved to approve the agenda as presented. Motion carried with a second from Commissioner Randall.

Commissioner Carpenter then moved to accept the Commission Minutes for September 30, 2010 as presented. Minutes were approved with a second from Commissioner Randall.

Chairman Martinez reported this would be his last meeting as Chairman as well as Commissioner representing New Mexico. He said he had submitted his resignation, for personal reasons, and the Governor has accepted his resignation. Chairman Martinez thanked everyone present for their support during this year. He also said thank you for the great support he has received from the communities, Chama and Antonito; the congressional delegation and state legislators of both New Mexico and Colorado; and the C&TSMC.

Chairman Martinez at this time reported the State of Colorado had given the Commission \$480,000 for operating expenses, to meet the shortfalls for the 2010 Season; and the remainder of the monies would go to fix the Lobato Trestle. Also, he said he was glad to report NMDOT had awarded the Commission \$825,000, FHWA monies, to repair the Lobato Trestle. He said the press release would hit the papers shortly.

Leo Schmitz, Executive Director, then presented his report. He informed the Commission and audience Stephanie Gray's son had been in a severe motorcycle accident and been taken by Flight for Life to Colorado Springs. She would not be at the meeting today since she is taking time to care for her son.

He also reported the fabrication of the steel girders and other parts for the Lobato Trestle are going to be supplied by Paxton & Verling Steel, Co. out of Omaha, Nebraska. The bridge ties and walkway materials will be supplied by Intermountain-Orient, and the bolts and drive spikes will be supplied by Lewis Bolt Co. Leo also informed the Commission Marron and Associates have conducted the field work for the biological and archaeological studies as part of the Environmental Report. It has been submitted to NMDOT for review.

Leo reported progress has been made by Southern Colorado Construction on the Osier Section House. They supported the building with pads and I-beams; removed the old stacked rocks; excavated, formed and poured a new concrete foundation; and anchored the Section House to the foundation. They will return next May/June for the installation of the siding, painting and do the final landscaping.

Before the Next item on the Agenda, Reports of the C&TSMC, was addressed, Commissioner Pete Foster entered the meeting at 10:18 a.m. First, President Elmer Salazar applauded the efforts of the staff stating the C&TSMC's greatest assets are the employees of the Railroad. Even with the burning of the trestle on June 23, 2010, they responded well and were unified and dedicated to continue working through the stress during the remainder of the Season. He also thanked the General Manager, Marvin Casias, for keeping a tight control on the budget and not being in such a large deficit as previously anticipated.

Elmer also informed the Commission the C&TSMC were implementing a new 2011 Rules and Regulations Procedure Handbook for the Railroad employees. The rules and procedures will be modeled from FRA's Handbook. He also noted the reservation system is being updated to meet the demands of phone service, internet service and installation of a better website. He said C&TSMC and its employees will be ready to have the C&TSRR open out of both sides on the 28<sup>th</sup> of May, 2011.

Elmer then addressed the Special Trains Report. He reviewed the Special Trains for 2010's handout with the Commission. He said this next Season all Special or Charter Trains will not leave the depot until the final amount of cost is paid up front. He is also looking into the possibility of having special or charter trains become partners with the C&TSMC to make a profit for the Railroad. Elmer said they would continue working with entities who want to charter the train or the parlor car to ensure cost will be met and a profit made for the C&TSRR.

At this time, Commissioner Randall asked if the Management Team could present the Commission with a marketing Plan and Analysis for the Special and Charter Trains. Elmer said he would get Nick, Chris and Roger to work on this request and present it at the next Commission Meeting. Elmer ended his presentation with thanking the Management Team's Staff, Employees and giving Kudos to the Commission for all working together to keep the C&TS RR in operation this past Season. He also commended Chairman Martinez for his leadership, patience and working with the two communities.

Tim Tennant then presented the Treasurer and Review of Train Operating Budget. Overall the budget was tight, and most employees were laid off at the end of the Season. Tim also reported, because of the General Manager's expense controls, they were able to cut \$425,000 in expenses; therefore, decreasing the loss incurred because of the Lobato Trestle Fire and fewer riders. He was pleased with the outcome of the Season. Tim felt it could have been a worse deficit, but with Colorado's gift of \$480,000 for operating expenses will enable the Railroad to be ready for the upcoming Season.

