

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Thursday, August 26, 2021 Regular Meeting
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A regular meeting of the Nevada Commission for the Reconstruction of the V&T Railway was held at 1:00 p.m. on Thursday, August 26, 2021, in the Community Center Robert “Bob” Crowell Boardroom, 851 East William Street, Carson City, Nevada.

The meeting video is available on Carson City’s website by clicking on the link below:
https://carsoncity.granicus.com/MediaPlayer.php?view_id=2&clip_id=1844

PRESENT: Chairperson David Peterson
Vice Chair Clay Mitchell
Treasurer Jim Wells
Commissioner Stephanie Hicks
Commissioner Deny Dotson

1. CALL TO ORDER

Chairperson Peterson called the meeting to order at 1:03 p.m.

2. ROLL CALL AND DETERMINATION OF A QUORUM

Roll was called and all commissioners except for Vice Chair Mitchell were present, establishing a quorum. Vice Chair Mitchell joined the meeting at approximately 1:12 p.m.

3. PLEDGE OF ALLEGIANCE

Chairperson Peterson led the Pledge of Allegiance.

4. PUBLIC COMMENT

Public comment was made available via telephone, (775) 686-9037. Chairperson Peterson entertained public comments; however, none were forthcoming.

5. FOR POSSIBLE ACTION: APPROVAL OF MINUTES – JULY 24, 2021 V&T RAILWAY COMMISSION MEETING

Chairperson Peterson introduced the item and entertained comments, changes, or corrections.

Ken Dorr requested a few changes be made to the minutes. In the Engineer’s Report, in paragraph five it should read Form 55 instead of Form 550. In the next paragraph, Gabe ordered a new signal arm not a single arm. Lastly, it was a high rail inspection and not a high rain inspection.

MOTION: Commissioner Wells moved to approve the minutes for the July 24, 2021 with the changes noted. The motion was seconded by Treasurer Dotson and carried 4-0-0.

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CONSENT AGENDA

Chairperson Peterson asked if other Commissioners would like to remove any items from the Consent Agenda.

Commissioner Dotson had questions on item number seven, so it was pulled from the Consent Agenda.

MOTION: Commissioner Dotson moved to approve agenda item 6 on the Consent Agenda as presented. The motion was seconded by Commissioner Hicks and carried 4-0-0.

END OF CONSENT AGENDA

8. ITEM(S) PULLED FROM THE CONSENT AGENDA WILL BE HEARD AT THIS TIME

Talked through item number 7 – the adjusted V&T FY21/22 budget report, period ending July 31, 2021.

Commissioner Dotson had a question about revenue – is the \$65k listed under miscellaneous FEMA money? Chairperson Peterson answered that the \$65k is from Visit Carson City but for FY21. Commissioner Wells stated that this money should be put in FY21. Allyson Bolton replied that the \$757.20 is FEMA dollars.

Commissioner Dotson also questioned the Professional Services amount – the amount matched receivables but was only \$989. Was wondering if vendors were not paid in the month of July. Commissioner Wells explained that this is due to the timing of the check runs.

It was decided that this report will be presented quarterly in order for it to accurately reflect activity.

MOTION: Commissioner Hicks moved to approve the adjusted FY21/22 budget report as presented through July 2021. The motion was seconded by Treasurer Dotson and carried 5-0-0.

9. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF CONTRACT NO. FY22-C001, WITH CASEY NEILON, INC., TO PROVIDE EXTERNAL AUDIT SERVICES, FOR A TOTAL NOT TO EXCEED AMOUNT OF \$80,945

Suzanne from Casey Neilon present to answer questions.

Chairperson Peterson read disclosure before discussion began. *NRS 281A.420 requires me to disclose a conflict of interest and abstain from voting when I have a disqualifying conflict. I am*

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the Executive Director of the Carson City Culture and Tourism Authority. The Culture and Tourism Authority has contracted with Casey Neilon to provide services similar to those proposed in this agenda item. While I make this disclosure, NRS 281A.420 requires abstention only in clear cases. I do not have any commitments to Casey Neilon in a private capacity, nor do I have any personal pecuniary interest in any Casey Neilon contract. I do not believe that my judgment is materially affected by the Culture and Tourism Authority contract. Therefore, I do not have a disqualifying conflict and will be voting on this matter.

