

NEVADA COMMISSION for the RECONSTRUCTION of the V&T Railway
THURSDAY, JANUARY 28, 2021 @ 1:00 p.m.
CARSON CITY COMMUNITY CENTER, BOB CROWELL BOARD ROOM

MEETING MINUTES

CALL TO ORDER: 1:05 p.m.

1. ROLL CALL

Elaine Spencer called roll.

Chairperson: Stan Jones – Present
Treasurer: Deny Dotson - Present
Board Members: Stephanie Hicks – Present
Clay Mitchell – Present
Dave Peterson - Present

Others: Elaine Barkdull-Spencer, Michael Smiley Rowe via ZOOM, Angie Hoeger, Gabe Willaman, Kent Hanford

2. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: APPROVAL OF THE AGENDA

This is the tentative schedule for the meeting. The Commission reserves the right to take items in a different order to accomplish business in the most efficient manner. The Commission may combine two or more items for consideration and may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

E. Spencer requested Item #9 be removed from the agenda until a future meeting.

D. Dotson made a motion to approve the agenda with the change of moving Item #9 to a future meeting.

Second – D. Peterson

Approved - Unanimously

3. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: PUBLIC COMMENT ON NON-AGENDIZED ITEMS

Discussion may be limited to three minutes per person at the discretion of the Chairman. No action may be taken on a matter raised under this portion of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.

No public comment.

4. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: APPROVAL OF MEETING MINUTES

a. November 18, 2020

E. Spencer said S. Hicks had spotted two corrections which were made, and a corrected was emailed to everyone earlier that day.

S. Hicks made a motion to approve the corrected minutes from the meeting held November 18, 2020.

Second – D. Dotson

Approved – Unanimously

5. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR POSSIBLE ACTION: DISCUSS AND ACCEPT THE RESIGNATION OF STAN JONES AS THE V&T RAILWAY COMMISSIONER REPRESENTING THE STATE OF NEVADA AND STEPS FOR REPLACEMENT

Chairman Jones explained that he was appointed to the Board of Supervisors on January 3, 2021 and he felt it is a conflict to serve on both Carson City's board and serve as the Governor's representative on the V&T Railway Commission. He said that the new city appointment would take a lot of his time, so he is stepping down. He acknowledged several people for their support, advice, and friendship for the years he served on the Board.

Chairman Jones then passed the gavel to Treasurer D. Dotson. After which several commissioners and staff acknowledged S. Jones contributions to the V&T Railway Commission.

D. Peterson made a motion to accept the resignation of S. Jones.

Second - C. Mitchell

Approved – Unanimously

M. Rowe said there was another aspect to the agenda item. He said if any of the Commissioners had recommendations on replacement of S. Jones, it should probably be put on the record now.

D. Dotson said he would open it back up to discussion because it is an agenda item. He said he knew the position was appointed by the Governor's office, but he saw no harm with opening it up for discussion and making a recommendation if there were thoughts and people in mind.

S. Hicks stated she did not have a particular recommendation but if there are people interested and there is a particular process to go through the Governor's Office, they should do so.

C. Mitchell said he had no specific recommendations but would like to see a robust process and cast that net wide.

D. Dotson said he did not have anyone in mind, but it was always nice to have that little extra of help with marketing. One thought he had would be a state agency such as Travel Nevada whether it be one of their director positions or board members potentially. He said he did not know if they would even be interested or if it would be a conflict, but it was always nice to get someone from a state position that is neutral.

D. Dotson said there was already a motion and a second on the floor, he asked for all those in favor once again.

6. TREASURER DOTSON BROUGHT UP THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR POSSIBLE ACTION: NOMINATION AND ELECTION OF AN INTERIM CHAIRMAN AND VICE CHAIRMAN TO SERVE JANUARY 2021 THROUGH JUNE 2021.

D. Dotson asked E. Spencer to elaborate as to why the short time frame was worded this way.

E. Spencer explained that included in the Board Packet was a copy of SB57 which gave the direction. She stated they can fill voids; however, they must have an election every odd year and the newly elected officers' seats would begin July 1. In speaking with M. Rowe, it was decided these should be interim positions. As Marshall McBride no longer serves on

Storey County's Commission, this opened the vice chairman's position and as Stan Jones is resigning it opened the chairman's position.

