

**CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION
MEETING MINUTES FOR SEPTEMBER 30, 2010**

A meeting of the C&TSRR Commission was held on Thursday, Sept. 30, 2010,
at the High Country Restaurant, Chama, NM at 10:00 a.m.

Meeting was called to order at 10:07 a.m. by Chairman Lenny Martinez. He informed those present Commissioner Lon Carpenter would not be attending because of a prior commitment.

Those present were:

J. Leonard Martinez, Chairman	Tim Tennant
Randy Randall, Secretary	Pete Foster, Treasurer
Eddie Moore	Bill Hume
Leo Schmitz, Executive Director	Marvin Casias, General Manager
Stephanie Gray, Administrative Assistant	Eric Jacobson
Stephen Flowers	Chris Czmyrid
Sharon McGee	Jim McGee
Nick Quintana	Jean Leonard
Steven Forney	Ed Lowrance
J. W. Wimer	Geof Gordon
Brooks Wilson	Jim Poston
Roger Hogan	B.J. Samora
Carol Mackey	Bill Mackey
Jeremy Rutherford	Tom Rutherford
John Matthews	Frank Stapleton
Thomas Kneib	Dr. T.C. Grove
Laura Grant	Dennis Wells
Margaret Palmer	Clif Palmer
Roxanna Bayer	Donald Bayer
Ralph Hamilton	Bob Reib
Scott Flury	Rose Martinez
Robin Miller	Tessi Madril
Jeff Laydon	Ed Beaudette
Chuck Sanders	Jessica Dyer
Maria T. Schmitz	

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

Commissioner Randall then moved to accept the Commission Minutes for June 23, 2010, as presented. Minutes were approved with a second from Commissioner Foster.

Chairman Martinez said the June 23rd burning of the Lobato Trestle set the stage for the rest of the Season. This was a defining event of the history of the Cumbres & Toltec Scenic Railroad. Yes, there were many accommodations made to keep the Railroad running, and the economies of both terminals were hurt as well as the C&TS RR's own finances. This tragedy caused a deficit and a decrease of patronage; however, now we need to find a solution and the monies to rebuild the Lobato Trestle as quickly as possible.

He further added we need to work together to convince our Governors, both New Mexico's Bill Richardson and Colorado's Bill Ritter, and the legislative bodies of both states to help finance this rebuilding process. He encouraged all those present to continue calling their Governors, representatives and senators informing them monies are needed to assure the public the Lobato Trestle will be ready for the 2011 Season.

At this time, Commissioner Randall requested to be heard. Chairman Martinez permitted him to speak. Commissioner Randall said it was imperative to inform the Governor's office how important it is to fund the Lobato Trestle. Keep calling the Governor's Office, leave messages, e-mail his office and of course even send letters. He emphasized it is important to make him realize how many of us want this Trestle to be operable for the 2011 Season.

Leo Schmitz, Executive Director, then presented his report. He informed the Commission the Georgetown Railroad had picked up two more of the rider box cars for updating and placement into service on their railroad line. Leo gave them an update on the Osier Section House Foundation. They hope to pour the stem wall on October 13th, and then connect the sill plate to the footer. If all goes well, it should be completed by the end of October or early November.

He also informed the Commission the Tourist Railroad Association will be holding its Annual Convention in Alamosa, Colorado from November 4th through the 7th. He encouraged all of the Commissioners to attend. He also said the C&TS RR will be hosting them on Wednesday the 3rd of November, prior to the opening day of the Convention. Last, Leo let the Commission know on the 6th of October, there will be a Capital request hearing in Santa Fe. Also, on the 2nd of December, Colorado will have their Capital request hearing.

Commissioner Randall asked Leo to get pictures and documentation, from Georgetown, informing the Commission of what work is being done to the C&TSRR's rider boxcars.

Next item on the Agenda was the Reports of the C&TSMC. First, Tim Tenant reviewed the Train Operations Budget. He informed the Commission patronage was down as well as the cash flow. However, if ridership continues increasing, it will offset the cash flow a little.

Commissioner Randall wanted to know the specific budget before June 23rd through October 15th, and to include the revenue from these dates and prior to the 23rd of June. Tim said we cannot give a tangible budget until the end of the season. Chairman Martinez directed him to have a quantified amount of what will be needed for preparing for the upcoming Season. Commissioner Randall felt the revised budget should be prepared by October 6th to present to the Capital Hearing Committee.

Commissioner Randall also said he is working with Congressman Ben Ray Lujan to see if there are monies available under the Department of Transportation. Chairman Martinez reinforced the Trestle still has to be the number one priority for the Railroad. Once this is addressed, then monies can be appropriated elsewhere.

Marvin Casias, General Manager, then presented his report. He said the employees worked well within the time element after the June 23rd fire of the Lobato Trestle. Marvin reported within ten days the first locomotive had been moved to Cumbres Pass; therefore, hauling passengers from Chama to Osier and back. A month later the second engine was moved.