Commissioner Wells recapped the SOQ process. There were two firms that submitted responses to the SOQ. After the review of proposals, Casey Neilon was selected based on the fact that they could do the work as well as the fact that their fees were substantially lower than the second bidder. There were a few internal comments about whether there were sufficient hours. Commissioner Wells spoke with Suzanne and it is believed there are enough hours in order to meet the responsibilities.

MOTION: Commissioner Hicks moved to approve the contract for external audit services by Casey Neilon through December 21, 2025. The motion was seconded by Vice Chair Mitchell and carried 5-0-0.

10. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF LEASE NO. FY22-L001, WITH VIRGINIA & TRUCKEE RAILROAD CO., INC., FOR THE PURPOSE OF THE SALE OF GOODS AND SERVICES, FOR A TOTAL NOT TO EXCEED AMOUNT OF \$1,080.26

Commissioner Hicks would like to include terms that are currently missing from this document. There are things the City includes in their standard template that should also be included in this agreement – to the Commissions benefit as well as to the lessee’s benefit. There is not an actual termination clause, only an opportunity to terminate before the renewal period. There is no discussion of repairs and maintenance. Typically, there is a force majeure clause. Usually there is a clause regarding personal property. Doesn’t want to delay moving this along, proposing to remove the automatic renewal clause under renewal terms on the second page of lease and put an end date at the end of this season. That way the Commission has an opportunity to revisit and come up with a template of standard terms and conditions.

Commissioner Dotson asked if the \$208 was what Tom paid in the past. Allyson Bolton confirmed that this is the exact same amount as was paid in the past. However, the amount has been prorated for the last five days of August.

Vice Chair Mitchell asked if this lease is for the entirety of the gift shop space. Allyson Bolton explained that it is a shared space, to the left of the entrance is a ticketing counter where her team will operate out of. The remainder of the space is included in the lease except for the office space. Vice Chair Mitchell also inquired about the location and logistics of Polar Express retail. Allyson Bolton answered that Polar Express retail is separate – it is handled by the Railway and will be sold in the steel building not the ticketing office. Chairperson Peterson requested that the

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measurement of the space be added to the lease. Commissioner Hicks suggested adding a diagram of the space to the lease agreement, as Exhibit A.

MOTION: Commissioner Hicks moved to approve leasing retail space at the Eastgate Depot ticketing office/gift shop by Virginia & Truckee Railroad Co. through January 31, 2022 with the removal of the renewal term section on the second page of the lease agreement and the addition of an exhibit or approximate square footage of the area. The motion was seconded by Vice Chair Mitchell and carried 5-0-0.

11. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF LEASE NO. FY22-L002, WITH VIRGINIA & TRUCKEE RAILROAD CO., INC., FOR THE USE OF THE LOCOMOTIVE #18, FOR A TOTAL NOT TO EXCEED AMOUNT OF \$20,000

Chairperson Peterson commented that this agreement, as it stands, would run through December 2022 – the same time frame as the Operating Agreement.

Vice Chair Mitchell commented that there is a great deal of crossover between this document and the Operating Agreement. Should look at both contracts together and not separately like the Commission is currently doing. That being said, this agreement does need to be in place to get up and running. However, there ought to be more consistency moving forward – whether that is duplicating terms in both documents or keeping things concurrent but separate. Chairperson Peterson proposed that maybe these two documents could be a single agreement in the future. These conversations could begin after this season wraps, shouldn't wait until the end of 2022. Tom also expressed things that he would like to see addressed that are not currently being addressed. Treasurer Wells also had issue with the contract being contingent on the Operations Agreement – this should be a single document that covers the Operating Agreement, what the Commission pays to Tom to bring it down, what Tom pays to us, etc.

Gabe Willaman commented that Tom does store some of his rolling stock on our sidings. This is something to factor into the equation.

Commissioner Dotson raised the point of the return of the 18 on December 31st – that is a cold day and we have nowhere to put it. Page 6, item number 17 in the agreement. The Commission should have that worked out well before December 31st.

Vice Chair Mitchell made one last comment about the need for a more long term, sustainable succession plan. These conversations should be on the Commission's radar both internally and externally. Commissioner Hicks agreed with the statements being made and volunteered to be part of these conversations. It was agreed that Vice Chair Mitchell and Commissioner Hicks will lead this effort on the County and City levels.

MOTION: Treasurer Wells moved to approve Lease No. FY22-L002, with Virginia & Truckee Railroad Co., Inc., for the use of the Locomotive #18, for a total not to exceed the

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amount of \$20,000 through December 31, 2022. The motion was seconded by Commissioner Dotson and carried 5-0-0.