D. Dotson asked for discussion from the Board or possible nomination for Chairman.

S. Hicks nominated D. Peterson for interim Chairman.

Second - C. Mitchell

Approved - Unanimously

D. Dotson then passed the gavel to D. Peterson.

D. Peterson thanked everyone and stated he had big shoes to fill.

6. - Cont. CHAIRMAN PETERSON CONTINUED WITH AGENDA ITEM #6 OPENING UP NOMINATIONS FOR INTERIM VICE CHAIRPERSON

D. Dotson nominated Clay Mitchell for interim Vice Chairman.

Second – S. Hicks

Approved – Unanimously

7. CHAIRMAN PETERSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION FOR POSSIBLE ACTION: DISCUSS DRAKO NOTE AND BALANCE DUE TO V&T RAILWAY COMMISSION BY ROY STREET. ROY STREET HAS REQUESTED TO MAKE A PAYMENT OF \$200,000 AND AN EXTENSION ON THE CURRENT NOTE.

E. Spencer stated that she emailed a copy of two note options to the commissioners. She stated Roy Street was due to call in to the meeting, but he did not respond to her phone calls nor her emails reminding him of the meeting. She read aloud an email she received from Mr. Street. It read, "Elaine, on the balance I owe on 3581 Drako Way, I would like to pay two hundred thousand now and you finance the balance."

She said the previous note was at 5% interest rate, compounded monthly, and had a balloon payment, that was due this month, of \$429,699.00. However, as the building was transformed into a cannabis cultivation center, Mr. Street was unable to refinance the property and provide the full amount due for the balloon payment.

E. Spencer said she calculated two agreement options for the commission to review, a four-year and a five-year option.

E. Spencer reminded the commission that the V & T has been using the Drako monthly payment to offset the cost of operations and currently they are not receiving a payment. There was also a \$1,700.00 interest payment that would have been due in January along with the balloon payment. E. Spencer said she would ask that the \$1,700.00 interest payment be added to the \$200,000 that R. Street would pay as a down payment on the note. She relayed that Mr. Street notified her that he has his business and the property up for sale.

Chairman Peterson asked if Mr. Street expressed interest one way or another on four years or five years.

E. Spencer replied, no.

Chairman Peterson opened the item for discussion.

D. Dotson said it would be nice to have a little income and the \$200,000 put in the bank because we did not run trains last year and looking at a challenge to running them this year. He said, as long as the terms are solid and default penalties are put through our attorney.

D. Peterson said that sounded very reasonable.

C. Mitchell wanted confirmation the note would be secured by the property.

M. Rowe said, yes.

S. Hicks said she thinks it is a good opportunity to gain a little extra income from the property, but as for what we are doing here today for clarification and for the record, is the intent then to direct staff to bring back to us an agreement that we will be able to review that will specifically outline these terms, if that is the direction we decide to go. She asked for another look at the offer.

E. Spencer, said yes, that she and M. Rowe would work on the document and with the Commission's approval, the Chairman would sign.

Chairman Peterson asked if that would also include the \$200,000 plus \$1,700.

E. Spencer said it would be good to have the check for the \$201,700 prior to the next meeting.

Chairman Peterson said that would show good faith on Mr. Street's part while they work out the agreement. Chairman Peterson said he liked the idea of a four-year payment plan and put it out to a motion.

E. Spencer added it was not a promissory note, it was a collateral based agreement.

C. Mitchell made a motion to instruct staff to negotiate an agreement to extend the loan with Mr. Street and to include the conditions of paying at least \$200,000 down, in addition to \$1,700 in interest that is due this month, for a term of no longer than four years and for the balance to be secured by the property on Drako Way.