Marvin also related most of the employees will be laid off during the winter months, November 15th, and some will be called back to prepare for the upcoming Season around the 1st of February. This is one way to cut on expenses and try to keep the monies available to prepare for the upcoming Season. Also, he said they would be opening the next season on Memorial Day Weekend, which will also offset expenses of opening the track from snow and the road into Osier. Chairman Martinez said to keep the Commission posted if there were any changes made to having the employees return earlier.

Chris Czmyrid presented the Marketing Report. Chris handed out the new brochures which will be placed on the racks to keep the Railroad in peoples' mind during the off-season and let them realize the C&TS RR will be in operation for the 2011 Season. He also reported there will be less trade shows attended since the monies could be used for more effective marketing strategies.

Chris informed, those present, the C&TS RR will be given one free year of advertising, through the PBS channel 5 in Albuquerque, which will be a great help to reach out to a new marketing populace and get the word out to more people who will be planning their vacations earlier this year. He also reported there are other marketing avenues being explored to get the most publicity for the less cost and reach more people without expending too much money.

John Matthews then reported on the Track Project and Lobato Trestle. John reported there have been 8,237 ties installed and 12,000 tons of ballast spread. He also informed the Commission since 2006, there has been 68,408 tons of ballast spread and tamped throughout the 64 miles of track. The track project is doing well and to save about \$580,000, which will be allocated to the Lobato Trestle Project, the track crew will be laid off on the 6th of October.

John elaborated the track is in good condition and these monies will help restore the Lobato Trestle which is needed to assure the public the Railroad will be operating out of both terminals.

Marvin, Leo and John have been working diligently to get the Lobato Trestle project working by contracting with HDR and working to get the material list and hopefully, get the project bid to assure the replacement of the steel girders and spans.

Chairman Martinez commended John, Marvin and Leo for their hard work and dedication to working to get the Lobato Trestle Project moving and working with HDR to finalize the details for the trestle. Also, he realized it was tedious to work with the different agencies involved and work parallel with them and meet the demands of SHPO. Chairman Martinez hopes the monies can be found to finish the project before Opening Day for the upcoming Season.

Next on the 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 are being reassessed with the number one priority now being the Lobato Trestle. More monies are needed to meet the financial demands of this budget. He also reported \$3,000 had to be returned to New Mexico from the Commission's Budget. The Commission could operate with the loss of these monies. The Cash Flow cannot be readily projected since the monies are being used to meet the demands of addressing the Lobato Trestle needs.

Chairman Martinez then asked for the Friends report to be given. Tim Tennant informed the Commission the Friends Fall Board Meeting and Dinner will be held in Pueblo on October 22nd and 23rd and invited the Commission to attend. Tim then proceeded to inform those present the 2010 Work Session was a success. There were 380 attendees participating in nine formal weeks of work session. Work was performed in Antonito, Chama, Osier and Nevada City, Montana.

Tim also let the Commission know there is approximately \$30,000 in contributions in the Lobato Trestle Fund and another \$20,000 commitment by the Friends' "*Another Century of Narrow Gauge Steam Campaign Fund*" for a total of \$50,000. He also informed everyone the Tourist Railway Association will be holding its 2010 Convention in Alamosa the 3rd, 4th, 5th and 6th of November. Those attending will be riding the C&TS RR on the 3rd of November. There are 80 to 100 people expected to attend this convention. Tim said it was a good source of publicity for the Railroad. In conclusion, Tim said work was still being finalized to get the C&TS RR approved as a National Historic Landmark which should happen late 2011 or early 2012.

Randy Randall & Tom Rutherford reported on Legislative Activity. Tom Rutherford told everyone dollars are tight at the state level. Both he and Commissioner Randall said the only way the Railroad would get funding, is to have the local constituents pressure the Governor and the legislative body, how important it is to give the Railroad funding for this fiscal year. They asked everyone present to call the Governor's office and their local legislators asking them to fund the C&TS RR.

Commissioner Foster added that Colorado is also in a tight financial strain and wasn't sure if monies were going to be appropriated for the Railroad. However, he said we had a strong lobbyist helping and an ardent supporter, Senator Gail Schwartz, who is working hard for the

Railroad. Chairman Martinez said all we could do was work together and continue calling and pressuring both Governors and legislative bodies to appropriate dollars for the C&TS RR this fiscal year.

The next item on the agenda was Public Input. Chairman Martinez asked those who were going to address the public to be courteous and respectful. The first to address the audience was Rose Martinez, Chairwoman of the Chama Chamber of Commerce, who emphasized the Chambers' 187 members feel they need to stand and work together to keep the morale of the local businesses up and work with the Railroad to find the needed monies to complete the work on the Lobato Trestle. Chairman Martinez thanked her for her support, hard work and time.

Next Margaret Palmer said she had quite a bit of information on the Railroad and its history. She reviewed some of the information she had and asked the Commission if they would like to have this information. Chairman Martinez thanked her for her time and work she has put into acquiring this historic information and asked her to send a copy to Leo so he would have it in the Commission's office for future reference.

Other audience members, from the Chama area, spoke expressing their opinions of unjustified inadequacies of the Management Group and the Commission. Chairman Martinez reminded them to be respectful and courteous to those present. Some spoke in support of the C&TSMC and the Commission for their quick efforts of keeping the C&TS RR in operation and trying to meet the demands of the patrons. Chairman Martinez thanked all those who addressed the public.

