

AGENDA ITEM 9-B
ACTION ITEM

TO: CHAIRMAN ZIMMERMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: AUGUST 21, 2009

RE: AUTHORIZATION TO SELL THREE F-40 LOCOMOTIVES

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to execute a sales agreement for three F-40 locomotives to Rail World Locomotive Leasing of Chicago, Illinois, for a total of \$450,000.

BACKGROUND:

In June of 2007, the Operations Board authorized the Chief Executive Officer to pursue the sale of old VRE locomotives as they are replaced by new locomotives. Following the approval to purchase twelve new locomotives in June of 2009, VRE posted a Request for Interest (RFI) offering for sale 15 locomotives. In addition to posting this information on the web, several potential purchase candidates were also directly notified of the sale.

These three F-40 locomotives were built in the 1970's and were acquired by VRE as a stop gap until new, replacement locomotives could be purchased. As of this fall, VRE will be in a position to release one of these units. The other two will become available in 2010 when two new units are placed into service.

To-date, the only offer received was from Rail World and is conditioned upon taking delivery of one unit no later than the end of September 2009. The other two locomotives will not be released for delivery until VRE receives the new

locomotives in 2010. Payment will be made for each unit once released for sale and title is transferred.

The locomotives were purchased using federal and state funds. Two of the three locomotives have reached the end of their useful life and the third will do so in November. Both FTA and the state have been notified of VRE's intent to sell.

FISCAL IMPACT:

All sale proceeds will be reinvested in the locomotive acquisition project to be used as match to upcoming federal and/or grants.

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**RESOLUTION
9B-08-2009
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD**

WHEREAS, the Operations Board authorized the Chief Executive Officer to pursue the sale of old VRE locomotives as they are replaced by new locomotives; and,

WHEREAS, VRE has now ordered twelve new locomotives; and,

WHEREAS, VRE has received an offer from Rail World for three F-40 units conditioned upon taking delivery of one unit no later than the end of September 2009 and the other two locomotives when VRE receives the new locomotives in 2010.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to execute a sales agreement for three F-40 locomotives to Rail World Locomotive Leasing of Chicago, Illinois, for a total of \$450,000.