

**Feather River Rail Society
Special Directors Meeting
October 26, 2004
7:00 pm via telephone conference**

President Rod McClure called the meeting to order at 7:09 p.m. The following directors were present:

Andy Anderson	Frank Brehm	Steve Habeck	Norm Holmes
Gail McClure	Wayne Monger	Eugene Vicknair	

Directors Kerry Cochran and Hank Stiles were unable to attend.

Staff present: None Visitors present: None

Special Agenda Item

Offer to Purchase Silver Lodge

Director Vicknair presented a proposed draft offer for the purchase of California Zephyr dome coach car "Silver Lodge" for consideration and authorization to proceed with presentation of same to current owner of the car based on recommendations from broker D.F. Barnhardt.

As advised in a previously submitted report, Director Vicknair reminded the Board that the car is nearly watertight and in very good shape. Minimal work and expense will be required to make the car roadworthy. President McClure also advised the Board that it is likely Budd cars will become a scarce commodity soon as several companies and car brokers have advertised their need to obtain these cars for several contracted charter service trains. Once these cars have been modified, the price for organizations such as ours to obtain them will become outrageous or out of reach entirely.

Discussion ensued regarding proposed offer terms and the Society's options for payment which would require a debt commitment.

Motion # 04-10-01S – Authorization to proceed with formal offer for the purchase of CZ dome coach "Silver Lodge" from Denver Railcar in the amount of \$57,000 with terms of non-refundable deposit in the amount of \$5,000 upon acceptance of offer, an additional \$20,000 due at time of closing no later than January 10, 2005 with balance due to be financed by owner at 6% APR with a term of 5 years with all funds to be posted from The Zephyr Project account, and pending legal review of final sale contract. Motion made by Director Brehm, seconded by Director Vicknair. All Directors present voted in favor by roll call vote. Motion carried.

Adjourn

Meeting adjourned at 7:20 p.m.

Respectively Submitted
Gail A. McClure

Revised November 10, 2004

OFFER TO PURCHASE
and
General Agreement and Conditions of Sale

1. AGREEMENT

SELLER: Denver Railway Car Company
16945 Northchase Drive, Suite 1800
Houston, Texas 77060-2151
Tel: 281 874-2101, Fax: 281 874-2107

(SELLER'S AGENT: D. F. Barnhardt & Associates
8344 West Franklin Street, PO Box 1089
Mt. Pleasant, NC 28124
Tel: 704 436 9393, Fax: 704 436 9393
E-mail: dfba@mindspring.com)

agrees to sell, and:

PURCHASER: Feather River Rail Society
700 Western Pacific Way/P.O. Box 608
Portola, California 96122
Tel: 530 832-4134, Fax: 530 832-1854

agrees to purchase the following:

EQUIPMENT

DRCX 7032 (known as "Silver Lodge"), circa 1948 Budd built Vista Dome railcar.

Seller's Initials _____

Purchaser's Initials _____

Q. CONDITIONS OF SALE

Location

A. The equipment is in the Trans Texas Rail Shop yard, San Antonio, Texas.

Warranties

B. The equipment is sold "As Is, Where Is" in San Antonio, Texas. Seller makes no warranties, implied or otherwise (other than noted in paragraph "2.C." of this agreement).

C. The equipment is free and clear of any liens and encumbrances. Owner/Seller has the legal right to sell this equipment. Seller agrees to indemnify, defend, and hold harmless Purchaser from and against any and all claims by third persons asserting any lien, encumbrance, or property right in this equipment. Seller warrants that there will be neither storage fees nor transportation fees owed on this equipment at time of closing.

D. Seller and Seller's Agent are to be held harmless of any incidents involving this equipment subsequent to closing date. Asbestos, used as insulation material, may be present on this equipment. Purchaser assumes responsibility thereof.

Seller's Obligations

E. The Seller shall ensure the same security as now exists for the equipment from date of acceptance of this agreement until close of sale.

F. The seller shall ensure that the equipment retains the same general mechanical, electrical and cosmetic condition from date of acceptance of this Offer to closing date, normal wear and tear and weathering excepted, unless otherwise agreed to between Purchaser and Seller.