Second – S. Hicks

Approved – Unanimously

8. CHAIRMAN PETERSON BROUGHT UP THE NEXT ITEM FOR POSSIBLE ACTION: FY21 FINANCIAL REPORTS

A. December 2020 YTD Budget Report

E. Spencer stated that they had a budget versus actual report that put them through December 2020. She pointed out details relating the revenue and expenses and confirmed that the budget was approved at a time when they did not know how long the pandemic was going to last and there was an assumption that the Polar Express, or at least a downsized Polar Express, would still be possible. She said due to the extended pandemic and the State's COVID-19 guidelines the Polar Express event could not happen and it was cancelled in September by a vote of the Commission. Instead, they ran two alternative events. The two events did not lose money, but they were not the Polar Express either. She advised the Commission that an augmented budget would be necessary before the end of the fiscal year to meet the requirements of the State Department of Taxation. She reminded the Commission that odds were that they were not running trains in May or June due to the pandemic and state guidelines, and trains were not scheduled at this time.

D. Peterson asked when she wanted to work on the augmented budget.

E. Spencer said she could in March as it is not due until May or June.

D. Dotson made a motion to approve the financial report as presented by E. Spencer.

Second – S. Hicks

Approved - Unanimously

9. REMOVED: REVIEW AND APPROVE \$10,000 YEAREND BONUS RELATING TO FY19 FOR ELAINE BARKDULL-SPENCER AS PER THE AGREEMENT BETWEEN V&T RAILWAY AND ZEPHYR COMMUNICATIONS OF NEVADA AS PER ADDITIONAL INCENTIVE COMPENSATION.

**10. CHAIRMAN PETERSON BROUGHT THE NEXT ITEM TO THE COMMISSION’S ATTENTION FOR POSSIBLE ACTION:
UPDATE ON THE CARSON CANYON RAILBIKES AGREEMENT**

E. Spencer said she had three meetings with Freedom Rail in the past month and they had discussed different issues. The operation will be receiving a stockpile of replacement parts so they will no longer be scrapping existing bikes to maintain the other bikes. They also discussed more robust brake system and going with new high-top seats. She said that Freedom Rail was ordering items that would make the current fleet more robust and maintenance free. It was an investment in the current railbike fleet. She said we will start the season with nine bikes and have 15 by June.

E. Spencer said the operations management and business startup last year was mostly on V&T. However, this coming season Freedom Rail may not need that much direction and oversight. She said they may be able to handle it themselves. The 40-60 revenue split was based on V&T operations oversight, including management, ticket service and marketing. Freedom Rail’s original proposal was a 30-70 split with them handling the management side etc.

C. Mitchell made a motion to instruct staff to work with Freedom Rail to come back with an agreement for this next season.

Second – D. Dotson

Approved – Unanimously

**11. CHAIRMAN PETERSON BROUGHT THE NEXT ITEM TO THE COMMISSION’S ATTENTION FOR POSSIBLE ACTION:
PROGRESS REPORT ON THE ENGINE #18 OVERHAUL AND PURCHASE ORDERS FOR PROJECTS OVER \$5,000**

E. Spencer said she had an email from Tom Gray stating he had no report and no invoices. Moments later Tom Gray, who was having audio problems during the meeting, sent a message to the commission stating the Engine 18 is in service as of September 19th, 2020 and the Federal Form 5 has been filed.

**12. CHAIRMAN PETERSON BROUGHT THE NEXT ITEM TO THE COMMISSION’S ATTENTION FOR POSSIBLE ACTION:
TRACK MAINTENANCE REPORT AND PURCHASE ORDERS FOR PROJECTS OVER \$5,000**

A. *Track Maintenance Report by Gabe Willaman*

G. Willaman reported that they had started on cleaning out the culverts and weed abatement.

B. *Track and Bridge Inspection Report and Recommendations by Kent Hanford of Hanford Consulting, LLC*

Kent Hanford stated he performed the annual inspections for all the track facilities, except for the track. He looks at everything outside of the rail and has been doing the inspections for seven years. Previously he worked with Ken Dorr on

the inspections. He said every year he and G. Willaman start at the southern end of the track and take it all the way to Gold Hill. He looks at every aspect, the drainage features, the structures including the bridge, the tunnels, and the retaining walls, earth, embankment, cut slopes, and wire mesh. Every single feature that was constructed at one point to allow the train to operate. Following the inspections, he prepares his report and breaks it down into different categories and then provides a summary of the general assessment overall of the health of the facilities which is provided to the Board. He made recommendations of where he thinks the focus should be. Many of the areas are 'repeat offenders' areas due to the nature of the soils that dictate the performance in certain areas. Some of the items specifically related to track safety have been looked at for a while, however, the funds were not there to do it. He said it would be a benefit to the operations.