12. FOR DISCUSSION ONLY: UPDATE ON THE BATTLE, AXE & TRACKS EVENT

Allyson Bolton read a prepared statement from Gina Lopez and Ken Farley who were unable to be present at the meeting. Dated August 25th, 2021.

As an up-and-coming music festival, this is the last thing we wanted to do. However, we have made the decision that the inaugural Battle, Axe & Tracks which was set to take place October 2 and 3, 2021 in Carson City, Nevada, at the Eastgate Depot will be postponed in light of growing concerns and requirements surrounding the latest increase in COVID cases nationally.

We have sold tickets to this event to people coming from nearly 20 states, so the last thing we want to do is put in harm's way our attendees or our local community. It's not the message we wanted to deliver. We had a vision for Battle, Axe and Tracks to produce a festival centered around the return of live music and entertainment – without masks and without social distancing protocols. With rising concerns across the industry, at this point, it doesn't seem like we would be able to deliver the experience originally envisioned. We're heartbroken to make this call, however, we are committed to keeping the artist lineup as planned and are more dedicated than ever to the success of this event.

Tickets will roll over to the new date for anyone who has purchased tickets to date. We have also given refunds to those who have requested it.

We are currently organizing new dates for the event for October of 2022.

We thank the Railway Commission for their patience and support of this event, and we will keep you informed of the developments as they occur.

Sincerely, Gina Lopez and Ken Farley

Commissioner Wells requested that we select a date that coordinates with everything else that is going on in the community since we didn't have this opportunity this year. Vice Chair Mitchell asked if those dates are now on sale for the train. Allyson Bolton ensured that those dates are on sale and a joint marketing effort with Virginia City is being put together since that is the weekend of outhouse races.

13. FOR DISCUSSION ONLY:

MONTHLY NON-ACTION ITEMS:

A. OPERATIONS REPORT

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Allyson Bolton presented the Operations Report. The focus of July and August has been launching trains and launching Polar Express simultaneously.

Operations

We are live in FareHarbor for ticketing, our phone tree system is in place, have been coordinating with Freedom Rail to ensure scheduling of trains and bikes is safe for all, and working with Tom Gray on the retail agreement. We finalized the Polar Express schedule, have been adjusting the ticketing in FareHarbor as well as on the website, we are moving forward with the parking plan for off-site parking, our retail order is complete, auditions have begun, and rehearsals are now underway. Had previously agreed upon a 17-night schedule but now we know exactly what the Polar Schedule will look like. We have three cars – a VIP, a Deluxe Coach, and a Coach. We will have three runs a day for 23 nights. This change comes from starting the weekend before Thanksgiving, November 18th is our media day. The additional days are due to Washoe County and Carson City School District winter breaks which start December 17th. We will be running every day from December 17th through December 24th with the exception of Monday, December 20th. Looking forward, we are sourcing a cookie vendor as Rail Events no longer endorses the cookie vendor we were using. We have also lost our photographer that does Santa photos, are working to identify a new photographer as well as a Santa for the Depot. Operationally, we are gearing up for Saturday as well as thinking about Toast of the Canyon in October.

Presented monthly revenue and ridership for general train season thus far as well as for rail bikes. The dip in the rail bike numbers is due to the smoke and their inability to operate when the air quality is above 140 or so. Polar numbers will be presented at the next meeting.

Assets

Have been working with Freedom Rail to clear up the Depot into designated workspaces, more cleaning things out and cleaning things up, engine 18 coordination. We will continue to clean up, updating signage, and an inventory of all of the storage we have.

Board Relations

Coordination of the SOQ for the auditor, coordination with Drako players, as well as moving forward with the foundation. Lauren is working with David on the foundation and establishing who will be the registered agent as well as the initial Board. It was decided that we will be reaching out to two people from this Board to sit on that Board as well and no more to avoid any quorum issues. The purpose of the foundation is to be able to work for grants as well as solicit donations. Up next, continuing to work on accounts payable, coordinating Commission meetings, and establishing foundation.

Marketing –

This is more of a baseline update; August numbers will be presented at the next meeting and so forth.

Public Relations – Distributed one press release and one media invite, one surrounding the launch and an additional one inviting media to the “Back to the Track” event on the 28th. We had

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an interview with KTVN, Nevada Appeal, PBS Reno. Have put out two e-blasts – one for the launch and a secondary one inviting people to the event. The August clip report will pull together all media coverage from August and be presented in September.

