

Dear KRM Member:

KRM is taking every step it can to stabilize, meet and cope with the severe financial crisis now facing it as a result of the disasters of the past few years and the inability to receive as yet from FEMA the money KRM is owed and or funds from other sources. Though KRM is not alone in this predicament and many are still awaiting money due them from FEMA and disasters, KRM must still meet its financial obligations of paying bills and covering its mortgage payments. For KRM to survive from January through April, KRM has to pay out approximately \$185,000.00 or more before trains start back up in early spring and new income starts coming in. We only have about \$65,000 available to us at this point not including bills currently expected for this December. We are attempting to raise funds by selling equipment declared surplus, as reviewed, decided and voted on by the KRM Board of Directors.

The equipment selected falls into two basic categories: #1 Equipment with no Kentucky history, in very poor condition or disrepair, and or no longer needed for the Museum's purposes. #2 Equipment that has some Kentucky history but is either too dilapidated, needs expensive work or repairs, is too rusted away to restore, or will be beyond the Museum's means to restore and preserve in the reasonable future.

Two of the pieces of equipment selected for immediate sale are on the Protected list established many years ago. The two pieces are: GE Center Cab Yard Goat #77. Occasionally runs but is rapidly failing and has now been replaced with the B&O engine #21 we acquired two years ago. #77 was an engine purchased for military use and spent most of its life at Naval Ordinance in Louisville. The second is the 1920 built NC&StL Sea Breeze coach. The car is in bad shape, mostly a shell, with no interior remaining, windows gone, rusted out, and in opinion of KRM Shop Supervisor too far gone to restore, especially given KRM's lack of money, facilities, personnel and other historic equipment having a higher priority which also needs work and preservation, such as Engine 152, 665, 770, Mt. Broderick, 1603, MONON caboose, etc. Using estimated amounts obtained in last four years on restoration costs for other equipment (665, 770, Mt. Broderick, cabooses, etc.) as a basis, to do just a cosmetic restoration of the exterior of the Sea Breeze, cost would be in the range of \$100,000 or more and it would need to be inside a facility where work could occur.

KRM needs to take these two pieces off the Protected list immediately and make them available for sale along with the other equipment items already approved for sale, to acquire much needed funds to pay bills and meet financial obligations. If KRM does not meet its financial obligations quickly it will have to close and the Bank and Court will sell KRM assets without our choice to satisfy our bills and debts.

You are asked at this time, in keeping with the spirit of the By Laws, to vote to allow the removal from the protected list the two items above so they can be sold to raise needed funds. KRM has a buyer for the two items and he can pay KRM an immediate advance payment which will avert a financial crisis.

A Ballot is enclosed for your vote and it needs to return to KRM no later than close of business December 27th. You can also register your vote by E-mail, send your vote to kyrail@bardstown.com along with your name.

The KRM Board strongly recommends and requests your approval of this action.

KRM Board of Directors