D. Peterson asked for confirmation on the page relating to the NDOT bridge inspection that there would be another one June 2021.

K. Hanford confirmed that there would.

S. Hicks thanked K. Hanford for his very thorough reports stating being new on the Commission it was helpful to have the detailed information and the pictures. She wanted to make a point of clarification on both reports mentioning Carson City Public Works doing some of the touch up paint, stating Carson City certainly wants to help where they can. She added initially when they changed the lights, they used their signal trucks and decided it was not the best way to do it so they have hired a contractor to do the light changes since then and are glad to continue to do so. She said Carson City staff, unfortunately, are not out there to do the painting at the same time and because they have an electrical contractor doing the lights, they would not also do the painting. She said if there is a need for the painting then that probably should be factored into the other maintenance expenses as Carson City would not be able to do that.

K. Hanford said the most expensive aspect of doing the bi-annual bridge inspection is the traffic control. This year, possibly, when they do the inspection would be the time to do the painting while they have all their traffic control in place. He said it might be something they could coordinate.

D. Dotson asked when they are working on the projects how much they worked with Tom Gray; if there was any communication when he mentioned issues or anyway to improve the process if he was not involved.

G. Willaman replied saying when trains are running, Tom Gray does tell him about issues. G. Willaman says if he needs to borrow a tool from Tom Gray for the Commissions track or if Tom's people need to borrow a tool from Gabe for their track, they do. G. Willaman added they rent equipment from Tom Gray all the time and he is willing to work with him any time.

E. Spencer introduced G. Willaman to the new commission members explaining he is the regular maintenance contractor whose contract was just renegotiated, and she would be bringing back to the commission. She also wanted to get back to the commission on the recommended track maintenance listed in K. Hanford's report and said she would recommend splitting the costs between FY21 and FY22. She said there are some remaining funds in the FY21 budget, but not enough to do everything. She is still holding down costs.

K. Hanford explained that the guardrail is defined as taking track rail and putting it in between existing rails. It is to keep the train upright on the track should there ever be a derailment. He said the two areas mentioned in his report are east

of the tunnel by the Chinese Wall and in the Overman Pit- the north and south end. He said it would be a great benefit from a safety standpoint to put those in. He said Gabe Willaman could install them so it would be essentially in-house.

G. Willaman confirmed they have most of the materials already. Relatively speaking, Kent Hanford said it would be simple and economical to accomplish while being a big benefit. He said they currently have the guard rails above Highway 50, and it would be the exact same structure right down the middle of the tracks to catch a rail should there be a derailment.

K. Hanford said they are starting to see movement again in the Overman Pit as they have been since it was constructed. He said it is naturally consolidating – there are other factors beyond the natural settlement, or a large earth fill due to the mining history. He said G. Willaman has been managing it by adding base to the track and ties to keep it at grade, but the earth continues to settle. He said at one point a surveyor was placing rebar and tracking it annually, but the monitoring ceased because it was believed the issue had been resolved. Kent Hanford says they are seeing more settling in a different area, so his recommendation is to bring someone in to begin monitoring. He said they are fortunate that Gary Luce, who is a geotechnical engineer and geologist, has been involved with the project for thirty years, he has either been responsible for the design work or he has overseen and guided the people during the work. He said Gary Luce provided all the observation during construction. He says Gary Luce is knowledgeable and has all the history.

G. Willaman and K. Hanford explained the required tasks for maintaining the ditches along the tracks and using mesh for rock catchment.

Chairman Peterson wanted to know what was being allocated for this fiscal year.