Social Media – Scheduled the deletion of “new old” Facebook page. Facebook requires a 15-day period where it still lives on Facebook, we posted to encourage people to like the original page. Ran a boosted post on Facebook for the launch event. Also updated the handle so there is a consistent handle across Facebook and Instagram - @vtrailwaycommission.

Advertising – Currently working with a media buyer to put together a media buy for the general season as well as PEX – outdoor, print, and online. Looking to begin marketing Polar Express heavily starting in October, we want to allow ticket sales to happen organically in order to see what happens. Will work with the marketing committee to review plans.

Website – Made all of the necessary updates to the website to reflect the launch and upcoming Polar Express. We do not have a Google analytics account so we will need to establish this account. Will have this data at the next meeting.

Chairperson Peterson asked if we are using a Cision account. Allyson Bolton responded that we do not have a Cision account so tracking this manually at this time. Chairperson Peterson also commented that, on the Visit Carson City side, they are coordinating social media efforts with the Railway efforts.

Treasurer Wells inquired about how the additional Polar Express dates impact the Lollipop contract, we will need to amend the contract as it was predicated on fewer dates. This will need to be brought back to September meeting. Allison Bolton let the Commission know that Carla Wilson has shared a tentative new contract and we are hoping to bring it to the November meeting in the event that there are other changes between now and then. Commissioner Wells suggested that the contract be brought back sooner as a do not exceed agreement. Allyson Bolton will speak with Carla Wilson about this new timeline, will also include COVID precautions in revised contract.

Treasurer Wells also raised the point of the having the Board be the Board of the foundation as well. Should we only have two people, or should we just be the Board? Allyson Bolton stated that the initial thought of two people was to avoid any quorum issues unless we want to bring foundation meetings within Commission meetings. Treasurer Wells is a proponent of that format. He would like the entire Board to be part of these discussions rather than two members really impacting the rest of the Commission. Commissioner Hicks wants to make sure there would not be a conflict with a fundraising Board and the Commission. Commissioner Dotson echoed that thought. Allyson Bolton mentioned that she would like to involve the community in the fundraising side of things as opposed to the Commissioners. Right now, we are outlining bylaws as well as examining the former foundation to see what needs to be discussed before filing bylaws. We could identify two Commissioners to work on the formation before establishing Board. Chairperson Peterson proposed having two members work on it and bring it back in September. Treasurer Wells remarked that it does not need to be done by September as it has

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been dormant for many years already. Rather, the Board needs to be involved in the creation of something that is going to representing the Board. Commissioner Dotson asked if this could this item be added to a workshop at the end of the year. It was agreed that the foundation will be further discussed in January or February – after we get through Polar Express and Christmas. Will also have a strategic plan check in at the same time.

Commissioner Dotson expressed that Virginia City is also promoting the launch and Engine 18 coming back on social media. He also had a question about the paid advertising – are we primarily targeting the local market? Allyson Bolton replied that we are focusing on the local market. Before we move forward with any media buy, the budget is going to be looked at because some expenses were overlooked in the original budget. All expenses will be accounted for before any media buy takes place. She does not anticipate that we will be able to do much out of market, we are going to have to keep it mainly local. The reason we are not going to begin marketing until October is to see how tickets sell naturally, it is likely that the marketing focus will be on the earlier runs as the later dates do tend to sell out quickly. Our pricing structure is also changing this year – standard pricing (November 18th – December 16th) and premium pricing (December 17th – December 24th). Both pricing structures do include a bump in the price point, the standard bump is only an \$8 price increase.

Commissioner Dotson also wanted to confirm an early train departure on the Saturday of Camel Races. Allyson Bolton confirmed the early departure. A first responder price for the September 11th train was discussed.

B. ATTORNEY’S REPORT

Mike Rowe presented the Attorney’s report. It has been a busy month spending time on agenda items 9, 10, and 11 – getting those contracts in shape for the Commission to consider. In addition, BCM sent instructions and David signed them. Allyson Bolton will track down Mr. Street for his signature and return the instructions to BCM. Then the \$200k will be transferred. Chairperson Peterson is going to sign the 18 lease and give to Allyson to track down Tom for his signature. Lastly, the language on the first page of agenda was tweaked to adjust the new COVID directive.

C. ENGINEER’S REPORT

Ken Dorr presented the Engineer’s report. He first presented the cost summary as Commissioner Wells asked last month who is keeping track of the budgets. Ken Dorr stated that he keeps track of maintenance and engineering expenses. Gabe’s expenses hover around \$24k right now, budgeted \$98k. Looking very good at costs compared to what we had anticipated. There is a line item of \$250k on the budget for long term capital improvements – this is for the Overman Pit improvements as well as a bad culvert below Eastgate.

