

FEATHER RIVER RAIL SOCIETY – AGENDA REPORT

DATE: August 7, 2013
FROM: Eugene Vicknair - Director
ITEM: Old Business 3
SUBJECT: Offer to purchase VIA / FRRX Lounge Car 754 – continued from July

Sterling Rail has contacted us about a buyer they have who wants to acquire our former VIA / CN Lounge Car, FRRX 754.

Sterling has presented two offers to us:

1 – Sign a listing agreement which will give Sterling a 10% commission for brokering the deal with the buyer. This is a non-exclusive agreement that has a 6 month term. If the sale to Sterling's buyer is completed, the net to the FRRS would be \$47,700 (\$53,000 list price minus 10% commission). In addition, the buyer would pay the FRRS for interchange prep work. The risk is that the buyer could back out and we would be under agreement to Sterling for 6 months.

2 – Sell the car directly to Sterling Rail. While this would eliminate the risk if the buyer backs out, Sterling is offering only \$40,000 for the car.

I recommend selling the car. We have not actively used it since acquiring the Silver Plate, it is not set-up for easy movement of large groups, it does not have HVAC and it does would require work and money to make viable for other uses such as excursion or display use. We acquired the car for a low price and it has served us well, but we can do more to our historic equipment with the money from the sale. For on-site use we can utilize the Silver Plate and we can find other options for possible off-site uses that will be less expensive to modify.

To accomplish the sale, I would recommend signing the listing agreement. The listing is non-exclusive, is only for 6 months and would gain the Society more income from the sale.

REQUESTED ACTION: Approve signing the listing agreement and approve sale terms for the FRRZ 754 lounge car.