Marvin Casias, General Manager then presented his report. Marvin said he was pleased he did not have to lay-off any employees until after the Season ended. All employees cooperated willingly and positions were shifted to meet the needs and demands of the conflicts and impact the Lobato Trestle Fire had on the Railroad and the Season. Marvin said by the 10<sup>th</sup> of January we will be bringing back the crew for the shop to prepare the Engines for the upcoming Season.

Also, he reported the Antonito Office has been maintained by one staff person. Reservations are coming in for 2011 Season. He reviewed the expected work for the passenger cars and what was being anticipated for the track work. Before Chairman Martinez continued with the Marketing Report, he thanked Marvin for his continuous time, effort and dedication he has given to the Railroad.

Chris Czmyrid presented the Marketing Report. Chris demonstrated the television commercial ad which would be running this year for the C&TSRR. The new company logo will be: ***THE***

***ALL NEW 2011 SEASON.***” The commercial will be run somewhat similar to a car ad with the engine being the main focus and the spokesperson relating to the public how important it is to ride the C&TSRR. It will emphasize the opportunities in store for the consumer who purchases a ride on the Railroad.

Chris also reported there will be a running video display at both depots reviewing the ride and the highlights of the Railroad. He also informed us the new website will be much more user friendly and easier for the public to reserve their tickets on line. Chris said the new marketing strategy was to inform the public the C&TSRR will be operational from both terminals this 2011 Season. Come and enjoy the thrill and adventure of riding a historical 19<sup>th</sup> Century Railroad, a step back into the past.

At this time Chairman Martinez adjourned the meeting for a short recess for lunch. He recessed the meeting at 12:05 p.m. Chairman Martinez reconvened the meeting at 12:27 p.m.

The meeting continued with the next item on Agenda was the Review of Capital Projects, Commission Budgets and Cash Flow. Leo presented the Commission with the three budgets: Capital Projects; Commission Budget; and Cash Flow. He reported the Capital Projects monies for the track work have been diverted to the Lobato Trestle, and we are within budget to purchase the steel. He also reported Osier Section House is 85 to 90% complete, and when the snow melts the rest of the work will be completed. The Chama Depot will be bid in the spring. Leo said the Commission’s revenue and expenses are within budget, and there are no unforeseeable expenses. As for the Cash Flow, the influx of Colorado monies will help meet the demands of operating expenses to assure the needed monies for Opening Day for the 2011 Season.

Chairman Martinez then asked for the Friends report to be given. Tim Tennant informed the Commission the Friends had raised \$100,000 to help with the restoration of the Lobato Trestle. Contributions raised \$80,000 and the Friends donated the other \$20,000. He also reported the 463’s renovations to the boiler are doing well and as of today \$533,796 has been spent. Tim reported, through Dick Cowles’ efforts, the C&TSRR should be a NHL, National Historic Landmark.

Commissioner Randall & Commissioner Carpenter reported on Legislative Activity. Commissioner Randall said the Rutherfords could not be present; however, New Mexico Department of Transportation did award the Commission \$825,000 to repair the Lobato Trestle. These monies will assure the Lobato Trestle will be fixed and completed by Opening Day. Commissioner Carpenter reported Colorado had given the C&TS RR another \$480,000 of ARRA Funds for qualified operating expenses and for work on the Lobato Trestle. These monies will assure the Railroad will be prepared for the 2011 Season since there will be monies to prepare the engines, cars and track for the May 28, 2011 Opening Day.

The next item on the agenda was Public Input. Roger Hogan informed all of the Ambassador Program in the works. It will be somewhat similar to the Friends' work session, but with world-wide exposure.

Since there was no one else from the audience wishing to speak, Chairman Martinez continued with the next item on the Agenda, Unfinished Business. Randy Randall said there was nothing new to report on the Los Pinos Siding Access. He said no agreement can be made on the land until the cost of the land is in agreement with what the Commission can spend.

Next on the Agenda was New Business. The first item discussed was Approval of Purchase Materials for the Lobato Trestle. Leo presented the Steel Fabrication Bids. He said low bidder was Paxton and Vierling Steel Company for \$654,000. Commissioner Carpenter moved to approve this bid for the stated amount. Motion carried with a second from Commissioner Randall. Commissioner Randall wanted the minutes to reflect this item was \$210,000 over budget, and there may be some litigation discussion. Chairman Martinez said so noted.