Purchaser's Obligations

G. Purchaser/Purchaser's agent has inspected the equipment at San Antonio, Texas.

Seller's Initials _____

Purchaser's Initials _____

Storage & Delivery

H. Seller shall provide or arrange for free storage of this equipment for a period of 30 days immediately following sale closing at its current site. Thereafter, Purchaser shall make separate arrangements with appropriate authorities for continued storage at present location, if any is required. Any storage beyond the 30 days free storage period will be at the expense of the Purchaser.

I. Purchaser shall be responsible for any and all preparation, loading, movement and transportation arrangements for the equipment, and charges thereof.

J. Seller shall provide or arrange for access to secured storage at the equipment's current site as may be required for transportation and service personnel.

Close of Sale

K. The closing date shall be on or before Monday, January 24, 2005 or as otherwise agreed between the parties.

Monies

L. The total purchase price (in USA dollars) for the equipment identified in paragraph "1" above is: **\$60,000.00, paid as follows:**

1. Purchaser, within five business days of acceptance of this offer by Seller, shall deposit an initial deposit in the amount of \$5,000.00 into the D.F. Barnhardt & Associates Escrow account. (This initial deposit shall become part of the down payment at closing);
2. Purchaser shall deposit additional monies in the amount of \$55,000.00 into the D. F. Barnhardt & Associates Escrow account prior to the sale closing date, which, along with the initial deposit in subparagraph 2.L.1. above shall become the total payment at sale closing, totaling \$60,000.00;

Seller's Initials _____

Purchaser's Initials _____

- ~~3. Purchaser shall, prior to sale closing, provide to Seller an acceptable Promissory Note with surety, or a lien against the equipment, for the balance of the purchase monies;~~
- ~~4. There shall be no penalty to Purchaser for early payoff of the balance due;~~

~~M. Seller may sell the note or seek third party financing in exchange for the balance owed by Purchaser on the note.~~

N. Purchaser's deposits shall be returned to Purchaser if through no default by the Purchaser the closing of the sale does not occur. In the event of default by Purchaser:

1. Purchaser's initial deposit (i.e. \$5,000.00) shall be forfeited by Purchaser and such forfeited monies shall be divided equally (50%-50%) between Seller and Sellers' Agent as liquidated damages, and
2. Any deposit made by Purchaser over the \$5,000.00 forfeited amount shall be returned to Purchaser within 10 business days following receipt (by Seller's Agent) of Purchaser's written request for the return of these monies.

O. Sales tax, if any, is the responsibility of the Purchaser. Purchaser agrees to indemnify Sellers and Seller's Agent against any tax liability, which may arise on its part by reason of failing to collect sales tax from Purchaser.

Electronic Transfer of Monies into Escrow

P. Monies may be electronically deposited into First Charter Bank, 10200 David Taylor Drive, Charlotte, North Carolina, 28262, (an on-line bank with the Federal Reserve) ABA Routing number 053100737 for further credit to D. F. Barnhardt & Associates Escrow account number 014003937. If other escrow is elected, separate instructions will be provided.

Q. D. F. Barnhardt & Associates shall distribute escrow funds as instructed by the Seller following close of sale. ~~In accordance with paragraph 2.L.3. above, monthly payments against the balance will be paid by Purchaser directly to Seller.~~

Documents

- R. A Bill of Sale, and other available drawings and/or documents pertaining to the equipment (if any) as may be in the possession of Seller, shall be provided at the close of sale by Seller to the Purchaser.

Seller's Initials _____

Purchaser's Initials _____

Expiration

- S. This offer expires at midnight on November 24, 2004

3. CONCLUSION

A. This is an "Offer" after signature by Purchaser and an "Agreement" after signatures by both the Purchaser and Seller in principal and may require changes in wording (but not substance), or drafting by a law firm, by mutual agreement of all parties in order to ensure compliance with the states having jurisdiction over this transaction. This Offer/Agreement may be executed in counterparts.