Ken Dorr again presented the Rail Bike Block Plan. Using a direct traffic control system, the train is allowed to enter the block once the dispatcher has approved it is safe to do so with the rail bikes. Signs have been put up to reflect the rail bike block and hold point. Chairperson Peterson

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interjected to say that Tom Gray is going to hold at the rail bike block before entering with the train – to ensure that all rail bikes are off the tracks. Once the signal is all clear, the train will enter. On the Freedom Rail side, they will not put any rail bikes back on the tracks until the green light from Tom Gray’s team has been given. This coming weekend will be a learning experience.

Ken Dorr invited Gary Luce, our Geotechnical Engineer, to speak about the settlement monitoring of the Overman Embankment. The Overman Embankment is guaranteed to settle. It was reconstructed in 2014. Rebar was placed along the top of the embankment for settlement monitoring purposes. Shared a spreadsheet documenting how much things have moved – in 2014, 2019, and 2021. Gary Luce spoke about how the embankment is settling at a lower rate, primarily due to the lack of rain. However, the embankment still needs to be monitored and mitigations need to be performed as necessary. This is part of routine track inspections, yearly or semi-yearly inspections of embankments itself, as well as if incidents occur. Also need to routinely inspect tunnels. Will do another survey of settlement in a couple of years with routine inspections once a year. We don’t anticipate a catastrophic settlement for another two to four years. Chairperson Peterson asked if the measurement will be taken again in 2023 or does it need to be taken every year. Ken Dorr responded saying that we can wait another two years. Gabe Willaman goes over the track every week and he knows what to look for. Chairperson Peterson also commented that the settlement may not have been as bad had we monitored it more in the five-year hiatus. Gary Luce added that an impermeable membrane was added under the rail bed during the reconstruction in 2014. The decrease in settlement is in part due to this. The area that is now showing signs of settlement does not have the impermeable membrane over it. Adding this to the net phase of mitigation would decrease the rate of settlement.

Ken Dorr brought up Gabe Willaman to discuss the work that he has been doing – worked on the Hayward Switch, vegetation control. Nevada State PUC Inspector assessed the track and said it looked great. Rented Tom Gray’s equipment, used it for digging for 3 days. Fixed Haywards, put a new crossing gate arm on at Linehan, cleaning up the dirt and junk around. There is some work coming up on resurfacing the line around Overman. This was delayed due to the heat as of late. Some additional ballasts need to be placed in various locations, there is a soft spot at mile post 15.3, Gabe will need to do a little more work on the bad switch at Hayward.

Ken Dorr examined some of the RFP documents for the original track maintenance in 2010 and updated them. Some of the scope of work has changed so the new versions reflect the latest and greatest.

Is going to work with Allyson Bolton to get all records kept at the Depot – track inspections, signal inspections, bridge inspection records – in case the FRA wants to look at them, they must be kept for 2-3 years. Proposes an electronic as well as a hard copy.

Ken Dorr is continuing to do Form 55 Reports, but he spoke with Allyson Bolton about taking that over next month. The person that completes these forms is the Safety Reporting Official for the Railway. In the event of an accident or injury, there are specific requirements that we need to respond immediately as well as write up a report.

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The Linehan Road crossing signal has been replaced.

D. UPCOMING MEETINGS

Chairperson Peterson read the following into the record:

- **V&T Railway Commission: Thursday, September 23, 2021 at 1:00 p.m.**

14. COMMISSIONER COMMENTS, ANNOUNCEMENTS, AND REQUESTS FOR INFORMATION FROM STAFF

Commissioner Dotson cannot make it to the launch event this weekend but wishes everyone good luck. He also brought up Tom Gray's latest purchase of the original Reno steam engine.

15. PUBLIC COMMENT

Public comment was made available via telephone, (775) 686-9037. Chairperson Peterson entertained public comments; however, none were forthcoming.

16. FOR POSSIBLE ACTION: TO ADJOURN

MOTION: Treasurer Wells moved to adjourn.

Chairperson Peterson adjourned the meeting at 2:49 p.m.

The Minutes of the August 26, 2021 Nevada Commission for the Reconstructions of the V&T Railway meeting are so approved this 23rd day of September 2021.

Approved by the V&T Railway Commission Chair: _____