Then Commissioner Carpenter asked if there could be higher liquidated damages than the existing \$1,000 for the delivery of the Steel. Chairman Martinez said the Commission could put a clause in the contract raising the liquidated damages to a higher amount. After further deliberation, Commissioner Carpenter moved to amend the motion to award Paxton and Vierling the contract of \$654,000 for the steel fabrication contingent on their agreement to higher liquidated damages of \$5,000 per day, if the steel is not received by April 6, 2011. Motion was seconded by Commissioner Randall, and motion was passed unanimously.

Commissioner Carpenter then moved to give the Executive Director authority to continue negotiations with the next lower bidder, if Paxton and Vierling does not agree to the higher amount of \$5,000 per day of liquidated damages. Motion carried with a second from Commissioner Randall.

Next Leo presented the bid for the bridge ties and walkway material. Low bid was Intermountain Orient for \$63,796.76. Commissioner Randall moved to approve the bid as recommended by Leo. Motion carried with a second from Commissioner Foster.

At this time Commissioner Foster wanted the contract for the bridge ties and walkway to have a contractual guaranteed delivery date of 45 days put into the clause. Commissioner Randall also shared Commissioner Foster's concern. It was agreed by the Commission for Leo to put the desired wording of a guaranteed deliver of 45 days into the bid contracts.

Commissioner Carpenter then addressed the next item on the Agenda, Request for Information Process. He said he felt it would be more suitable to put a more professional management contract in place, and this is why there is a need to get feedback from all entities involved. At this time, he would like to work with a small group to study the situation and the need for a RFIP, Request for Information Process.

Chairman Martinez then addressed the next item on the Agenda: CTSMC's Performance Evaluation. He said there were four areas of evaluation; however, there were only three items where incentives could be given. Under item #2 Written Management plan, he suggested to give them the full \$5,000; under item #3, preventive actions, he recommended \$2,500; and under item #4, he felt \$10,000 would be given since they did work hard to cut corners and they started the Season with monies before the Lobato Trestle, and the Season may have ended in a deficit but it was given on a fiscal year not calendar year. Therefore, he recommended giving the C&TSMC \$17,500 as their incentive plan which would go as bonuses for their employees. Commissioner Carpenter moved to accept Chairman Martinez's recommendation and give the C&TSMC \$17,500. Motion carried with a second from Commissioner Carpenter.

Next under New Business was the Election of Officers for 2011. Chairman Martinez thanked everyone for their hard work and persistence to keep the C&TSRR running during his year as Chairman. He applauded the C&TSMC's staff and employees for their continuous effort and support to rise to the occasion and keep their spirits up and motivated to make 2010 a good Season. He also thanked his fellow Commissioners who worked together to find ways to resolve the Lobato Trestle Fire. Chairman Martinez also thanked Leo and Stephanie for their time and dedication given during his year as Chairman.

Chairman Martinez then said he hoped tradition would follow where:

Commissioner Carpenter would be the newly elected Chairman;

Commissioner Randall the Vice-Chairman;

Commissioner Foster would be the Secretary/Treasurer, until the new New Mexico's Governor Martinez appoints someone to take his place. Commissioner Randall moved to accept Chairman Martinez's recommendation. Motion carried with a second from Commissioner Carpenter.

The next item on the Agenda was Executive Session to discuss the Executive Director's Evaluation. Chairman Martinez asked for a motion to convene into Executive Session. Commissioner Randall moved to go into Executive Session. Motion carried with a second from Commissioner Foster. Executive Session convened at 1:42 p.m.

Chairman Martinez reconvened the meeting at 2:16 p.m. with a motion being made by Commissioner Randall and a second from Commissioner Foster.

Chairman Martinez said let the minutes reflect there was no action taken during the Executive Session. He added he would meet with Leo Schmitz, Executive Director, in private to discuss his evaluation.

There being no other business, Chairman Martinez adjourned the meeting at 2:17 p.m., with the motion for adjournment being made by Commissioner Foster and a second by Commissioner Randall.

/S/ 3-16-11

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**Lon Carpenter, Chairman**

/S/ 3-16-11

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**Randy Randall, Vice-Chairman**

/S/ 3-16-11

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**Pete Foster, Secretary -Treasurer**

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