At this time Chairman Martinez asked for a motion to adjourn for a short recess for lunch. Commissioner Randall moved to adjourn for a short recess for lunch. Motion was approved with a second from Commissioner Foster, and meeting was adjourned for a short recess at 12:44 p.m. Chairman Martinez called the meeting back to order at 1:15 p.m.

Randy Randall said there was nothing new to report on the Los Pinos Siding Access.

Pete informed the Commission that Larry Mondragon, Leo and he had met and walked the Mondragon's property at Osier to try and identify a location to place a new water storage tank and discuss the possibility of an easement at the Osier Site.

Next on the Agenda was New Business. The first item discussed was Approval of Revised Train Operating Budget. Leo presented the revised budget. After the Commissioners reviewed the budget, Commissioner Randall felt another column had to be addressed the variance from the original budget before approval was given. After further deliberation amongst the Commissioners, Commissioner Randall moved to defer approval of the revised budget until the needed changes were addressed; however, continue operating with the guidance of the presented budget dated September 25, 2010. Motion carried with a second from Commissioner Foster.

Chairman Martinez then addressed the next item on the Agenda: Plan for Repair of Lobato Trestle. He said the Commissioners and himself have stayed abreast of the Lobato Trestle needs and demands. All lines of communication have been kept open, and the Railroad Commissioners have tried hard to work with the local populace and businesses and all other entities involved with this dilemma. Commissioner Foster said there have been different options reviewed, but the one alternative left is to replace the girders and spans. Chairman Martinez continued by saying HDR was given the contract to work and design the needed repairs for the Lobato Trestle. He also authorized John Matthews to be the project coordinator for the Lobato Trestle Project.

At this time, John said the monies need to be authorized for the purchase of the steel to assure the materials will be there for constructing the girders and spans. Commissioner Randall said monies can only be allocated to what there is to be spent. John said HDR has submitted the plans, but it needs Commission's approval before they can go out to bid to find the needed materials to be manufactured for use on the Lobato Trestle.

After further discussion, three motions were made concerning the Lobato Trestle Project. The first motion was made by Commissioner Foster. He moved to formally approve the proposal submitted by HDR's, their second option, which is the only viable option for repairing the Lobato Trestle, by replacing all six spans. Motion carried with a second from Commissioner Randall.

The second motion was made by Commissioner Randall to approve the revised proposal submitted by HDR with the recommendation being made by General Manager Marvin Casias and John Matthews. A second was made by Commissioner Foster and motion was approved.

The last motion was moved by Commissioner Randall. He moved to authorize the continuation of the Lobato Trestle Project within the scope of available funds. Motion was approved with a second from Commissioner Foster.

Next on the Agenda was the discussion of a Plan for 2011 Train Operations which was addressed by Chairman Martinez. Chairman Martinez reiterated all entities involved with the C&TS RR had to work together to assure the Lobato Trestle Project would be completed by 2011 Season's Opening Day. Once again, he asked the audience's support of lobbying their legislatures and Governors to allocate funding to the Railroad for the upcoming Season. He also thanked the Friends for their efforts of raising monies to help with this project.

At this time, he asked Leo how much would the insurance company be paying for the Lobato Trestle? Leo reported the insurance will cover \$360,500 for the Trestle repair, after the Commission pays the first \$50,000 deductible. In addition there is up to \$50,000 in other expense coverage and coverage for the debris clean-up.

Commissioner Foster asked why the Railroad was not covered under either New Mexico or Colorado's insurance plan. After discussing this item more, Chairman Martinez directed Leo to investigate if the C&TS RR could be under either New Mexico or Colorado's Umbrella Insurance Policy.

Chairman Martinez then asked Leo to address the next item on the Agenda, Thank You to Gray Family. Leo said Mitchell and Sandra Gray and members of their family: Kevin and Stephanie; Matthew and Adam and their crew, took it upon themselves to design and install the metal sign over the Antonito Entrance to the yard. Not only did they donate their creative design, time, labor, but they also paid for the materials. Chairman Martinez then read the Certificates of Recognition to the audience and signed them after a motion was made by Commissioner Randall to approve the Certificate of Recognition as read. Motion carried with a second from Commissioner Foster.

Under Other Business, Leo presented the electrical bid for the Chama Depot. He said M & E Engineering had bid \$11,090 for design work for the electric, heating system and air conditioning for the Chama Depot. Funds were available through the Colorado Controlled Maintenance Appropriation. Commissioner Foster moved to accept the bid of \$11,090 from M & E Engineering. Motion was approved with a second from Commissioner Randall.

There being no other business, Chairman Martinez adjourned the meeting at 2:38 p.m. with the motion for adjournment being made by Commissioner Foster and a second by Commissioner Randall.

/s/ 12/16/10

J. Leonard Martinez, Chairman

/s/ 12/16/10

Lon Carpenter, Vice-Chairman

/s/ 12/16/10

Randy Randall, Secretary

/s/ 12/16/10

Pete Foster, Treasurer