E. Spencer said G. Willaman is the rail inspector and goes out twice before every train. He does light maintenance before every train and railbike ride. Once a week he is doing the maintenance and clean up. She said what they have been talking about is a major seasonal expense, but they also have a contract with Gabe where he takes his men out with the high rail and maintain the rail. This major expense is for before they run trains. For the railbikes, they may need to do a little, but the major must be completed before they run a train.

G. Willaman says they only charge for what they work on. He really cares about the Commission and he wants it to succeed.

C. Mitchell made a motion to continue this item until the next regularly scheduled Board Meeting.

Second – S. Hicks

Approved - Unanimously

**13. CHAIRMAN PETERSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION FOR POSSIBLE ACTION:
DISCUSSION FOR A STRATEGIC BUSINESS PLAN FOR THE V&T RAILWAY COMMISSION.**

Discuss and approve an agreement with Linda Ritter Consulting to perform proposed services of compiling data, facilitating a workshop, and writing a proposed plan based upon input of the V&T Commission

E. Spencer explained why she reached out to Linda Ritter for the workshop. Linda Ritter has been asked to look at the financial wellbeing of the V&T Railway and discuss the structure of the commission after it was revised in 2017. E. Spencer said she will work with her on the research and compiling the information and Linda will combine the information and perform a workshop with the commission at a cost of \$6,800. She said it is something the commission could use to determine its purpose and each of the counties to determine their return on investment.

She said the original concept that she and D. Dotson discussed was to bring all the parties together and determine what they expected from V&T for their investment. She sees no problem starting with a workshop and working parallel with the information gathered so the long-term plan will come from the original concept. The commission discussed the need for two workshops and asked E. Spencer to ask Linda Ritter if she could do two for the proposed price.

C. Mitchell made a motion to instruct staff to negotiate a contract with Linda Ritter Consulting not to exceed \$6,800 and to include at least the research and workshop preparation and facilitation elements that are included in the proposal in addition to a preliminary workshop in February.

Second – S. Hicks

Approved – Unanimously

14. CHAIRMAN PETERSON BROUGHT THE NEXT ITEM TO THE COMMISSION’S ATTENTION: FOR DISCUSSION ONLY: GENERAL MANAGER’S REPORT

E. Spencer said her contract is up for renewal March 2021 and she opted not to renew. She said it was a decision that she knows leaves a lot to do in two months, but she is confident that she can do it. She also believes the new strategic plan will help the Commission going forward. She would be open to a smaller contract or work when needed but added that the pandemic was making it hard for the V&T Railway to make money and she did not want to draw a full retainer when the trains were not running until the foreseeable future.

15. CHAIRMAN PETERSON BROUGHT UP THE NEXT ITEM TO THE COMMISSION’S ATTENTION: FOR DISCUSSION ONLY: ATTORNEY’S REPORT

M. Smiley-Rowe said most of his work this past month has been to work with E. Spencer on the resignation of former Chairman Stan Jones, the Drako property, and looking at the interlocal agreement with Storey County. He said he believes it is important to have the workshops. He encouraged the Board to have it written up so there is a plan to follow when they are considering the future of the V&T and that they could all work from.

16. CHAIRMAN PETERSON BROUGHT THE NEXT ITEM TO THE COMMISSION’S ATTENTION: FOR DISCUSSION ONLY: NEXT MEETING DATE(S) AND AGENDA ITEMS:

A. V&T Railway Commission next meeting to be held 1:00 p.m. on Thursday, February 25, 2021.

C. Mitchell made a motion to schedule the next regularly scheduled meeting for February 25, 2021.

Second – S. Hicks

Approved - Unanimously

17. CHAIRMAN PETERSON BROUGHT THE NEXT ITEM TO THE COMMISSION’S ATTENTION: COMMISSIONER’S COMMENTS:

18. CHAIRMAN PETERSON BROUGHT THE NEXT ITEM TO THE COMMISSION’S ATTENTION: ADJOURNMENT OF THE MEETING.

Chairman Peterson adjourned the meeting at 3:18 p.m.

The Minutes of the January 28, 2021 Nevada Commission for the Reconstruction of the V&T Railway meeting are so approved this 3rd day of March 2021.

Approved by the V&T Railway Commission Chair:


