

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Wednesday, November 30, 2022 Regular Meeting
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A regular meeting of the Nevada Commission for the Reconstruction of the V&T Railway was held at 9:00 a.m. on Wednesday, November 30, 2022, 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/player/clip/2147>

PRESENT: Chairperson David Peterson
Vice Chair Clay Mitchell
Treasurer Jim Wells
Commissioner Stephanie Hicks
Commissioner Leah Kruse

1. CALL TO ORDER

David Peterson: I'd like to call to order the Nevada Commission for the Reconstruction of the V&T Railway. It's Wednesday, November 30th, 9:03 AM, and we are here at the Carson City Community Center Robert “Bob” Crowell Boardroom. Could I get a roll call, please? Allyson.

2. ROLL CALL AND DETERMINATION OF A QUORUM

Allyson Bolton: David Peterson.

David Peterson: Present.

Allyson Bolton: Stephanie Hicks.

Stephanie Hicks: Here.

Allyson Bolton: Jim Wells.

Jim Wells: Here.

Allyson Bolton: Leah Kruse?

Leah Kruse: Here.

Allyson Bolton: Clay Mitchell? Not currently present.

David Peterson: Yes, and we'll mark him present when he arrives, so we do have a quorum, so thank you very much. Let's go ahead and get everybody to stand. We'll do the Pledge of Allegiance, please. Thank you.

3. PLEDGE OF ALLEGIANCE

All: I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

4. PUBLIC COMMENT

David Peterson: Thank you, everybody. We'll move on to agenda item 4, public comment. The public is invited at this time to comment on and discuss any topic that is relevant to or within the authority of this public body. I don't see any public comment in the room. Anybody, any takers?

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Okay, thank you. With that, we'll go ahead and move on to agenda item 5, for discussion only, introduction of our new commissioner, Leah Kruse, who is the acting director of the Virginia City Tourism Commission. Welcome, Leah. You want to say anything? Throw a few words out there?

5. FOR DISCUSSION ONLY: INTRODUCTION OF NEW COMMISSIONER, LEAH KRUSE, ACTING DIRECTOR OF THE VIRGINIA CITY TOURISM COMMISSION ("VCTC").

Leah Kruse: I'm really happy to be here. I've been with Virginia City now for about, with the tourism commission up there, for about four years, so this is exciting to step into something else and happy to be here.

David Peterson: Oh, we're happy to have you, so thank you very much. Now we got a full five of us up here, so this is great, so welcome aboard. All right. Yes, when Clay shows up, yes, we'll have a full five. Correct. All right, so let's move on to agenda item 6 for possible action, approval of the minutes of the October 26th, 2022 meeting.

6. FOR POSSIBLE ACTION: APPROVAL OF MINUTES OF THE OCTOBER 26, 2022, MEETING.

Allyson Bolton: I do have edits.

David Peterson: Okay. Thank you, Allyson.

Allyson Bolton: Allyson Bolton, for the record. Quite a few, so hang with me. On Page 2, line 4. Item is spelled wrong. Should be spelled I-T-E-M, not T-T-E-M. Page 3, third line from the bottom, "train" not "trained". Page 8, line 23, "blow", B-L-O-W, not "below". Page 8, eight lines from the bottom, "day" is not "days". Page 9, 17 lines from the bottom, "when" not "what". Page 9, 14 lines from the bottom, "eighteen" not "eighteenth" with the T-H. Page 10, "maintenance of way" not "maintenance way". Lines 6 and line 16, 27 and 29, all the same change. Page 10, line 29, "equipment" not "equivalent". Page 11, line 25, "Mckayla" should be "Mihaela". Page 14, middle issues without a formal policy, so the wording here is just it's in the middle of Page 14. The wording here is just a little off. We believe that there's a second "not" in there, so it says "certainly not" to "not", we're going to remove an extra "not" in that sentence.

David Peterson: Wait, sorry. I'm behind a page. Is that 14 or 13?

Allyson Bolton: Yes, that's page 14.

David Peterson: Will you just say that one again?

Allyson Bolton: Yes, it's in the middle. I'm trying to find the exact sentence right now. You got it where it says certainly not and there's just an extra "not" in there, and then the same page, the paragraph that starts with 21, 22, about the fourth line down, the sentence reads, "Without a formal policy, what was it that the policy that they were banking on to issue these credits," it should read, "Without a formal policy, what was the policy that they were banking on?" Just a grammatical thing there. Page 16, line 5, generate extra work, not gesture something. Page 17, line 9 should be "Allyson", not "Stephanie". Page 17, line 23, "then" not "and". Page 20, line 11, "invested" not "vested". Page 20, line 12, "from a planning" not "from--" Hold on. Page 20, line 12, "from a planning" not "from of a planning", so removing the "of". Page 20, third paragraph, actually I think this is the same change, Stephanie. It is removing the extra "of", so ignore that one. Just that Page 20, removing the "of". Page 21, line 24, "season" not "seasoned". Page 23,

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line 13. "Sunday" not "Saturday". Page 23, three lines from the bottom, "palatable" not "that tatable", not a word. [chuckles] Page 27, 12 lines from the bottom, "see" not "seen". Page 29, line 4, "A&K" not "ANK". Page 29, "ballast" not "vowels", 16 lines from the bottom, 11 lines from the bottom. I've referenced those three times, and that is all I have for today. [laughs]

David Peterson: Hey, thank you, guys. That's great. All right. Are there any other edits or changes anybody may have? If not, I'd be happy to entertain a motion on the minutes. Go ahead, Jim.

Jim Wells: I move to approve the minutes from the October 26th, 2022 meeting with the changes that Allyson walked through.

David Peterson: Great. Thank you for that motion, Jim. We have a motion. Do I have a second?

Stephanie Hicks: I second.

David Peterson: Thank you, Stephanie. We have a motion, a second. Any further discussion? Seeing none. All those in favor, please signify by saying aye.

All: Aye.

David Peterson: Any opposed? Motion carries unanimously. All right. Thanks for those edits and changes. We'll move on to agenda item 7, for possible action, discussion and possible action regarding the V&T statement of accounts payable checks paid October 1st through the 31st, 2022. The V&T Commission will review the invoice listing for accounts payable checks totaling \$52,845.20, again paid for the month of October. Jim, anything out of the ordinary on this one? Any questions, comments from commission? If not, I'd be happy to entertain a motion on this item.

7. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE V&T STATEMENT OF ACCOUNTS PAYABLE CHECKS PAID OCTOBER 1-31, 2022.

Stephanie Hicks: I move to approve the payable checks paid October 1st through 31st, 2022.

David Peterson: Thank you for that motion. Stephanie. Do I have a second?

Clay Mitchell: I'll second it.

Allyson Bolton: [chuckles]

David Peterson: Get in there. Get that microphone on. That's perfect.

Clay Mitchell: Second.

David Peterson: What a way to come in hot, Clay. Yes.

Allyson Bolton: For the record, we'll mark Clay Mitchell as present.

David Peterson: Yes. You can say it's at 9:11 AM That's perfect.

Allyson Bolton: He has seconded the motion.

David Peterson: He has seconded our motion. He's awesome. All right. We have a motion and a second. Any further discussion? All those in favor, please signify as saying aye.

All: Aye.

David Peterson: Any opposed? Motion carries unanimously. Thank you very much. Let's move on to, where are we at, eight, I believe. For possible action, agenda item 8, discussion and possible action regarding the adjusted V&T fiscal year 22/23 budget report for the period ending October 31st, 2022. The V&T commission will review a comparative statement of adjusted revenue totaling \$977,337.26, expenses totaling \$233,297.71, and to make a determination whether they approve the report. Jim, you want to add anything on this one? You okay with?

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8. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE ADJUSTED V&T FISCAL YEAR ("FY") 2022/2023 BUDGET REPORT, PERIOD ENDED OCTOBER 31, 2022.

Jim Wells: The only thing I'll add here is that thanks to Jennifer and the crew up in Storey County for the first time in a year and a half, we now match. That's the reason we are using the report from the county's financial system.

David Peterson: That's great. Cool. Wonderful. Well, thank you. Any questions from anybody about the numbers? I'm happy to entertain a motion on this one. Anybody?

Stephanie Hicks: I move to approve the budget report for October 31st, 2022.

David Peterson: Thank you for that motion, Stephanie. Do I have a second?

Clay Mitchell: It's Clay, I'll second that motion.

David Peterson: Thank you. We have a motion and a second. Any further discussion? Seeing none. All those in favor, please signify by saying aye.

All: Aye.

David Peterson: Any opposed? Motion carries unanimously. All right. That's great. Thank you very much. All right. We are on agenda item number 9, for possible action, discussion and possible action regarding the V&T Railway Commission FY22 annual audit report and financial statement. We have Casey Neilon, we have Suzanne Olsen here from Casey Neilon, and she is going to walk us through the audit and the financial statements.

I should make mention late material was provided last night. It was posted to the website, it is in the back of the room, and that moved us from a preliminary draft to a final draft of the audit and the financial statements. With that, Suzanne, I'll have you walk through the changes between the two versions if that's okay. Just hit the highlights. Okay. Awesome. Thank you, Suzanne.

9. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE V&T RAILWAY COMMISSION FY 2022 ANNUAL AUDIT REPORT & FINANCIAL STATEMENT.

Suzanne Olsen: You're welcome. Is it on?

David Peterson: If it's green, yes.

Suzanne Olsen: Yes. Okay. This is Suzanne Olsen. For the record, I'm going to go through the communications with governance that is required first, and then I will go through the changes. Awesome. All right. We have audited the financial statements of the Nevada Commission for the Reconstruction of the V&T Railway for the year ended June 30th, 2022. Our professional standards require that we communicate certain items with you at the conclusion of our audit. The first item I'm going to go through is a significant audit matter. Management is responsible for the selection and use of appropriate accounting policies.

The significant accounting policies used by the commission are described in note one to the financial statements. The one thing I wanted to bring to your attention that's different this year is the implementation of GASB 87. It involves leases and how leases are, operating leases are reported on the statement of net position, and so this year you have a lease receivable, and you currently have a deferred inflow of resources for the lease liability portion of that adjustment. It really had a net, a very minimal impact to the changes in your net position for fiscal year 2022. That will be how that proceeds.

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As you use the lease, it will amortize out the operating lease over the term of the lease ultimately. It doesn't change your lease at all. All it does is change how we're presenting it and the asset pretty much is the same dollar amount as the liability with just that very small change impacting your change in that position. There is a disclosure in note one that describes that in more detail. The GASB 87 was adopted during 2022, which is considered a change in accounting principle. We noted no transactions entered into by the commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The accounting estimate that's reported on your financial statements, which is the integral part of your financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. That estimate, the only estimate that we identified fell within that category was related to your accounts receivable and its collectability. We evaluated the key factors and assumptions used to develop the estimate of collectability and determining that it is reasonable in relation to the financial statements taken as a whole.

Ultimately, what's on your books as of 6/30 for accounts receivable has been collected already within the next fiscal year. We identified that through testing, so it was fully collectible. The financial statement disclosures are neutral, consistent, and clear. We did not encounter any difficulties performing the audit. We were able to obtain the information that we needed to complete our audit and substantiate our opinion.

There were some corrected misstatements. The listing of misstatements here is different than what was provided originally. We're only required to present material misstatements in this letter, so I removed anything that was below our materiality threshold. Those adjustments will still be recorded. They're just not reported in this letter. Does anyone have any questions related to these entries or would you like me to go through these entries?

David Peterson: I'll leave that up. Does anybody want to go through the entries? Is that important to anybody? No, I think we're okay. I'm not seeing any takers, but thank you.

Suzanne Olsen: Perfect. There were no disagreements with management. We were able to, as I said earlier, get everything that we needed to be able to perform the audit. Management representations will be signed once the final draft has been approved. We'll send that over to you for signature, and then we'll go ahead and be ready to issue the audit. We did not have to consult with any additional management or other independent auditors or accountants during our audit work. We did not have any new audit findings or issues. We do have a comment on the audit finding that was presented last year that we'll discuss when we go through the actual audit.

Other matters, there is some required supplementary information. It's the budgetary comparison information that's provided in the financial statements. We applied certain limited procedures and the management discussion and analysis. We provided certain procedures to the management discussion and analysis in the budgetary comparison information, which are required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries.

The basic financial statements and other knowledge we obtained during our audit of the basic financial statements was used. Then we did not audit the RSI and do not express an opinion or provide any insurance on the assurance on the RSI. Then the last thing is the restriction on use of

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the audit report. It says this information is intended solely for the information and use of management and the commissioners and the commission's board of commissioners and is not intended to be and should not be used by anyone other than those specified parties. That is our required communication with the commission. Does anyone have any questions related to those communications?

David Peterson: Any questions for Suzanne on that part? No? Yes, please proceed. Thank you.

Suzanne Olsen: Now, we'll start at the beginning of the audit. We're going to be on Page 1, the independent auditor's report. We're going to be looking at the emphasis of a matter, paragraph, so--

David Peterson: Suzanne, could I just interrupt you for one second? I apologize.

Suzanne Olsen: Yes.

David Peterson: Is it preliminary or the final draft?

Suzanne Olsen: We are on the final draft.

David Peterson: Everybody's got the final draft. Beautiful. Thank you.

Suzanne Olsen: Within this paragraph, we are on the third sentence. This was updated to reflect that Storey County and the commission have done a partial reconciliation of the items that were in the report last year related to due from local government's balance. We updated it, this paragraph to state that the amounts due from Storey County to the commission under these agreements have been partially reconciled between the two organizations since the inception of the first agreement. It is unknown whether the outcome of the reconciliation will result in a material impact to the commission, and no additional findings have been requested or has been requested-- no additional fundings have been requested.

David Peterson: Just to be clear, this is the 319 that we had on the books, but I know there were two separate amounts. Like one was 319,000, we paid 321, but by the time that happened, it was August and it can't get put back into fiscal 22. It becomes a zero at the end of fiscal 23 when we do this next year.

Suzanne Olsen: That is correct. We're still pending a decision on the \$250,000 depot and then the revenue question that's out there.

David Peterson: That's separate though-

Suzanne Olsen: That's separate.

David Peterson: -from the part that they were paying for us when we didn't have a checking account.

Suzanne Olsen: Yes.

David Peterson: That's the reconciliation that's not done is the 1 cent revenue to the 250 grand that we get per year. Then the \$250,000 liability to the county for the depot. Beautiful. That has got to be resolved between the county and the commission, perfect still. We got one thing done.

Suzanne Olsen: One done.

David Peterson: One done, one to go. Perfect. Clay will probably just write off the rest, so that's nice of him. Thank you, both.

Suzanne Olsen: That was the first change that we made. The next change is on Page 5, and this change, this is to the economic condition and the outlook. This information was provided by Jim. It has been updated in its entirety. To read, "State mandated COVID-19 related restrictions have relaxed gradually during the year ended June 30th, 2022. The commission had an unpredictable 2022 train season and had submitted an augmented budget. While uncertainties linger, operations have mostly returned to normal and revenues forecasted for the upcoming fiscal year are based

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on the regular schedule determined by the commission. In addition, the commission continues to pursue new revenue opportunities for the use of its assets." That entire paragraph was updated.

David Peterson: Looks great, Jim. Thank you.

Suzanne Olsen: The next update is on Page 13, it's Note 4, and the change was made at the third sentence. It was updated to reflect during the year ended June 30th, 2022. The commission received a 200,000-- oops. I'm going to remove the A. During the year ended June 30th, 2022, the commission received \$200,000 from the promisor that was being held in escrow. That was updated because last year that 200,000 had been approved to be released but had not been received yet. That's why that was updated.

David Peterson: That's because we couldn't do anything with it, could have been, it was like sitting in an envelope somewhere on somebody's desk or, I don't know, it was weird.

Jim Wells: Part of that was because we didn't have the new loan agreement.

David Peterson: That's right.

Jim Wells: It was just sitting in escrow until the new loan agreement was signed.

David Peterson: Jim, you're good with the way that-- Okay, great.

Suzanne Olsen: Then we added a last sentence, so the last sentence was added to read, "As of June 30th, 2022, the note receivable was in arrears three months. We do have a subsequent event coming up that identifies that that money was received in July." There is another piece to that coming up. On page 15 Note 9, Note 9 actually starts on page 14 and goes through page 15. Let's start on 14. We left the information related to the interlocal agreements that pertained to the amount of money that Storey County owes annually to V&T based on the legislation, the tax collected. Then we also left the information related to the \$250,000 payable on the depot for the purchase of the depot. Then we also left in here where it talks about how that \$319,000 was determined.

Then we modified the last paragraph on page 15 to read, "During the year ended June 30th, 2022, the amounts included in due to other governments of 319,363 representing expenditures of the commission paid by Storey County were reconciled and are due to Storey County and are reported as a liability on the statement of net position. The remaining outstanding items that are still subject to the reconciliation between the two organizations relate to the amount of revenues that Storey County owes to the commission per the interlocal agreement and the \$250,000 for the purchase of the old freight depot in Virginia City." My question on this one is to Jim, does that meet the standard of what you were looking for when you provided your comments?

Jim Wells: Yes, I think that's fine because we were going to talk about the payment in the next note.

Suzanne Olsen: We are in subsequent events.

Jim Wells: The only thing I will say is if you look at the page 15, it says Note 9 continued. It's actually Note 8.

Suzanne Olsen: Oh, goodness. Thank you.

Jim Wells: It's 8, 9, and 10 on this page instead of 9, 10 and 11.

Suzanne Olsen: I'll make that change. Thank you. I appreciate that.

David Peterson: Can I ask, there's also an extra space or maybe two in the first sentence in yellow between the words "the" and "amounts". Then just a question for Jim and Suzanne since we paid after we did the reconciliation of what Storey County covered, while we didn't have the bank account or the checks or whatever the case was, and we paid 321 and change. We don't

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have to acknowledge that because technically it was paid in this fiscal year. How are we dealing with the small [crosstalk] difference?

Suzanne Olsen: That's going to go to a different like a miscellaneous account or an account of [unintelligible 00:27:41] it was below the materiality level that we would require to need to be able to make that adjustment in this year.

David Peterson: Got you.

Suzanne Olsen: It will be something that can be adjusted at the time that the deposit is deposited.

David Peterson: That all is in fiscal 23.

Suzanne Olsen: Correct.

David Peterson: Again, next year we do it.

Suzanne Olsen: Correct.

David Peterson: Okay. Thank you. Thanks.

Suzanne Olsen: Any other questions related to Note 9? Note 9-- or Note 8-

David Peterson: Note 8.

Suzanne Olsen: -sorry, Note 8. Note 8 will be updated. That emphasis of a matter paragraph on that audit opinion will now say Note 8.

David Peterson: Do we have to shift anything else or is that it? Just that [crosstalk]

Suzanne Olsen: Then on page 15 at the top, that commitments and contingencies will be Note 8. Now subsequent events is going to be Note 9, and then risk and uncertainties will be Note 10. Then we should be-- Okay? All right, so Note 9, subsequent events. We added the second paragraph on July 11th, 2022. The payments in arrears associated with the note receivable in Note 4 were received.

On July 27th, we modified that to remove the dollar amount because of the difference between the 319 and the 321. We just identified that the commission approved the payment to Storey County for invoices paid on the commission's behalf from July 1st, 2019 to August 19th, 2019 and identified that the payment was made on August 26th, 2022.

David Peterson: That's great. I thought maybe we had to show that, but I understand what you're saying about we'll handle it in fiscal 23. Thank you.

Suzanne Olsen: Is there any questions related or any changes that need to be added to the subsequent event footnote at this point? We got the last bit of information on Monday, so just want to make sure.

David Peterson: Anybody want to-- you're okay with that? Thank you.

Suzanne Olsen: You're welcome. Then on Note 11, risk and uncertainties, I got updated information from Jim on risk and uncertainties. The last part of this paragraph was modified from the original, to read, "While there is the potential for future disruptions, the operations of the commission have mostly returned to normal. The commission does not currently expect this matter to negatively impact its operating results. However, potential future financial impacts related to COVID 19 cannot be reasonably estimated.

David Peterson: I think that's great. That's a good extra comment.

Suzanne Olsen: Perfect. All right. Then the next change happens on page 16, which is the required supplementary information, the statement of revenues, expenses, and changes in net position budget to actual. We updated this report from the original made a few small changes, what we wanted to do was make sure that the final augmented budget categories agreed to the augmented budget that was provided to us and to Storey County. We added the train-related

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services under operating expenses. Then because before we had the \$316,000 as part of repairs and maintenance, so we broke it out. Then when you're looking at your actual numbers, we broke out the train-related expenses to repairs and maintenance as well. It was comparative.

Jim Wells: That would be what we're paying Tom per run basic, long and short, all right, regardless of what the drain is in the time of the year? Okay, that makes sense. You need to put the formula in the variance column.

Suzanne Olsen: I just saw that, Jim. The other thing that I did was there was some repairs made to Engine Number 18. An Engine Number 18 was put into service during fiscal year 22. Those repairs were capitalized during the audit. I broke out, I removed them from repairs and maintenance and put them under capital outlay, for the purpose of the budget. Then when you come down to the bottom, as your depreciation is not part of your budget, and since we capitalize the capital outlay to get to what's reported on the statement of revenues, expenses, and changes in net position that are provided in your financial statements, we have to add those back. That's how we get to the 685,353. Without depreciation and including the capital outlay, your net position was 92,851. Your budget net position was 111,200.

David Peterson: Should we change in net? It says [unintelligible 00:33:12] that we should change that argument, and yes?

Suzanne Olsen: That is actually an end, I will fix the formatting on that. It just cut it.

David Peterson: It's cutting it off then? Okay.

Suzanne Olsen: Just cutting it off. Yes.

David Peterson: Thought that was a net that that was maybe French or [unintelligible 00:33:25].

Suzanne Olsen: No. [laughs]

David Peterson: Basically, we're just little under 20,000 from what we originally budgeted our final augmented budget then, you're saying?

Suzanne Olsen: Yes, and then when I add that formula, when I made that change, I didn't add that formula. When I add that formula, it will come down to that \$20,000 number.

David Peterson: Sorry, I didn't say this to you earlier in the week, but what's the negative-- Oh, never mind. The variance, it's not looking at final versus actual, is it? It's something vertically. It's not the difference between the 111 and the 92?

Suzanne Olsen: It would be, yes, you're missing. If you go back up to that train-related services, the 316 minus--

David Peterson: Oh, without a formula?

Suzanne Olsen: Yes.

David Peterson: Oh, so those are additive.

Suzanne Olsen: So that's--

David Peterson: Oh, I see. Okay.

Suzanne Olsen: Yes, so it will come down to that 20,000.

David Peterson: We don't need to go through that. Right now, what that ends up being [crosstalk]

Suzanne Olsen: If you'd like me too, I can.

David Peterson: Do we need to do that on the record or not? I'm assuming it's okay if the formula goes in there, we realize then that total expenses I think is going to change, and the change in net position. Those two cells will change. Is that it? We can just acknowledge that, I guess?

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Suzanne Olsen: I'm going to give you a number.

David Peterson: Okay, thank you.

Suzanne Olsen: That way, there is no confusion.

David Peterson: Yes, because I think total expenses, it's like 85-ish, 84 and change, and like 19-ish or--

Suzanne Olsen: The budget to actual change is \$18,349 loss or less. Your actual came in at 18,349 less than your budget.

David Peterson: Okay, great.

Suzanne Olsen: Does anyone have any questions related to this budget-to-actual comparison?

David Peterson: Well, the total expenses though that will be slightly different too, right? That'll be like at 85 when we add--

Suzanne Olsen: On that variance column?

David Peterson: On the variance, yes. The 316 versus the 292. We understand so that [crosstalk]--

Suzanne Olsen: The difference there is--

[pause 00:35:51]

The total expenses would be 37,235.

David Peterson: Thank you.

Suzanne Olsen: You're welcome. All right.

David Peterson: 37 or 87?

Suzanne Olsen: It would be an unfavorable, or it would be favorable. Sorry about that.

David Peterson: Total expenses will be in the variance column 84,535.

Suzanne Olsen: Yes, that is correct.

David Peterson: Okay. 84,535?

Suzanne Olsen: Yes.

David Peterson: As a positive number, offset by the negative and the total revenues variance of 102,884 gives you the minus 18,349.

Suzanne Olsen: Correct. Sorry that you're having to do math. [laughs]

David Peterson: No, I wanted to use the calculator. I didn't bring my glasses as you can see. Thank you for clarifying.

Suzanne Olsen: You are very welcome. Moving on to page 19. These are your schedule of findings. This was the finding that was reported as of June 30, 2021. I'm just going to go over the high level, but the finding was absent or inadequate controls over the safeguarding of the assets. This note, or this finding had to do with the **[unintelligible 00:37:54]** note. The status has been updated, to read, "The Commission executed a new note during fiscal year 2022 and has put processes in place to monitor the status of open contracts prior to contract renewal." Does anyone have any additional comment that I should add to that or is that adequate at this time?

David Peterson: No, I think that's fair. Jim, we have a contract log now, where all payments are being placed against what the not to exceed authority is on the contract, and we're delineating it by fiscal year. I feel pretty comfortable with the process that we have in place.

Suzanne Olsen: Perfect. All right. Those were the only changes, material changes that were made between the original and the preliminary, and there were some formatting and grammatical type changes that were made. I just did not bring those to your attention because they didn't have a material impact to the financial statements.

David Peterson: No, that's fair. Good job. Yes, thank you.

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Suzanne Olsen: All right. Does anyone have any questions?

David Peterson: Yes, questions, anybody? Okay, so you will go back work on the changes.

Suzanne Olsen: Make those few changes we discussed.

David Peterson: Yes, and then we'll get a version maybe later today.

Suzanne Olsen: You'll get a version with the management rep letter that you'll have to sign and return to us, and then we'll issue the final.

David Peterson: Yes, and we got to get it over to taxation ASAP, okay?

Suzanne Olsen: Yes.

David Peterson: Wonderful. Great.

Suzanne Olsen: Awesome.

David Peterson: Well, thank you.

Suzanne Olsen: Thank you.

David Peterson: If there are no additional questions, anybody want to make a motion on accepting?

Jim Wells: Before we get to that, I'm going to read the email that Jennifer sent voicing some concerns about not being given sufficient time to review the adjusting journal entries. She is not signing off on the audit report and could not be here this morning because she had a conflict. I don't know that that changes my opinion on approving the report. I've gone through the entries and I don't see anything glaring that would that would make me question the adjusting entries that were made for the financial statements, but I wanted to put that on the record.

David Peterson: Thank you, Jim. I don't have an issue with it either anyhow. I'm fine with it. I mean, technically, it's our responsibility to approve the audit as the commission. We have changes which we will ask for Jennifer to make, obviously, but she could do those.

Suzanne Olsen: She can put those journal entries.

Jim Wells: I think her point was that the contract that we have with Storey County puts her as the point person for budget and accounting-related matters. She's the contact person. Again, I think that that's fine. I think most of the entries that I saw in here were related to accruals and stuff that we just don't deal with in the normal course of the year. I just don't see any real issue. The lease-hold changes, obviously, were an adjustment. I just don't see anything in here that would preclude me from approving the report.

David Peterson: Fair enough. Anybody? Oh, go ahead, Suzanne. Sorry.

Suzanne Olsen: I would like to say that we were prepared to issue a final draft on the 18th of the month, but we were pending subsequent event information from her office in order to prepare and finalize this. I would like that to be put on record as well.

David Peterson: You don't have that still from--

Suzanne Olsen: I did receive it. I received it on Monday of this week. It was requested on the 18th.

David Peterson: Anybody have any consternation over us approving this? We're in a pickle because today is the last day of November and we're obligated to approve an audit no later than the 30th of November.

Jim Wells: Yes. Like I said, I don't have any reservations. Matter of fact, I'll make a motion to approve the audit report for the V&T Railroad Commission financial statements for the fiscal year ended June 30th, 2022 with the changes that were noted as we walked through the report.

David Peterson: Thank you for that motion, Jim. Do I have a second?

Stephanie Hicks: I second.

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David Peterson: Thank you, Stephanie. We have a motion and a second. Any further discussion?

Clay Mitchell: Jim, would you mind just restating the concerns that Jennifer expressed? Just a minute, just so I make sure I understand what they are.

Jim Wells: She was concerned that she did not get the adjusting journal entry. The Storey County financial system, the Tyler Municipal System that we use to process our transactions, we do it basically on a cash basis. At the end of the year, the auditors will come in and make all the accrual adjustments for accounts payable, accounts receivable, things like interest from the note, because we just record the note payments from Roy Street prepaid revenue inventory that we expense during the budget reports that we see during the year. They're just making all those accrual entries to make the financial statements, which you see on these pieces of paper. Those entries were provided to Jennifer last night. She basically is saying that she's concerned she hasn't had a chance to review those entries, and that because she is under the contract, our contact person for budget in accounting matters that she will not sign off on the report itself. Like I said, I'm not concerned because I've reviewed the entries when they came, the preliminary entries came through, what, a week ago? I just am not concerned with the entries that were made. I think that once they make those in the Tyler system, they'll just sit there for a year, and next year when the auditors come out, they'll basically reverse all the accrual entries from what we put in this year and add the accrual entries for next year. From a practical matter, I just don't think it really matters.

Clay Mitchell: Okay. Thank you.

David Peterson: Thank you, Jim. We do have a motion from Jim to approve the audit and the financial statements for fiscal 22. Stephanie seconded. Any further discussion? All those in favor, signify by saying aye.

All: Aye.

David Peterson: Any opposed? Motion carries unanimously. Thank you, everybody. Thank you, Suzanne. Yes, appreciate it. I think we keep refining the process--

Suzanne Olsen: This year was a lot smoother.

David Peterson: Yes. Agreed.

Suzanne Olsen: We just have to work on our timing a little bit more. I agree. I think it needs to be on both sides and the communication is better this year, but I always think there's room for improvements.

David Peterson: Yes, because I think maybe for next year trying to have something more toward the middle of the month, I understand everybody's concerned. It's hard to get the updated version as the late material on the last day of the month.

Suzanne Olsen: It's very hard.

David Peterson: Stephanie's been stressing out over this for weeks, I know.

Stephanie Hicks: We need to get an earlier start.

David Peterson: Yes. I think that's really what it comes down to. Because I know for us, for Visit Carson City, I feel like we start a month earlier in the grand scheme of things, we're way underway before we get underway with the V&T's process.

Suzanne Olsen: I think there were extenuating circumstances for why we were getting started later this year related to bank statements and stuff getting reconciled and that kind of thing.

Jim Wells: I think that part of it too is I had been going through with different statements than the Tyler system had the whole year this time. We had some revenue transactions that were

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mismatched from late 2021. There was a lot of things in my records that were correct that in the Tyler system we're not fixed, and so I think that was a start. We basically were starting trying to reconcile my records to what the Tyler system had in it. That, like I said earlier, that now we match through October.

Suzanne Olsen: I will say that helped tremendously. That effort right there was tremendous this year.

David Peterson: Jim, you feel now that we're in alignment, will we still have to have two separate sets of books or we can see couple months--

Jim Wells: I will probably continue it through the balance of 2023, but my hope is that in 2024 we do not have to have two sets of books.

David Peterson: Beautiful.

Suzanne Olsen: Actually, when I gave the entries to Jennifer this year, I told her which ones were reversing, so she could possibly have those done as well, which would reduce the amount of what we're doing.

David Peterson: Am I correct in understanding this year too, instead of giving partial entries, we had a situation where everything got doubled up last year. We were trying not to have that same situation for Jennifer, right, where we gave half or whatever entries and then give the other half, but then last year, things were double-entered or double-counted [crosstalk].

Suzanne Olsen: I was working with Jennifer all the way through like January, I think, to get the [unintelligible 00:47:16] so there was changes that were made to the beginning balances, dating- - like when you changed fiscal years, when you're typing in January or calendar year, so January 2022 transactions got recorded back into 2021. We had beginning balance changes and then journal entry changes and then--

David Peterson: This year there'll just be one set of journal entries [crosstalk]

Suzanne Olsen: She did not get more than one set of journal entries this year.

David Peterson: Hopefully, that will help them be more [crosstalk]

Suzanne Olsen: I think that will make that much easier for her so she won't be as nearly as stressed out over that. The goal would be to be done sooner.

David Peterson: Yes. No, I think that's great. We'll get little bit better each fiscal year.

Suzanne Olsen: Because it's stressful for everyone involved. Yes.

David Peterson: Thank you to you and your team.

Suzanne Olsen: You're very welcome.

David Peterson: Thank you so much.

Suzanne Olsen: You guys are very welcome.

David Peterson: Take care. Alright. Okay, well let's move on to agenda item 10 for possible action, discussion and possible action regarding the draft master contract with the Virginia and Truckee Railroad for train services, lease maintenance and storage of Locomotive Number 18, and use of VTRR's intellectual property as the contract and direction to staff and/or chair to coordinate, review with VTRR. Again, huge thanks, I mean, Steph, and Clay, and Mihaela for getting us to this point at the meeting. Would you, Stephanie, or Allyson's going to walk us? Okay, great. You'll walk through the contract and then all of the attachments that are included within, and then we can--

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10. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE DRAFT MASTER CONTRACT WITH VIRGINIA & TRUCKEE RAILROAD (“VTRR”) FOR TRAIN SERVICES, LEASE, MAINTENANCE AND STORAGE OF LOCOMOTIVE #18, AND USE OF VTRR’S INTELLECTUAL PROPERTY (“THE CONTRACT”), AND DIRECTION TO STAFF AND/OR CHAIR TO COORDINATE REVIEW WITH VTRR.

Allyson Bolton: Yes, and all comments from Stephanie are welcomed. [laughs]

David Peterson: Yes, sounds good. Okay, great. Thank you.

Allyson Bolton: Yes, massive kudos to Stephanie and Mihaela for really taking what was discussed at the last meeting and converging it into one document with subsequent attachments outlining the conversations with Tom Gray. Essentially, what the goal is today is for us to go through these documents and identify, there are at least three areas that we would like to focus on. Of course, then open it up to any other changes or comments on the contract itself. There are three that we've identified that we would like input from the commission, and then essentially create changes in a draft to then turn it over to Tom Gray and his attorney. Those are ultimately our goals today.

If we start into the contract, we do have the standardized contract here. As mentioned with subsequent attachments, you'll see on page 2 the various attachments that we do have. The sole source determination memo, the insurance schedule, the train services agreement, Locomotive 18 lease and maintenance agreement, the intellectual property license and then the fee schedule. Our fir-

David Peterson: Allyson, can I just ask a quick-- Do you-- If we have changes or recommendations, do you want to do your part, and then we come back to the beginning? How do you guys want to handle the--

Allyson Bolton: I think let's just go in chronological and when we get to the things that we specifically want to call out, I'll identify those. If you have something now, let's, let's tackle it.

David Peterson: I do. Can we start back then on page 1? I don't want to-

Allyson Bolton: Yes, we can go back to page one.

David Peterson: Only because that's the first page of where I had a comment. [chuckles]

Allyson Bolton: Great.

David Peterson: No laughing. Leah, you'll find that my peers are like this. They like to pick on the little guy on the bench. Oh, you're supportive. That's what it is. I had a question in paragraph two and then paragraph five. In paragraph two, we talk about the commission owning the track south of Gold Hill Depot to the East Gate Depot, but technically we own the track into the Canyon to Eureka Siding and I don't know if that-- look to Ken if that's the appropriate way to define the ownership of our track.

Then that ties into paragraph 5. I'm wondering, do we need to acknowledge us going into the Carson River Canyon in paragraph 5 because we talk about the tourist excursion operations on the commission's track and we say provision for the train services originating from and returning to Carson City but we don't acknowledge if we're just going to leave from the depot and go down into the Canyon, toast of the canyon or the spirits or a wine train.

I don't know if we need to be acknowledging our track all the way into the Canyon to Eureka Siding and then paragraph 5, acknowledging we might have excursions that would-- Well, I hope that-- I want to talk about that later, but that we have excursions that are not just back and forth, right?

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Allyson Bolton: You are correct. I definitely would agree that for the first note, which would be paragraph 2, Gold Hill Depot to East Gate Depot, East Gate Depot should be updated to Eureka Siding in Carson City, and then for paragraph 5, you-- Where is it? Between Carson City-- Is there a change here or did you want to just be more specific on paragraph 5?

David Peterson: Just being more specific-- or broader or something. I just don't want to limit us to only a long-line option because we also have PEX that goes up to-- past halfway house. I don't know how to broaden it, but I don't want to limit us to implying we only want to run the train between Carson City to Virginia City and back.

Jim Wells: In the second line of paragraph 5, just change it to desires to contract with VTRR for the provision of train services on the commission's track.

David Peterson: I like that.

Jim Wells: Maintenance and storage of locomotive 18 and the VTRR [unintelligible 00:53:17]. Then that way you've got the commission's track, which was updated in the [unintelligible 00:53:22].

David Peterson: That's perfect. Then on page 2--

Jim Wells: Oh sorry.

Clay Mitchell: Before we go to page 2, I--

Allyson Bolton: Page one's really getting us.

Clay Mitchell: Yes. I just was curious if Vice President is Tom's current title of the Virginia and Truckee Railroad Company. It seems like that may be a legacy title that we may want to update.

Allyson Bolton: I have highlighted that to confirm.

Clay Mitchell: Thank you.

David Peterson: Good. We should put a phone number in there too.

Clay Mitchell: A fax. [laughs]

Jim Wells: If he has one. We don't.

Clay Mitchell: Central 4094.

David Peterson: [unintelligible 00:54:15] [crosstalk] I'm okay to leave the fax number out unless Tom insists. We don't even have one. Maybe we can delete the lines.

Clay Mitchell: What kind of a commission are we?

David Peterson: Wow. We're not a throwback to historic--

Allyson Bolton: I've got a lot of red on page 1, guys. [laughs]

David Peterson: I know. There's 40 pages on this thing.

Allyson Bolton: All right, so we're deleting [unintelligible 00:54:42] that I've got. We're going to check the title for Tom Gray. We're going to add a phone number. We're going to remove the fax line. I've got Eureka Siding here identified and then in paragraph 5 we're going to add in the commission's track.

David Peterson: Change it to say yes on the commission's track. Page 2 and unless anybody has something on 1.

Allyson Bolton: Last chance here.

David Peterson: Okay. My one issue with attachment CC because, as I understand it, we're not changing structurally the way that we're going to pay Tom. We're paying flat fees. There's not a per person, there's not a revenue split or anything like that. I would not be comfortable referring to this as a train services agreement. I feel this needs to be referred to as a charter services agreement because that's what a charter services agreement is.

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Whether 2 people ride or 200 people ride, we're paying the same cost. I'd be comfortable for this train services agreement if there was a revenue split or a share on a per-rider basis. I see this noted throughout the whole document because it keeps referring back to CC and I just feel moving forward, let's call it what it is. I don't know if this is-- it's a hang-up for me. I'll just be frank about attachment CC. I'd like to see it referred to as a charter services agreement.

Stephanie Hicks: Personally, I don't have a preference either way. I think we know what he's doing and if we're more comfortable calling it a charter. We didn't have that conversation with Tom. We're not changing what we're doing. We're just changing what we're calling it.

David Peterson: Yes. Just bringing the agreement name in line with how we're paying him on a per-run basis. That was flat, 6,250 or whatever. I'm just throwing these out for consideration. Then on 5, my only concern on 5A, we talk about all the billings for the dates of services prior to July 1st must be submitted to the commission no later than the first ride in August but because Storey County doesn't have a 13th or a 14th accounting period, if we submit them in August, they aren't going to get put back into the prior fiscal year. To be honest with you, I don't remember that cutoff. This year I feel like it was maybe the first run.

Allyson Bolton: It's the first or the second run into the-- I think it's the first run, which would be two weeks into the new fiscal.

David Peterson: Maybe we could just modify that a little bit around the way that-- Because we want to pay June out of the prior fiscal year, we don't want it to be a part of the subsequent next fiscal year so maybe just acknowledging the invoices will be submitted prior to the first accounts payable run or something along those lines or if it's the second one, I don't remember, but I think it's the first is my recollection.

Allyson Bolton: Is there any reason we wouldn't say prior or any reason we wouldn't use the July 1 date?

Jim Wells: Just in case you have a train run on June 30th depending on how the weekends fall. I'm fine with doing the second Friday in July. Instead of the first Friday in August, the second Friday in July.

David Peterson: Yes.

Allyson Bolton: Because that AP run would be due that Monday.

David Peterson: It's probably the second.

Jim Wells: Well, and again, that all depends on-- It's every two weeks so it fluctuates but I think that she said, if I recall that we could do the second run. Well, it was the second set of checks, but I think it was the first full run for July is what the cutoff was.

Allyson Bolton: Okay, so we'd be safe with the second Friday in July.

Jim Wells: I think so.

David Peterson: Cool.

Allyson Bolton: Okay. Noted.

David Peterson: Thank you. I'm only saying thank you because I figured you were going to go-

Allyson Bolton: Oh you'd like-- I can go-- Move forward.

[crosstalk]

Okay. Great.

David Peterson: I don't have any more changes on page 1 or 2.

Allyson Bolton: Great. Glad we have established that. We have no notes for page 3 unless otherwise noted by the commission at this point. On page 4, same. Page 5, same.

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David Peterson: 5, I would just say where we say anywhere in the document, we do a Ctrl+H to replace train services agreement. I'd prefer it says charter services agreement.

Allyson Bolton: I did note that on page 1.

David Peterson: Thank you. Can I ask you a question then? On 7-- This page we'll add the letter that Mike signed. That's the plan there.

Allyson Bolton: Yes. I thought I pulled it into the PDF. It must not have.

David Peterson: I think it's okay because we know what we're talking about like on the way that it printed for me, B got shifted after some of the other documents in the packet. The insurance on ours, it's blank but then a few pages later is the-- when we get there is the actual attachment and I think somehow the letter didn't make its way into the overall PDF. It just probably got dropped out when you were combining all the files together, I'm thinking so. Basically, for the record that's the letter from our previous legal counsel Mike Rowe that gave us the permission to not have to do a formal RFP. It was considered to be a sole source for this new contract.

Allyson Bolton: Sorry I'm going through this right now. I thought I had combined these in numerical because the way we combined it was separate documents. Yes, you are correct that this will flow as noted on the schedule on page 4. With that said, we can go chronologically based on the pages that you're looking at which would jump us around or we can just say okay we're going to hit insurance when we get to that page.

David Peterson: You mean like do the attachments in order? I'm totally fine with that.

Allyson Bolton: Okay. You guys [crosstalk] okay flipping pages?

David Peterson: Do you want to use the actual page numbers in here? Let's do the attachments then. I like that.

Allyson Bolton: The sole source determination memo referenced on page seven is a PDF of the document provided by Michael Rowe which will be added in. Then the insurance schedule if you'll flip down actually it would be page 22 of the packet itself. This is part of one of our questions presented to the commission which is-- essentially the question is who decides what the deductible should be on the insurance on attachment BB?

Lori recommended that we include a deductible but we're not sure what the value should be. We do have the 5 million aggregate but we also got-- should the subsequent levels also be higher or who determines what those should be? That is one of the questions for the commission.

Jim Wells: Thanks guys for leaving that beauty hanging out there. These numbers, the 5111, is this the current-- I don't have my computer but is this what's on the current one that ends later this month? Is it 5111 or is it 52--?

Allyson Bolton: I can look at it right now.

Jim Wells: No is it 5112?

Allyson Bolton: Just give me one sec.

Jim Wells: I'll be honest with you. I don't know where those number-- I remember the 5 million one, we had previous discussion on that. I'm not an insurance person myself so I don't know if the 111 is sufficient. Then the question about the deductible/retentions you're wanting to know is it \$1,000, is it \$5,000? Did Lori have a recommendation?

Allyson Bolton: Not really. It's a commission decision and the question is okay so how do we determine what that is as a commission as a whole?

Stephanie Hicks: We tried to get answers to both of those highlighted areas from her recommendation perspective but we didn't. I think looking at what we had I believe these are the

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current numbers. We'll confirm that. I honestly don't know if there should be a request for an increase or not or where that deductible should lie so we just thought--

David Peterson: I don't have an [inaudible 01:04:59] I don't know. I'm looking at Jim. Jim have you ever dealt with anything like this or no? Oh, Jim's looking. He's got the processing going down there on his machine.

Allyson Bolton: I'm currently looking through the old agreement and I don't actually see numbers laid out on the document that I have. That doesn't necessarily mean that there wasn't an attachment that wasn't combined into this. On the original.

David Peterson: You're right it is a separate insurance schedule and I know where it is on our server but obviously can't get to it.

Stephanie Hicks: We could just match that and make sure that we're matching what that is. Again, I'm assuming that there wasn't a deductible on that or Lori would've offered that up but we could certainly include a deductible amount.

David Peterson: I'd be fine with using the numbers as they were. I don't think there was a C on the current version. For deductible amounts, myself, I don't recall that.

Clay Mitchell: We're talking about practical impact. Does it matter to us if he chooses a high-deductible policy? The deductible would still fall to him as well, would it not?

David Peterson: We could take C off, just let him do that through his own insurance company.

Clay Mitchell: As a practice, I'm not a fan of legislating things that don't really matter. I'm sure there's a better way to say that but that's what I really mean.

David Peterson: That's fair.

Stephanie Hicks: Also, in talking with Tom and his attorney maybe he may say, "Yes, this is what mine is and I'm fine with including that," so maybe we should have him be part of that conversation as well.

David Peterson: Agreed. Okay, so we leave it-- Go ahead, Jim. Sorry, go ahead.

Jim Wells: The state basically has for standardized contract or standard service contracts 2111. The 5111 is consistent with that. The other thing that the state mentions, they have a manual on the risk management website for contracts to provide for vehicle, storage, transport, and repair or maintenance services, there is a garage liability and garage keepers liability policy that we probably should require him to have-- Since we're paying \$1400 a month to store this thing, I think he should be ensuring the garage liability.

I can download this and send it to Allyson but it's on page 50 of this manual. It talks about a \$2 million \$1 million garage liability and \$100,000 garage keepers provision.

Allyson Bolton: On what page did you say that was?

Jim Wells: What's that?

Allyson Bolton: On what page?

Jim Wells: Page 50 of what I'll send you. I think because we are going to be paying and storing it up there, I think that we should require that in our contract. It does not talk about deductibles in this and so I think the deductible is what Tom has in his policy I think is fine. The other thing that we need to be is an additional insured and I don't remember if this was in that document but the commission needs to be an additional insured on his policy.

Clay Mitchell: That is included here on subsection A.

Allyson Bolton: Essentially we're looking at-- The garage keeper liability would be one more number really because we've got commercial liability, workers' comp liability, professional liability then we would have a number four.

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Jim Wells: After three, the professional liability you would have a four and a five, garage liability and the garage keepers--

David Peterson: It's two separate sections. Garage liability and then garage keeper liability. Yes, I like that. I've learned something new today. That's great. Thanks, Jim.

Clay Mitchell: Is garage keeper a viable career path?

David Peterson: Are you worried about the upcoming election? What's going on here?

Clay Mitchell: No, it might be something I'd like to do in retirement. I don't know.

David Peterson: Maybe I would too. Somebody look into that. Not on the clock of course.

Stephanie Hicks: I don't know if this is also the place to talk about. I think we mentioned, we might have highlighted it elsewhere. One of the things that came up in our conversations was that, in addition to our 18 being stored at Tom's garage, there's also some of his equipment stored on our track. As far as liability for that, I don't know if that needs to be addressed in the insurance policy that-- make sure that he's covered for that.

Jim Wells: Because we are not charging him, I think he should maintain all liability for stuff that he is parking on our track or property and if he doesn't want to do that, then we can reversely charge him storage fees for putting it on our property and then at that point, we would have to have the same type of insurance to cover that. I think because he is storing it free of charge on our property, it's up to him to cover any liability that relates to that.

Clay Mitchell: Well, I was going to ask if it's more appropriate to some waiver of liability so it just makes it clear that we're not covering it as opposed to dictating terms of insurance on equipment that's not ours anyway.

Allyson Bolton: Add an additional clause here with a waiver of liability for the equipment stored on our track.

Clay Mitchell: For any equipment stored on our track.

Allyson Bolton: Got it.

David Peterson: There was something because I had a note about that, about the equipment. Mihaela do you-- you guys talked about it somewhere.

Allyson Bolton: Yes, it's-- we will get there.

David Peterson: It was weird. I think it was--

Allyson Bolton: regarding the 18.

David Peterson: Oh is it under the 18?

Allyson Bolton: It's page 13. Oh, under 11.

David Peterson: Well, so under page-- well, I don't know now. We're on page 10, sorry, but-- and then it's VTRR shall, but it's number 11, be solely responsible for any damage or destruction to the VTRR's equipment, which the commission in its sole discretion agrees to allow to be stored on the commission's track or property. Should we have a list of those pieces of equipment that are on the track now? Should we be approving if there are future pieces, so we have some an idea of what's-- because they're all on the sidings I think.

Donovan and up probably. I don't know Gabe, you or Ken could jump in about where everything is stored-- All on Donovan. Do we need to know that or-- I get what you guys are saying but is this covering us or do we still need to add something under the I insurance because this is underneath the charter services agreement where we're talking about the equipment storage.

Stephanie Hicks: I don't think it hurts to have it in both places since we're specifically talking about insurance under Schedule BB. That's my opinion. I'm not worried about a list. We're saying that he can store things there, he's solely responsible for them and that might change out

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from time to time depending on what he's doing. I don't know that we need to itemize them in a list.

Clay Mitchell: Yes, but possibly just beefing up this particular paragraph right here to not-- it says be solely responsible but maybe we take it even a step further to the hold harmless or something like that.

Jim Wells: Yes. That waiver thing you were talking about but I do like it being under the insurance too because what happens if a ballast car or something breaks loose from up there?

David Peterson: Okay. Do you have what you need or Mihaela, you guys understand?

Allyson Bolton: Stephanie does. Okay, then we're good. Between Stephanie and I, we got it.

David Peterson: I'm trying to take notes but okay.

Allyson Bolton: I got lost on the pages just now but--

David Peterson: We're fixing two sections.

Allyson Bolton: Okay. I'm just going to put here, ask Stephanie.

David Peterson: [laughs] When all else fails.

Clay Mitchell: [unintelligible 01:14:51]. We need to start paying Stephanie a storage fee for keeping all of this in her head?

[laughter]

Jim Wells: We can't do that because she's dutifully bound to do this as a deputy city manager. I wish we could.

Stephanie Hicks: I was going to say we can't do that because she often doesn't remember things.

[laughter]

Allyson Bolton: Okay.

David Peterson: She does accept boxed wine though.

Allyson Bolton: [laughs] For the record.

David Peterson: Yes, for the record.

Allyson Bolton: Okay, so we're good on insurance which means we would flip back to page-- it's 11 of the packet on the bottom footer. It's going to say page 9 I believe. Schedule-- sorry, attachment CC.

David Peterson: I just had a question on commission shall, number three on page nine, we included this comment about, he shall not access or utilize any track constructed in phases 3 B, C, and 4 without prior approval of the commission. I'll just admit, I don't know exactly what that means.

Clay Mitchell: Eureka.

David Peterson: Oh, is that what it is?

Clay Mitchell: No idea. I just thought-

David Peterson: Past that? Oh, Ken.

Ken Dorr: Three, we previously designated phase 3 as the work in the canyon. Phase 3A is the piece of track that was constructed down through Eureka and 3B was going to take us basically down to the next location if you will which is where the proposed balloon track is. Is that really relevant at this point? Probably not.

David Peterson: Okay. Well, thank you for just explaining what that means.

Ken Dorr: Okay. I think probably just future construction.

David Peterson: Got you. That doesn't exist, yes. That would be bad. That takes us back to the insurance situation. We've gone off the rails then.

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Allyson Bolton: Are we going to change that so that it says to remove the phase, the references of the phases and just say utilize any future constructed track or something of that manner since I don't know that it's written down what the phases are?

David Peterson: Yet to be constructed. Yes. Okay. I'm fine with that. I just didn't know what that exactly meant.

Allyson Bolton: Well, and I would imagine five years from now there might also be a question of what these phases are.

Jim Wells: Since this actually relates to something that was previously decided, define 3B track into the Canyon beyond Eureka to whatever 3C is, from there to there and 4 is-- 4 is probably back into town, right?

Clay Mitchell: Gold Dust West.

[laughter]

David Peterson: I better call my board chair.

Ken Dorr: 4 was the East Gate Depot expansion.

David Peterson: Mihaela, do you agree with defining what the three phases are?

Mihaela: I do. Also, I wanted to suggest that we should move paragraph 3 to the next page as paragraph 5 because it's something that commission and VTRR agree on. It should not be under commission. The commission shall. I noticed that when I read it this morning. There will be some changes defining what those are. I don't know if there's maps or anything that we can add.

Stephanie Hicks: Ken, could you maybe email us the descriptions, and then we'll insert it.

Ken Dorr: Yes, we've got maps and pictures and whatnot. Those have been produced and that's easy. Those go way back. Just a map. Is that what we're looking at?

Stephanie Hicks: Do we want to include the map or just the description?

Mihaela: It's hard to decide without reviewing the map for us. [crosstalk]

Stephanie Hicks: If you could send it to us, then we can decide.

Clay Mitchell: Is it a good map?

Jim Wells: Clay was asking if it was a good map, Ken.

Ken Dorr: It's a great map.

Jim Wells: It's a great map. Does that help?

Allyson Bolton: The mood in here today-

Ken Dorr: [crosstalk] that happens to be quite honest.

[laughter]

Gabe Willaman: [unintelligible 01:18:58] a good map. I have never got lost on it.

[laughter]

Jim Wells: Not yet. You haven't, don't jinx yourself.

David Peterson: Okay.

Mihaela: Allison will also move it to the next page as paragraph 5 under the commission and VTRR agree.

Allyson Bolton: Okay, I put move paragraph.

[background conversation]

I have it noted here though, so I can just do an email follow-up [unintelligible 01:19:31].

David Peterson: Are you okay to move to 10, page 10?

Allyson Bolton: Page 10, yes. We're not on 10 yet.

Mihaela: Yes. Actually, if I may. Just when I read it this morning, Mihaela [unintelligible 01:19:45] for the record. It just seems to me that under VTRR, paragraph 1 and 5, these two are

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pretty similar. I don't know if we need both of them and basically it refers to the obligation of VTRR to provide inspections, maintenance, [unintelligible 01:20:05] testing, documentation.

David Peterson: Maybe just combine them if there's--

Mihaela: Combine them. Feels like 5 is more in-depth and they basically refer to the same thing.

David Peterson: Good. That seems fair.

Allyson Bolton: Great.

David Peterson: Are we missing anything? I know we're broadly stating about the requirements for reporting. To try to specify every report that's required seems silly, but I think we're broad enough. We say local, city, state, and federal. Federal, state, and local agency reporting required. Seems fair. I have just a question, on 7, so page 10, 7, we're asking VTRR to provide the commission with the most recent copy of its standard operating procedures and the safety rules for use on the commission's track.

Should that be an attachment in this document or--? I don't know that I've seen those, since I've come onto the commission, so I don't know if they exist. Certainly, if we're going to say we want to have a copy of them. Ken.

Ken Dorr: I think that was put in the hopes that the VTRR would actually prepare and publish operating rules and safety rules. I have not seen any published document to those effect. As far as I know, there are none in existence of either of those.

Stephanie Hicks: When we went through the contract with Tom, he didn't seem in opposition to-- This was language that already existed. I think maybe we changed it just a smidge, but he didn't express his inability to provide it to us. I think we ask him to provide it. I don't know that it needs to be part of the contract, but I do think that maybe for-- ask him to bring it to our retreat so that we have it there and can review it, and then we have a copy of it for the commission as well.

Clay Mitchell: I'm sure it's a stimulating read. I would-- [laughs]

Jim Wells: It's similar to an audit.

Clay Mitchell: I would agree that it probably doesn't make sense to attach it to the contract because I would anticipate that should such documents exist, that they would be updated and modified from time to time. It'd be more of a living document. If I understand the purpose of this, it would be so that we can basically show compliance so that if anyone asks, "Yes. We got a copy of it." Not necessarily because it's something that we're going to be negotiating over or what have you.

David Peterson: There should be an SOP for operating on-- I think this is a requirement by the FRA, is it not? I'm a little concerned that we don't have it if it's a requirement.

Ken Dorr: That's probably a gray area. Basically, the railroad has to have operating rules. I don't think the FRA comes and tells you how to build those operating rules. Now every major railroad, a lot of minor railroads, and its origin railroads have operating rules. A lot of cases they adopt-- There's a general nationwide document for operation, the GCOR.

General Code of Operating Regulations, the GCOR, and that's adopted by almost every railroad in the United States. What they do, they adopt the general document and they said, "Okay, but these sections apply to our railroad in this specific location, and these don't." Then they make special provisions. You can actually go on the Union Pacific Railroad website and pull down their GCOR which is very extensive. 80% of it would not apply to our railroad.

In the hopes in the future maybe the GCOR is adopted by the operator and with a lot of modifications made. The trick is that once you adopt those rules, you need to implement a

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training program. I know this was a recommendation provided by the operating folks from the FRA out to Sacramento. I'm not trying to bash Tom. Ultimately, I think it works good to have some written rules and regulations that you can follow that everybody needs to comply with. So far, I think it's a work in progress.

David Peterson: The only reason I brought up I thought it was a requirement is the conversation I had with that gentleman from the FRA. I think it was earlier this year-- I thought it was a requirement.

Allyson Bolton: I do know that there is an emergency response plan because I do know that he's worked with Central Lyon County Fire on that.

David Peterson: Oh, good. That was going to be my next question on 9, but I did have one thing on 8. Do we need to-

Allyson Bolton: Eight is highlighted?

David Peterson: Yes. Good. All right, then you go first this time.

Allyson Bolton: The question on eight is that we would like to bring forward to the commission is essentially the way that this is written, essentially the entire contract would potentially terminate-- Do we need to specify if it's violated, is it just the charter services agreement? Essentially, we do have our licensing agreement in here as well. The conversation for the commission is, should we word this differently so that we retain the licensing and essentially just the charter is terminated?

David Peterson: I would be in favor of that. Myself, I was more concerned with this latter half of the paragraph because I didn't know if we need to acknowledge Gabe being on the track or Ken, the rail bikes, any other operations that we have. This almost seems like it-- they're not even permitted and its exclusive to just VTRR-authorized persons to even be on our track. I thought that was very limiting.

Clay Mitchell: It's also in the section under VTRR shall, but by virtue of it being in there as opposed to both of us, it is specifically related to them allowing-

David Peterson: Oh, okay.

Stephanie Hicks: -people who are not associated on our tracks.

David Peterson: Right now, Tom is the one that allows those motor car folks to come on and everything. How is that working? Are we limiting now they can no longer participate? Go ahead, Ken. Sorry.

Ken Dorr: Maybe it needs to be a little more explicit and I think the fact that the implication is that you can only have one dispatcher, and that is Tom. What the agreement, I think both in the VTRR shall and the commission shall, it's a little bit vague as to who **[unintelligible 01:27:27]** shall out on the track. I don't see any reference in there saying that. By the way, Tom needs to issue a permit to Gabe to get on the track and he won't get on the track with his high rail unless he's got a permit from Tom. That applies also to anybody else on the track.

The question is the motorbike-- excuse me, the rail bikes came up obviously after this was previously done. The bottom line, we still, I would think, unless the commission wants to do something else, have Tom maintain the dispatching requirements. He's the only person or his designee that can allow occupancy of that track. Who is it? Is it just his right now? It sounds like it's only his personnel and maybe we need to make it a little broader to say--

David Peterson: That's what I have other comments in another section exactly about the dispatch of it.

Ken Dorr: VTRW contract personnel and or in this case the railway folks.

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Allyson Bolton: Is that not covered by, without the commission's prior consent? Is that not included?

Ken Dorr: It might be.

Stephanie Hicks: I was just going to state that the second part of that sentence does say without the commission's prior consent, I think there's a typo following that.

Allyson Bolton: I was wondering.

Stephanie Hicks: I think it's to be, to such use, but again, this is language that was carried forward from the previous contract, and in discussing it with Tom, he didn't express a need to make it broader for his use. We can certainly bring that back to him. We hadn't proposed any changes to the existing contract based on the discussion with him, except for that last part where we were just concerned that because when it was a standalone document, it would be terminating the entire contract. Now that we've combined them, we don't want to terminate our intellectual property agreement if this provision gets enacted.

David Peterson: I totally agree with you both then about not dropping all of it. I was going to bring up the whole dispatcher piece. Tom is our dispatcher. I think that needs to be in this document, but I don't know if-- Ken, do you think it needs to be in 8? Do we need to expand it or does that need to be--

Stephanie Hicks: I think 7. 7 covers it.

Ken Dorr: Yes.

David Peterson: Set up the dispatcher. Can you see that, Ken? I apologize. Are you able to see how 7 is worded?

Allyson Bolton: I can [unintelligible 01:30:00]

Ken Dorr: Oh, yes.

David Peterson: Would that cover us? When you were talking about Gabe can't get on the track without the permit, same thing with the rail bikes. Is that inferred or do we just add a small sentence about the issuance of permits?

Ken Dorr: Well, again, as long as there's no problem, there's no problem. That does--

David Peterson: Okay.

Ken Dorr: -identify that he's supposed to set up a dispatch system. Which we have more or less in place, and it's been refined a little bit over the years but is it really clear that if the commission is entered into a contract with the rail bikes people, that he needs to dispatch those also? They're not working for him.

David Peterson: Correct.

Ken Dorr: Yes. Gabe is not working for him.

David Peterson: Maybe there's something that-- for our third party--

Ken Dorr: It's probably not a big deal. It's more or less been working.

David Peterson: Yes.

Ken Dorr: Yes.

David Peterson: I'd like this to be tightened up a hair then. I think it should cover rail bike or lease operations of some sort and then how Gabe, how we would identify-- you're on their maintenance. You're doing the track inspections, but I think we should tighten that up a little bit.

Allyson Bolton: Would it be something as-- except as necessary for the provision of tourist excursion, trains, and commission contracted vendors or something of that matter?

David Peterson: Where's that? That's 7. Sorry.

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Allyson Bolton: It's 8. The very first sentence. It just specifies except as necessary for the provision of tourist excursion trains, we would just elaborate beyond tourist excursion trains to include our vendors and contractors, but then my question comes later on in the sentence that we were talking about earlier where it states VTRR shall not issue or dispatch by train warrant or order to any third person to utilize the commission's track without the commission's prior consent.

My question is, how is that defined? For example, with the motorcars, it's "Allyson, we are going to have a motorcar this weekend". Is that commission consent? Is that management consent? Is this a meeting consent of who can be on the track?

David Peterson: Excellent question because we don't even have any kind of agreement with those folks. What happens if they get hurt on our-- where is the insurance?

Allyson Bolton: We're added as additionally insured.

David Peterson: Oh, we are? Oh, okay.

Allyson Bolton: Yes. They provide that each year with their insurance.

David Peterson: Which is-- but it is different because technically with [unintelligible 01:32:49] we have agreement in place. Gabe, we have a contract in place.

Allyson Bolton: What about spontaneous photo shoots that aren't brought to the commission, but we're using the track, which needs to be dispatched?

David Peterson: Such good questions.

Allyson Bolton: Should it say commission chair prior consent?

David Peterson: Which number are we in? Sorry.

Allyson Bolton: 8.

Jim Wells: Oh, we're still in 8.

Allyson Bolton: Yes.

David Peterson: Oh, I see.

Allyson Bolton: My worry is that the way that it's worded implies that a meeting is required.

David Peterson: Yes. We're approving someone else's use of our track.

Stephanie Hicks: I think I'm okay if it said without the commission or the commission's chair's prior consent because some of those might come up when we're out of a meeting cycle but I would expect David would report back to us and let us know the request was made and it occurred so at least we'd be in the know as far as what's going on and we'd have a second check to make sure any requirements are being met.

Clay Mitchell: Okay. Again, an example might be also the motorbike-- excuse me, the motorcar excursion that Ken runs there, whether it be for whatever benefit that they do, but obviously, that's the use that Tom has been authorizing and dispatching but I think he's been coordinating with Allyson to say, "Hey, by the way, these guys are going to be running this weekend down to Linehan Rd," and I think that works without a problem but I believe that yes, if that were to come up where they want to run a special event and it's in between meeting periods, then maybe the commission or the commission's designee could make that authorization, I don't know, because that shouldn't be an agenda item.

We're good to go. Everybody knows about it.

David Peterson: Yes. Otherwise, we'd be-- I feel like we'd have this on there half a dozen or more times a year.

Clay Mitchell: Yes.

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David Peterson: Ken, I have to say Ken is really good about communicating that and I did become aware of that like a year and a half ago and I was like, "Whoa, whoa, wait a second now. Are we an additional insured? Can you please let us-- two of us?" No, but I understand what you're saying. You guys are not aware of that so I think that's fair to-- after I can let you know at the next meeting, whenever it falls. Hey, by the way, Ken ran-- not this Ken, but Ken with the motorcar excursions ran a fundraising event for the veterans or whatever that he does and so-- Go ahead Jim.

Jim Wells: Maybe we need to break 8 apart. The dispatch piece, does that really belong in section seven where you're already talking about setting up a dispatch and then you go on in 8, you're already talking about dispatching again? Do we need to put 8 as just dealing with Tom and his employees and contractors and the provision for tourist excursion trains in by itself? This is in the section that's relating to VTRR shall.

David Peterson: That would make sense. Jim, you want to take something out of 8, put it up under 7, is that what your recommendation would be to keep all dispatch related in 7?

Jim Wells: Yes. It doesn't make sense to me that it's here. If you read this line, the first two lines of section 7, it talks about ensuring collision accidents do not occur on the track between trains and between other equipment using the track. Well, that's done via this dispatch piece and the commission can have a list of people that is approved upfront and give it to Tom and that sure provides the commission's prior consent so if we know-- we don't have to do it every single time somebody goes on there that's been on there a hundred times before.

We don't have to approve them again, we can just approve it, "Here's the list of people that can get on it." and then you leave that section being except for, as necessary for the provision of tourist excursion trains on the commission's track for the commission not allow any person other than employees or contractors of VTRR are performing duties and duties in furtherance of the excursion train operations for the commission to use, occupy, or travel on the commission's track. Then both the commission and VTRR recognize the exposure to property damage, injury, and death from any unauthorized use of the commission's track by persons other than VTRR, which I would take out and that deals with the VTRR in the dispatch so the recognition of the exposure to property damage.

Because again, this is VTRR shall, and so now we're doing both commission and VTRR recognizing this exposure. Does that really belong here or does that belong in the section that is both?

Clay Mitchell: Well, yes, I think the reason it's here [clears throat] is because it's specifically directing VTRR to not issue a dispatch train warrant or order, so on and so forth. It's the where for which is a more general recognition, but it's the underpinning for a specific action or lack of action that's required of VTRR.

Jim Wells: You can use that language in the first, in section 7. Basically, you're talking about ensuring accidents don't happen. That other damage doesn't occur. You can put that language up there that that's the reason that the dispatch orders are made is because we don't want people to get hurt or accidents to happen.

David Peterson: I like that.

Jim Wells: Then as far as violations of this provision shall be grounds for immediate termination. Unless you're really willing to enforce that, I wouldn't put it in there. If you're willing to say, "Yes, you break this one rule, you're done, contract's over." Then what? What are we going to do?

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David Peterson: You've become our new locomotive engineer, Jim.

Jim Wells: No.

David Peterson: Your dream is-

Jim Wells: No, not my dream.

David Peterson: -become a reality.

Stephanie Hicks: Could we change the shall to may just so we have some enforceability? Again, what's the likelihood that we would pull that trigger, but just so--

David Peterson: Shall becomes may in the last sentence, and then Steph, you're pulling out the middle part of that and that'll go back up into 7. I like that.

Allyson Bolton: Just to be sure that I'm following, 8 now begins at basically sentence number two, right? The first sentence is now part of 7, no?

David Peterson: No, no.

Stephanie Hicks: Opposite actually. The first sentence of 8 stays, and we're going to change it a little bit so that it allows for contractors.

Allyson Bolton: Yes. Got that.

Stephanie Hicks: Then the second part of 8 will go up into 7.

Allyson Bolton: Glad I asked.

David Peterson: Mihaela, are you comfortable with that? Yes? Okay. Thank you.

Allyson Bolton: I did add the change for commission or commission chairs, prior consent, caught the typo to such use, and then highlighted the train services agreement to be updated. That was actually on--

David Peterson: That was on your list.

Allyson Bolton: That was on the list.

David Peterson: Technically that's your fault that took so long. Could I just ask a question about the joint commission and VTRR agreed? The number 4. We're talking about special trains not ours, but now VTRR running a special train on our track? Is that what this paragraph is meant to address?

Allyson Bolton: Any special train event approved by VTRR to operate on VTRR's track on an individual basis will only be allowed to operate to the extent that it is approved by VTRR for that individual use.

Clay Mitchell: This is protecting Tom, so anything that he allows us to do on his track is specific to that and not giving any ongoing right to use the track.

David Peterson: Okay.

Clay Mitchell: Does that make sense?

David Peterson: Yes.

Clay Mitchell: It's not talking about our track.

David Peterson: This was a question that I wanted to ask is that-- I have to flip here, but my question was, is this separate from attachment FF Section 6?

Ken Dorr: David?

David Peterson: Yes.

Ken Dorr: That was written before we had the incident with the Gold Hill Historic Society and the consummate rule that was provided by the Federal Railroad administration's legal department out of Delaware. Basically, what they said was, is if either the VTRR or the VTRW allows more than one operator to operate on their track, you're no longer subject to or being allowed to

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operate under historical exemptions. You're now a full-blown Shortline railroad. Thereby causing huge amount of cost and expense.

I'm not sure if that-- you should just get rid of that paragraph is what it amounts to. If we have another operator-

David Peterson: We're no longer a [crosstalk]

Ken Dorr: -and we just run to Gold Hill, we're fine. As soon as we ask for our operator to run over Tom's track, he is now going to be classified as a-- or get a violation to say you need to convert yourself to a Shortline railroad which he doesn't want to do or vice versus [unintelligible 01:43:55] would be the same problem. I don't know why that paragraph shouldn't just go away.

David Peterson: Okay.

Jim Wells: The way I read that paragraph says that any special train event approved by VTRR to operate on their track, meaning a commission event on VTRR's track does not provide any permanent use of VTRR's track. I don't see any problem with having that section in there.

They're just saying that if Tom's organization allows us to run a special event train on their track, it's not a permanent grant of use of that track. I think we should leave it alone.

David Peterson: Should we add the word commission? I took it the opposite. I thought it was-

Jim Wells: No, no, no. It's any special event train approved by VTRR to operate on their track. That means the commission [unintelligible 01:44:43] trains.

David Peterson: Then I go back to my question because in-

Jim Wells: That's the opposite in Section 6 in FF. That is Tom's Shortline running on our track cannot interfere with our running to Virginia City.

David Peterson: Okay.

Allyson Bolton: Jim is correct. An example of four would be the special event that we had in October where we ran to Gold Hill in the evening.

David Peterson: You're saying we don't need to say any commissions special train event approved?

Jim Wells: It's all legal language. Only Mihaela understands it.

Mihaela: I don't see a problem adding the word commissions. We know that that's what it means.

Clay Mitchell: Does it get messy if there's a contracted third party? They're doing an event where we're providing a portion of services and they're not. To me, the openness of it makes the most sense.

Allyson Bolton: Clay's right. We could potentially have special event trains that I'm not involved with other than opening up the depot and sending them on their way.

Clay Mitchell: Where we facilitate the event, but it's not a commission event.

David Peterson: Is this what I need in April with the Twain train? This allows us to do just that?

Allyson Bolton: That's Clay's point that if we leave it without the commission's name there, it covers that event. By adding the word commission implies that it's a commission-sponsored event.

David Peterson: Which would not include the three that we've done this year, you're saying?

Allyson Bolton: Gray area?

David Peterson: Selfishly, [chuckles] I really want to run this Twain train in April as a part of our whole Mark Twain day.

Clay Mitchell: This paragraph does not grant permission to run on Tom's tracks. This is simply a caveat protecting him so that when he does it doesn't imply that we get to continue running on

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his track beyond that permission. I believe that us monkeying with it may raise a red flag for him going, "What are you guys trying to do when I feel perfectly comfortable with the wording as it is?" Which is, yes, when he gives us permission. It's for that use specifically.

When he gives someone related to us permission, it's for that use specifically. Someone marginally related to us, it's for that you specifically and he doesn't have to worry about someone taking adverse possession of his track and occupying it and saying they own it. [laughs]

David Peterson: I'm fine with that then. Then I guess-- Jim, you're saying the inverse is true then in Section 6 for the exemptions under FF, that's us granting him permission to run his trains beyond the extent of the track that he owns.

Jim Wells: Theoretically, you could put another section in here right below this that basically says what's in Section 6 that any trains or any permission given by the commission to use the commission's track does not imply ownership of the commission's track or ongoing use of the commission's track.

Clay Mitchell: For not non-commission business.

Jim Wells: You could literally put another section in right below 4 that's the inverse of 4 that any use of the commission's track is approved for a specific purpose and it is not implied that that will be a continued use of the commission's track for that purpose. You could literally have that and then get rid of Section 6 in Section FF.

David Peterson: In the train schedule, FF. I think I agree with that. The only reason is what if Tom wanted to, what if he had a special event train? I don't want to exclude him if we don't have something going on, but we don't want to exclude him from doing something up top.

Ken Dorr: Which is already a case. He's done some special event trains that haven't been involved with the commission. May just come down to scales, but yes.

Clay Mitchell: That's what 6 says. 6 basically says as long as doesn't interfere with us-

Allyson Bolton: Six says Hayward I think.

David Peterson: 6 is Hayward, yes, specifically. We are not granting permission though.

Jim Wells: I think that the other thing is that we could at that point then stop it. We could prevent him from going back. It does not-- Right now the way 6 is worded is unless we are running a train, he can do whatever he wants on our track. If you put a provision in very similar to number 4, that is if we say you can use it, you can use it unless we say you can't use it. I think that's a better thing-

Clay Mitchell: Bringing the two in line I think makes a lot of sense.

Jim Wells: Yes.

David Peterson: One, I love it. That addresses my question or my next question then. Let's dump 6. Go back into 4 or create 5 or whatever, but remove from FF and put it in-- I don't know where we're at, CC.

Allyson Bolton: Okay. We're adding a number 5. We are removing Section 6 from FF.

David Peterson: Yes, and it's a mutually beneficial language then.

Jim Wells: Seems fair or mutually restrictive.

David Peterson: Yes, you're right. I think that in fairness to both parties, I feel that that's appropriate.

Allyson Bolton: Okay. I'm jumping back to what's listed as page 11.

Clay Mitchell: Real quick. We had already added a 5 had we not, something that we pulled out from one of the upper sections.

Mihaela: We should make that 6.

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David Peterson: Six, and then this becomes 5 so it falls.

Allyson Bolton: It's great because I just put, add section, so we're good.

David Peterson: Don't you love negotiating contract terms during the [crosstalk]?

Allyson Bolton: It's thrilling.

Jim Wells: Lovely.

Jim Wells: We have lunch coming at some point or dinner?

Allyson Bolton: Anyone want to run [crosstalk] tonight? Okay. We are to page 11, page 13 of the packet. 18 lease and maintenance. I don't have anything specifically to call out on this page.

David Peterson: Oh Ken.

Ken Dorr: Actually I had one more that might have related to the previous page. As far as the accident reporting, basically, you and or Leah are designated to the FRA as the safety reporting official because that weekly or monthly report that we do. That means that safety reporting official is the one that's responsible for filing any accident reports with the FRA in accordance with their accident standards. There's a whole big manual and when you have to file an accident report.

Allyson Bolton: Right. As noted in 1?

Ken Dorr: But here, it's indicating that Tom is going to do that. Typically, that would be the home railroad that would do that reporting, i.e. us, not Tom. How do we want to resolve that? In other words, if you have an accident involving more than \$25,000 worth of physical damage, you have to evacuate the train or if you have an injury, that requires an immediate, if not-

Allyson Bolton: I'm seeing it listed under the commission shall number 1.

Ken Dorr: Okay. Where are you looking on?

Allyson Bolton: It's page 9, number 1, the commission shall provide the required regular track structure right of way and crossing signal inspections, maintenance operations according to FRA safety standards, applicable regulations to the state.

Ken Dorr: Yes, what I'm saying that may be in conflict with number-- under VTRR shall number-- oh, is it 5 I think? Yes. VTRR, and the last paragraph is in there, and prepare necessary action reports to federal, state, and local agencies as required. Who does it? That was the confusion I had. I think I saw that initially under the commission shall, the first statement, and then also the railroad shall.

Allyson Bolton: I'm reading that these reports though, and number five is in reference to inspections, maintenance, testing, documentations, and reports for locomotives.

Ken: Well, what I'm saying is prepare necessary accident reports. That's specifically what I'm talking about is that the accidents reports.

Clay Mitchell: The way I'm reading it is VTRR shall prepare the reports and the commission will file the reports. That's the way it looks like it reads right now.

Ken Dorr: Well, that's fine. Recognize that, you're responsible. If they're going to say you did a willful violation, that the violation is going to come towards this railroad and that individual. This is to protect you too. Who does that? It's not an option. If you have someone hurt, you got to make a report. It goes back down to when we had the injury at Eureka a couple of years back, and there was a train operation injury and someone was knocked-- had an injury and they got followed and taken care of. Tom apparently filed the report with the Federal Railroad Administration. Mike's attention at the time was that's great, but it's actually our responsibility as the owner of the railroad to file that report.

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Jim Wells: I'm with Clay. I believe that's exactly what this says because if you read the last sentence of number five, it says VTRR further agrees to immediately notify the commission in writing of any derailments or other accidents that occur on or adjacent to the commission's track and prepare necessary accident reports to the federal, state, and local agencies as required. Then under number 1, for the commission shall ensure-- The commission is required to ensure that all necessary inspections, maintenance, testing, documentations, and reports for locomotives, rolling stock, and other equipment accidents and such other matters as may be required by local, state, or federal agencies are filed by the person or entity with whom the commission contracts to operate the tourist--

Again, number 1 is the commission shall ensure that they're filed. Number 5 says that the railroad has to prepare them because they know what happened.

Ken Dorr: Okay, well what about the monthly reports, which we are preparing, the ridership reports?

Jim Wells: Well, you can prepare them and file them, but specifically, if you're talking about an accident report. There's a requirement that they help prepare it, but not file, they don't necessarily have the approval to file it.

Clay Mitchell: Maybe we can clean up that language at the end of the 5 there just simply by changing 2. It says, "Prepare necessary accident reports to federal." It's a little bit of a non-sequitur. Maybe it prepares them for, so there's no implication that they're actually giving them, but they're preparing the reports and delivering them to us for filing.

Ken: Okay. My concern is that if we have to do a report, somebody needs to file it. If you miss one of those, that's a bad thing.

Allyson Bolton: We are doing that.

Ken Dorr: Accident report.

Clay Mitchell: There's a simple solution to this, and that is-

Ken Dorr: Not the monthly reports we're doing.

Clay Mitchell: You put it into your standard operating procedures that accidents aren't allowed, and then you don't have to deal with this ever.

[laughter]

Jim Wells: How? Couldn't you have led with that Clay? The only issue I think I see in 5 is it says VTRR shall file such reports as required and provide copies of such reports to the commission. I think that's the language that needs to get cleaned up. If we are the filer and they're the preparer, then 5 should deal with the preparation and 1 should deal with filing.

Clay Mitchell: Yes. Well, I think there are two things covered under 5. One is inspections, and maintenance.

Jim Wells: Then split them out, then say the inspections are done and filed, all these other reports are prepared, and the commission files. Then you split 5 into 5 and 6 and we have eight sections in this section now. We're just making this document longer. Yes.

Allyson Bolton: I agree with Jim. I think you just need to pull out accidents. All the other ones are Tom files. It's just the accidents that would be all under us, but Tom does need to report that to us and report his numbers to us, which he does.

David Peterson: Just to clarify, we're only making a change to 5, and splitting it, but 1 under us is not being changed. Are we all okay with 1, commission shall? Okay, that's all.

Allyson Bolton: I just have the one note to be a little bit more descriptive in the language saying like, "We prepare for local, state, and federal agencies." Okay, great.

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Mihaela: If I may, so going back to paragraph 1 and how under VTRR shall, is there a difference between 1 and 5 then?

Allyson Bolton: Yes. The difference would be, it's two sets of reporting. One is the numbers, the accidents, things like that, that Tom provides the information to us and then we file it. The second would be reports regarding maintenance, locomotives, inspections, et cetera, in which Tom needs to file those, but we're now pulling out accidents, making its own bullet, specifying that Tom needs to provide the information to us, and then under 1 we then file it.

Clay Mitchell: I think Mihaela's point stands that the beginning of 5 basically duplicates 1, and it may not be a matter of splitting 5, it may be a matter of just eliminating the duplication, and then what's left is that 5 covers accidents, accident reporting and 1 covers routine reporting and filing of inspections and what have you. There does seem to be duplication. I'm seeing it.

Mihaela: This way we don't need to make a new paragraph 6 if we can maybe combine the beginning of 5 with 1 and then have--

Jim Wells: I was trying to make this document longer Clay, you're not helping.

Clay Mitchell: I was going to point out that I'm seeing a force from this end of the room that's trying to consolidate and a force from this end of the room that maybe unintentionally is expanding out.

Jim Wells: [unintelligible 02:00:21] people versus legal people.

Ken Dorr: I would agree with Clay. I think 1 pretty well covers it and maybe takes some of that verbiage that's duplication on in 5 with the written normal reports and just leave a separate section for accident reports, which is 5. And again, if Tom prepares those and we make sure they get filed, that's fine. By the way, there's also a situation if you do exceed those thresholds you're supposed to call the 800 number. I think you've got that written down someplace. I've never had to use it. Hopefully never have to.

David Peterson: Well, and I had thought we had already talked about 1 in 5. Mihaela had brought that up earlier and so I thought we were already done with that piece. Then we're going back and revisiting it.

Clay Mitchell: All good.

Allyson Bolton: I'm going to lean on Mihaela and Stephanie for this one. We're going to move to page 11, I believe or on.

David Peterson: For attachment DD.

Allyson Bolton: Correct.

David Peterson: The only thing I would do is I would take out in number 8, I would take out the dollars and move that to Section F. All the dollars should be in section F, I don't want dollars in anywhere but Section F.

Allyson Bolton: Thank you.

David Peterson: You mean attachment FF not section, but attachment FF. Yes. Could I just ask a question about 4? This is Tom paying us each time, right? The 18 is being put into use. That will be subject to the negotiation prior to each March as well. That's all I-- Oh sorry, go ahead.

Mihaela: I also noticed on under cost, I will just take out some of the language under paragraph A and B. Under A take out the last words shall be paid by VTRR because they're covered under the sentence where it says costs. Also B, take out the beginning of the sentence VTRR shall be responsible for, because it basically just lists the costs. That's an oversight that I--

David Peterson: We'll take that off your wages and compensation.

[laughter]

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Jim Wells: I thought you all got paid by the word. That's why there were so many more words.
[laughter]

David Peterson: Colleague for Visit Carson City, Geez, I want a new DA.

David Peterson: On page 12 under 13c, are we addressing any penalty if the 18 is not ready and able to be used anywhere? I mean, to be stuck in-

Allyson Bolton: Not to my knowledge.

David Peterson: -[crosstalk] or, okay. That's something that you both may have discussed with Tom.

Allyson Bolton: I want to say in FF it does specify that Tom can swap out equipment. I know it's referenced somewhere. There's a penalty if he cannot run, period. If there's a delay or anything like that so it'd be under Section 5 of the Charter Services Agreement.

David Peterson: I only bring that up just given people want the steam engine and if Tom's responsible for the maintenance and ensuring that it's there ready to be used, does that impact then what we're paying because we are not providing that steam engine experience for people?

Stephanie Hicks: One of the things that we talked about that we were going to add was, or discuss sorry, discuss in February is what maintenance is required each year. I think some of it falls on us to be making sure we're asking the questions as to what the 18 needs and providing the ability for him to do it. Then I guess if he doesn't have something that he needs or there's just a random failure, we do have the opportunity to swap it out. I'm comfortable with the way that it is.

Allyson Bolton: Yes. In the event [unintelligible 02:04:56] an unexpected breakdown of the equipment, VTRR shall make every reasonable effort to provide a redundancy backup. If we're-- I guess on my side as working with him, I don't know enough about the 18 for him to say, X, Y, and Z doesn't work. We got to use the diesel for me to have that conversation with him. We're relying on his expertise.

Jim Wells: Do we charge a different ticket price for diesel versus steam?

Allyson Bolton: We do not. Part of that is intentional because sometimes it's a last-minute swap. I'm scrolling back up to page-- Okay. 12, is that where we're at?

David Peterson: No, I think 13 now.

Mihaela: Can I ask a question on Number 2 repairs? It says VTRR agrees to provide an annual update on repairs. Do we need to include a deadline, like when it has to be provided at the last commission meeting or before it doesn't matter?

David Peterson: That is a good question.

Mihaela: Is that an issue? I don't know.

David Peterson: I feel like didn't Tom-- we got a great update, I want to say two months ago from him maybe.

Allyson Bolton: It may have been last month actually.

David Peterson: Yes.

Mihaela: I don't know if it would be helpful.

David Peterson: You just want to specify-- Are you thinking it should be after the operating season?

Mihaela: I don't know, it's very general and what happens if he doesn't in December?

Gabe Willaman: Three years down the road.

Stephanie Hicks: Well, I think we're gonna fall into a new pattern with the fact that we're going to be reviewing the fee schedule annually before our budget. I think that gives us both the

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opportunity to find out what we need to budget for, but also to find out what was completed in the previous year. We could note that as far as the timing, but I think that's going to be the trigger for us to start having those conversations on a regular annual basis so that it doesn't get away from any of us.

David Peterson: Are you saying you want that to fall in line with the review of the schedules by March 1st or not?

Stephanie Hicks: I don't have a preference. I think by default it will. If we don't get an annual report prior to having that conversation, I think we're going to have it when we're talking about the budget and what needs to be done the next year.

David Peterson: True so we know what to budget for from a maintenance perspective. Okay. Mihaela, I think that's almost dictated as Stephanie said, based on our preparation of the budget and when we do all the schedules in Jan and Feb and then approve them at the February meeting.

Mihaela: We don't want to add a deadline because it'll be-- we want the flexibility to have it when needed during the year. Okay.

David Peterson: Yes, because what if something came up and we blow a boiler? Then we're waiting until the following year to even discuss it. Frequency might be better, especially if we have to augment our budget or whatever to be able, "Hey Tom, you said something went awry with the 18, what is it?" We augment the budget so we could have him come in a couple times a year if needs be.

Clay Mitchell: Blowing boilers will also be prohibited in our standard operating procedures. [laughs] That's not something we really want to do.

David Peterson: We have a fifth on that I think. Yes. You guys had 14A in yellow. Is that the third item you wanted to discuss?

Allyson Bolton: Yes. The question here is, do we need any changes to the definitions of repairs and maintenance? Is that the right one?

Stephanie Hicks: No, I think 14 A is what we were looking at and it's the VTRR shall store locomotive 18 in at least a secure and protected location as VTRR's other locomotives in VC. I think the reason that we highlighted this was just because we wanted to add something about the storage now being indoors because we're paying for that. That it's not, and I don't imagine that it would be left somewhere else. Since we are paying for the storage building, I think that we should modify it to say, VTRR shall store locomotive 18 indoors, and maybe take out the other part or just add indoors in the storage facility.

Allyson Bolton: I agree. I'm seeing head nods for the record. Great. We're going to add indoors to 14A.

David Peterson: This is the new building that he's constructing, right, where the 18 is going to be-

Allyson Bolton: Correct. It currently is indoors in his current-- I don't know the proper term for it, shop? Very scientific. In his shop.

Gabe: Engine house.

Allyson Bolton: We got the jargon now.

David Peterson: We [crosstalk] on that one, from shop to engine house.

Allyson Bolton: Anything else on page 13? Great. Page 14, we go into our intellectual property license. As Stephanie discussed at our last meeting, there wasn't really any changes to this one. It was just really execution of things that were already in the contract. We do not have anything

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specified for us to talk about unless otherwise noted by a commissioner at this point. Of course, David Peterson. Go right ahead.

David Peterson: I'm a little concerned about the use of the word shall in Section 2 under terms and then-- or II. Terms and then number 2, the commission shall always market, advertise and promote his Shortline. I'd like to suggest we say may. I'm uncomfortable with the entire sentence to be honest with you.

Allyson Bolton: It almost makes me question the definitions of market, advertise and promote. Currently, it has a permanent place on our website in two different locations, that button on the main page as well as a location, its own page within the website, both leading back to his website.

David Peterson: Which I'm totally comfortable with that. This would imply we've got money behind-- We're actually running paid advertising to promote the Shortline, which is not us. I just struggled when I read that.

Stephanie Hicks: Does that next section though, where it says, including at minimum, it's comparable schedule, website and phone number. I guess is that-- we're doing that.

Clay Mitchell: Maybe we just soften the wordings. Instead of changing out shall, maybe it's instead of market, advertising, promote, its include acknowledge and whatever.

[crosstalk]

Include acknowledge and reference, something like that because it has the specificity after that. I agree, it implies proactive action to further his business.

Allyson Bolton: I'm almost even comfortable with it saying the commission shall always market VTRR Shortline because we do that. It's right on our website.

David Peterson: Via inclusion, acknowledgement and reference on vtrrailway.com.

Allyson Bolton: We're moving advertise and promote which are very proactive, whereas market-

Clay Mitchell: Nebulous.

Ken Dorr: You may also want to eliminate the section that talks about the Carson City Canyon loop between-- which was supposed to read between Drako and East Gate. It's redundant at this point.

Allyson Bolton: What number is that?

David Peterson: That's still term 2 number 2 or II.

Ken Dorr: Number 2, yes.

Clay Mitchell: Same paragraph.

[crosstalk]

Allyson Bolton: Got it.

David Peterson: Under terms number 10. What is this-- we're agreeing if somebody took over during this five years from Tom, that we would pay Tom 5% of the gross revenue from the tourist railroad ticket sales? Is that how I'm-- I certainly don't like that. I don't understand why we would do that if somebody else [crosstalk].

Allyson Bolton: From what I'm understanding, it's if the commission sells the track, and a third party comes in, that third party is still under obligation to VTRR. That's the way I'm reading it.

David Peterson: Well, I thought it was if somebody replaced Tom since he's the operator.

Allyson Bolton: Takes over operation of the commission's railroad.

Clay Mitchell: Which there are broader issues as far as access and permissions and things. I think this is being reclassified as a Shortline and whatever else. I think this is just referencing

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were that to happen, they would still be bound under this IP agreement, which I don't know. It seems like a distinction without a difference because it's not going to happen.

David Peterson: No, I know. Can it be removed? I'd like to see it removed personally.

Ken Dorr: I think the original concept would be if another operator again, was hired by the commission, and they're going to run away to Virginia City, then Tom wanted a cut of their revenue but because of the fact that we can't do tha-

David Peterson: We become the commercial railroad.

Clay Mitchell: Well, and not only that but with us restructuring this into the contract, it's somewhat redundant. We're signing a contract with him. Whereas this was a standalone document. Previously, it made sense maybe to have it as a provision of a standalone document. I think we should propose a strikethrough **[unintelligible 02:16:58]**.

David Peterson: I love it. See how easy this is Allyson?

Allyson Bolton: I did notice an edit that I don't think got on to the final PDF but that paragraph right after the sentence that we're referring to, should actually be number 11.

Jim Wells: Now would be 10 because we're removing 10.

Allyson Bolton: Great, yes. Accurate.

Jim Wells: We did you and Mihaela a favor, we saved money on that edit. That's great.

Allyson Bolton: Thank you.

David Peterson: Just a question on the breach on the IP license for number 11, was that 50 and I'm sorry that I don't remember, that was just the amount that was carried forward from-- there's nothing-- no basis for that, it was just on the previous standalone document? That's all I had all I was **[unintelligible 02:17:50]**.

Allyson Bolton: Any other edits on the-- We do have attachments to this one sorry exhibit A. This was also carried over from the original agreement with reference to images it was noted that this specifies yellow and green with black trim, Tom's cars have since been repainted. I don't know that that actually applies.

David Peterson: I really liked the way the cars look now to be honest with you. I thought that was kind of more the original scope.

Allyson Bolton: They were repainted for a movie set to be more historically accurate, that is correct.

Clay Mitchell: Maybe we just ask him if there's an update to these definitions. If his branding is-

David Peterson: I can't even tell what the bottom stuff is to be honest with you. It just looks like gibberish. I don't know after the 3 and the-- I don't know what those are. It's on my copy I can't even tell what those are supposed to be.

Clay Mitchell: Really? I'm surprised you can't read that.

David Peterson: Looks like Arabic or something. Maybe we could get the updated logos or something from him.

Allyson Bolton: Branded document, no problem. I noted that.

Jim Wells: The green and yellow is also on the next page under exhibit B, the second bullet under types of trains.

[pause 02:19:33]

Allyson Bolton: I have a question. Are we agreeing that on our track-- we are removing the green and yellow, but say we were to hypothetically bring in other cars for a special event, we must adh-- are we saying that we must adhere to all of these standards?

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David Peterson: For a special commission-related special event train?

Allyson Bolton: This exists because we use the name all attachments are so that we adhere to the brand associated with the name. Tom still operates, but if we were to ever to maybe rent additional cars to extend our capacity, would those cars then have to adhere to this?

Stephanie Hicks: We could probably ask him that question if we could add a provision that would allow for that because like we said, not all of the existing adhere to it currently. Maybe there needs a little bit of a modification.

David Peterson: Seems fair. Just to clarify, are you talking about cars that we as the commission might purchase that would be--

Stephanie Hicks: Purchase, rent.

David Peterson: Not Tom purchasing something, us. That's a fair question, I guess.

Allyson Bolton: Not operations or anything like that, it's looking at cars to rent for specific large events.

Clay Mitchell: It's a really interesting question because if you go to the top of the terms, what he's doing is granting us a license to use his IP. It's not incumbent on us to use it, but if we use it, then he gets to ensure quality standards. It is a bit ambiguous if you ask me because what if we're mixing? IP, not IP cars. It doesn't really tie us that it says we have to use his IP, but if we're using it in some fashion, does it--? I think it's worth clarifying that.

Ken Dorr: As an FYI, they may go back to the original cars that the commission had purchased, which were Southern Pacific peninsula commuter cars around between San Jose and San Francisco. We owned some of those for a while and they really didn't look like a tourist train. Maybe that's why Tom wanted to include that in there, that it needs to be, or whoever helped prepare that wanted to have that document to say they need to look like a regular old train.

Clay Mitchell: It seems the sections that apply are 1 and 8. 8 is the commission shall adhere to the quality control provision provisions. It seems like that's-- 1 that we're granted an exclusive license, 8 that we shall adhere. Does that create an obligation on the commission's part to embrace this branding for everything we do? That's clear and Gabe, something

Gabe Willaman: Branding's not.

David Peterson: Just identify yourself Gabe.

Gabe Willaman: Gabe Willaman. The branding's not adhered to right now at all. The Jersey Lil's one color, the other cars are a different color. His locomotives are totally different colors. I don't see him being able to hold other people accountable if he's not.

Jim Wells: Fair. In this case, we'll add this to a list of questions back for Tom before we try and manipulate that. Thank you.

Allyson Bolton: Anything else on brand? No. Great.

David Peterson: I'm just speaking for myself. Leah, anybody have anything on [unintelligible 02:24:48]?

Allyson Bolton: Final stretch.

David Peterson: Yes, no. Another hour and a half. We'll be done with this thing.

Allyson Bolton: We're on attachment FF fee and calendar schedule. Now this is a sample. This as a reminder is a document that will be reviewed each year and finalized by March 1st. We took the original fee schedule and then added the additional dollar amounts for the other provisions within one fee schedule. There are a few things highlighted here that we do need to confirm. We'll just quickly go through this. Quickly, that's cute. I did update with the Saturday longline run and the Sunday longline runs.

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The commission actually, from what I was reading in the original, they would also sell the deadheads or the trips from Virginia City to Carson City. They would sell that as a ticket. Those were also included in here. They would also sell it when it was going back up to be housed. There was actually additional trips outlined here. I kept it to the longlines as defined as we've been doing this to remove those. Just outline, the departures and the arrivals and the deadheads. That's really the only change there. A lot of the other verbiage was picked up from the other fee schedule.

David Peterson: Can I just ask you a quick question?

Allyson Bolton: Yes.

David Peterson: Two three, that's why we're not identifying anything into the Canyon, Toast of Canyon or wine trains.

Allyson Bolton: Those would be under 3.

David Peterson: Do you have them under section 4 or are those-

Allyson Bolton: 3. Section 2 would be the regular scheduled trains, our standard operating season. Section 3 would be special trains and special event trains.

David Peterson: Could we just then add in some specificity about whatever we want to call them? Carson Canyon trains, we don't have to try to spell out beer train, wine train, whatever, but PEX, Polar Express in there.

Allyson Bolton: Such as Toast of the Canyon?

David Peterson: Yes. Just as a-

Allyson Bolton: Polar Express.

David Peterson: I know what you mean. Like the special ones where they rent the whole thing out for 10, \$15,000. I just don't want to lose sight of our other-- I would want to see the Toast of the Canyons come back and we know we have Polar Express and I realize that that's only through the existing agreement with Rail Events. Then we don't know what would happen there forward, but PEX or similar style holiday train or something along those lines.

Jim Wells: If you look in section 4, those are all listed. Canyon runs, Polar Express, Toast of the Canyon.

David Peterson: I realize but that's where we're identifying the cost, specifically, but I just thought maybe having it under section 3 if-- because we're treating those not as regularly scheduled trains. Just a place to put them before we talk about the cost.

Jim Wells: I think you need to define special events versus recurring special events because this is talking about VTRR shall quote prices for each train depending on the length of the trip, standing time and other operating costs. Pricing shall be predicated on the base price established for the regularly scheduled trains in section two.

I think if you're really getting at what does it cost to do that, like that special train that they did up to the depot, that's one thing, but if we're doing the normal canyon stuff or Polar Express, it's already outlined in section 4. I think that needs to be, the clarity is that that is for non-recurring special trains. All the recurring special stuff is already outlined in section 4.

David Peterson: Jim, you would suggest saying section 3 non-recurring special trains and special event trains. What's the difference between a special train and a special event train? Can we just-- It's just [unintelligible 02:29:18]. We could just say special event trains. Take out trains and just special trains and just say special event trains, non-reoccurring special-- I'm totally fine with that event. Thanks, Jim. I agree.

Allyson Bolton: Non-reoccurring special event trains. That is the new title. Great.

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David Peterson: Can I ask a couple of questions? I know we talked about the passenger cars and everything but knowing that during the next five years we're going to have the Centennial Trail out and conceptually the idea is to put people's mountain bikes in a carriage car, which I'd love to rename it to be something else. Somewhere in this agreement, I'd like to be able to acknowledge that a carriage car is going to be available for our trains that are going back and forth between Carson City and Virginia City. Because this is a huge opportunity, Leah, for our two communities to grow an audience for our operation with these mountain bikers or gravel grinder, or road cyclists. I just want to make sure that--

Allyson Bolton: Does the carriage car exist?

David Peterson: I thought Tom had one but perhaps I'm mistaken about that. I thought it was an open-air car that we would convert and I remember discussing this when we were at his shop and converting that to allow for people to load their mountain bikes onto-- I just had that as a note because I don't know the appropriate place to put that, I guess, but--

Clay Mitchell: Well, I think that it's easy enough because this is anticipated to be something that we update annually, that it would just be a line item that comes under train services--

David Peterson: Fair enough.

Clay Mitchell: -as needed. When that actually happens.

David Peterson: I'm totally fine.

Jim Wells: If you look under section 5, I was looking for what-- I can't remember where it was. It says each train has a minimum capacity of 210 passengers. I think that you need to define what it is that constitutes the train service. If that's really what we want to do is say, well you have to have this open-air car to take bikes, then that needs to all be part of the discussion of what we expect when the train runs. We can update that section each year--

David Peterson: That's great because he talks about substituting open car but I'm just thinking, could we expand on that a little bit? When the time comes or whatever to have an open-air car for bicycles or something.

Allyson Bolton: Jim brings up another interesting point and that the capacity references only trains in section 2. If you look at section 2, it's only longline trains. There's only a capacity requirement for longline trains. Now we've added to this fee schedule in this, what's it called? A table chart. Thank you. Capacity for Canyon, for Polar for Toast, which is something new.

David Peterson: I have that same question. I want to make sure we're understanding the minimum capacities for every one of these and setting those in place because I'll be honest with you, we're sitting on a waiting list of 5,000, maybe 6,000. We had to shut the whole thing down. I'd love to see us increased capacity if the numbers pencil out. I don't want to limit ourselves to just the minimum of 210 for the longline.

Allyson Bolton: Well, capacity for Polar currently is 150.

David Peterson: There you go.

Allyson Bolton: I guess the question is, going back to Jim's comment, and David's as well including Toast of the Canyon and the Polar Express train ride, we've now changed section 3 to non-reoccurring special event trains which wouldn't necessarily be inclusive of Toast of the Canyon and Polar Express. Do we outline Toast of the Canyon and Polar Express in section 2, which then adheres him to that capacity referenced in section 2?

David Peterson: I don't see why we wouldn't, but is 210 even really enough for PEX?

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Clay Mitchell: What I would anticipate on an annual update basis would be like a min-max capacity so that there's a guaranteed minimum, but we're a guaranteed maximum so that we can then plan and market to that range.

David Peterson: I totally agree. That's what I had under 5. I had "min-max?" so we know what our capacity could be. Before we start to sell tickets, we go through this whole process to identify how much we're paying for train, but also an understanding of do we have a fourth car or a fifth car or whatever. Yes, I just don't know where to put that.

Clay Mitchell: I think putting it in the table makes the most sense because then you have all the stuff right there, I don't think we need to spell it out in words. I think that's part of what's the commitment for the years. This is the cost. Based on the capacity. It may end up a bigger table, honestly, it may end up based on capacity, cost may change. It may need to be subsections and stuff, but I think that makes a lot of sense. Then notes, of course, is where you can put, if there's specific equipment required as per your previous question, that's something that we would note as well on a particular type of train.

David Peterson: I love it. Maybe add a max column for sure. Then the subsections if there's a cost differential. Make it as easy as possible.

Clay Mitchell: Or we can leave it just a capacity column, but maybe in parentheses, put min-max-

Allyson Bolton: That's what I did. Capacity, mid-max.

Jim Wells: Well then in section five, you just take out that whole first sentence. Then you start with VTRR may substitute an open car in acceptable weather. Then you have-- and these could be your bullet points. A train must have a restroom. Changes may be changed to train configuration by mutual consent. You need to just have-- and then the penalty is for late service. Another bullet point for the redundancy and replacement of equipment is that there's an unexpected breakdown and then you can get rid of the next sentence about the capacity again.

Clay Mitchell: I want to just quickly apologize, but I have to run to another meeting. That's how I roll. I come in late, I leave early.

David Peterson: Typical elected official.

Clay Mitchell: I've got a brand to uphold here.

[laughter]

No licensing required. Thank you, everyone. Great discussions today.

David Peterson: Take care, Clay. The only other thing that I wanted to-- well, there's two things I want, want to address. One is we have, B, locomotive number 18. I think equipment rental should probably be C but under equipment rental and I'm relying on Gabe and Ken to help here, but I realize we're going to set the cost and we're going to have per day, per week, per month rates. I'd like to know what these pieces of equipment are that we need to rent from Tom. Then I would also like to recommend or just a suggestion, given the troubles that we've been having with the equipment not working, and then Gabe having to run a jackhammer and a ball pin mallet to deal with stuff. I think there needs to be, one, every year we need to have a fixed price. Not changing depending on the time of the week or the month or whatever.

I think if we're having to go to another third party to rent and it's more expensive, then maybe there needs to be a penalty or something in this because I am aware of the equipment from California costs significantly more, but I think there should be an expectation similar to the 18, that the equipment that we need to rent to take care of the maintenance and the repair or the track

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and the repairs, that it's functional, it's working because that puts a burden primarily on you Gabe.

If we're spending five times as much on the labor, because you didn't have the piece of equipment that just lifts the boulder and moves it over, but now you're there for two days jackhammering away on this thing. It's costing us money.

Stephanie Hicks: We're not being charged for equipment that we're not able to use, are we? We can't require Tom have certain equipment, but what he does have available, I think he needs to give us a scheduled rate for. If at that time it's not operational, we have no choice but to go out for an alternative either method or rental.

David Peterson: I think the equipment needs to be identified in here that it is available to us because I don't think that should be a guessing game every February. What equipment do we have to be able to use this year? Let's know, and let's document the pieces of equipment that we know we need at least that Tom has. I don't know that he has every piece of equipment. I have no idea. Is that fair?

Ken Dorr: I totally agree with you. It would be nice to have a definitive price that maybe changes on a yearly basis. Tom was very reluctant to provide that. He made the comment the last meeting. He said, "Well, those are numbers I usually work out with Ken once a year," but it would be nice to know-- and I can give you the list of equipment. Number one's a work train did not ballast. The high rail excavator, his tamping machine, and track liner. That's it.

David Peterson: So if we could--

Gabe Willaman: Maybe sometimes motor car and trailers to haul the--

Ken Dorr: Motorcar with the trailer.

David Peterson: Motorcar with trailer. Okay.

Ken Dorr: Typically he does those on a daily basis, which is fine.

David Peterson: Sure.

Ken Dorr: The good point about, yes, we don't pay him for equipment when it's not running. The problem is that we go pick it up, it starts to run, it breaks down, and by the same time, then he's just wasted \$1,000 of the commission's money because he's got a crew up there that was keyed around working with that equipment. It's old equipment I understand, but still, if you're going to rent equipment, it should be functional.

David Peterson: My issue is when that equipment was breaking down, we were still being charged for it. I personally have a problem with that. I don't think we should be, or it should be a redu-- well, I don't think we should be charged when the equipment breaks down, but we've been paying these in-- I know from our conversations [crosstalk].

Ken Dorr: Generally speaking, Gabe has worked that out with Tom. If the equipment's down, we don't get charged for them.

David Peterson: Okay.

Gabe Willaman: He's been good about it.

David Peterson: Okay.

Gabe Willaman: [inaudible 02:41:03]

David Peterson: Okay. Fair enough, so we'll put just-- if we could just list pieces and then figure out the daily rates would be great. Then I only have one more comment and this has to do with Polar Express and special event trains. I think that we need to have something in here that specifies that train will be at the Eastgate Depot minimum three hours before Polar Express. Given what happened over the course of the first week of PEX, pulling a train in 30 minutes

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before we're scheduled to leave. Then trying to run through sound checks all the stuff that has to happen.

I don't think that that's fair to Allyson and her team. I don't think that provides a great visitor experience when there are issues. There are problems. I'd like to recommend I'd like to start at three hours minimum for special event trains and-- sorry, the non-reoccurring special event trains and Polar Express to have something in there that says that that train will be there. Again, if it's not, there should be a penalty then.

Stephanie Hicks: I'm fine with adding that language, but I think it maybe needs to go in the charter services agreement versus the fee schedule.

David Peterson: Sure, sure. Yes. That certainly could go there.

Allyson Bolton: I'm almost picturing it as a-- under VTRR. VTRR shall provide the train at minimum three hours prior to departure when requested by the commission. Because for the longline, it gets there in 15 minutes for us to then board and depart. It's really going to be the first night of Polar Express where we're having to check everything that we've just installed, make sure our two systems talk, et cetera.

Now we're at a place where there's an agreement with Tom's team that they'll be ready by four o'clock so that we can then get on, turn everything on, test everything on, and get and go by five. Luckily I've got sound techs that know what they're doing and they're very quick and efficient at it. Night one of Polar, even with the greatest sound techs from Rail Events, we were struggling to leave on time.

David Peterson: Yes, just have something in here. Maybe it's for the Wednesday, right? When it comes down after a week later, who knows, cables get disconnected or some-- Last thing I want to see is trains leaving late, and then we're jammed up from 5:00 to 6:30 to 8:00 or whatever. I'd just like to have something in here.

Ken Dorr: Just to comment on that. I agree with Allyson, maybe you want to limit that to the Polar and maybe a special event because if we ever get the Canyon Run going, what Tom tries to do is have that same train crew operate the Canyon Run that has run the longline and remember there's those train crews are subject to a 12-hour maximum workday pursuant to federal law. If you get them done to three hours early, you're going to be paying for a second-term train crew to go to the Canyon.

David Peterson: Okay. No, fair enough. I'm okay excluding those. Yes.

Jim Wells: Are you sure?

David Peterson: I'm positive.

Jim Wells: I doubt it. For that one, you could also add another bullet. There's already a 10% time penalty or a penalty for trains not running on time in the section 5. Just add another bullet in there if you need to that talks about these trains. These special event trains being there two hours earlier, otherwise, there's a 10% penalty. That was not my question, however.

Back on the previous page, the fuel and the use of the locomotive, I want to get away from this fuel surcharge. I want him to come up with a price that at the beginning of the year we're doing this every year. I want him to come up with a price at the beginning of the year. That's what we pay for the train. There's no \$500 release revenue. There's no fuel surcharge. This is how much it costs for a train this year.

We're basing something off of 2012 and I think that that is outdated and we are going to update this every year. I think that is-- it's time to just get rid of that because we're going to just say the train's going to cost \$5,300 instead of \$5,000 plus a \$300 surcharge. Or maybe it's \$200

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surcharge or maybe it's a \$500 surcharge depending on what I paid for water this week or fuel this week. I'd like to see it all one price.

David Peterson: Remove row two of B, section 4 B. I like that idea.

Jim Wells: This whole thing, it's confusing to Storey County, when they try to break apart the bill, it causes issues. Let's just pay for the train. We'll budget our maintenance costs in accordance with what he tells us we need to at the beginning of the year. What that is, is irrelevant.

David Peterson: It's an out-the-door price.

Jim Wells: Yes.

Allyson Bolton: Would there be any fear of drawing that hard line with Tom and then him escalating the fee to cover himself?

Jim Wells: He's going to do it anyway. I just don't like having that in there. I want him to come up with a price for the year.

Stephanie Hicks: Would it be acceptable at this point to maybe put a note in this template that that's what we'd like to discuss with him at the retreat when we have the conversation instead of just striking it and without being able to have that conversation with him?

Jim Wells: Well, I think we need to have the conversation. I don't want to have these things. I want to know what we're paying. I want some stability in this stuff. Frankly, I'm a little bit with David that this charter services agreement where we're paying a flat rate, whether we have two people on it or 200 people on it. There's no disincentive for him to have a train-- That's why when we run every week, we don't make any money, but he makes his money. Well, if this was set up where if we run a train and there's only 50 people on it, he only gets this much money but if there's 200 people on it, we get this much money, then it's a whole different story. I want him to have a little bit of skin in the game in some of this stuff and I think this is one of the ways for him to do that.

Stephanie Hicks: Right, and I agree, and I think we should have that total conversation with him but we were going to have that conversation when we-

Jim Wells: We can have it in May, but I don't want it to be part of this agreement. I would rather be starting to get him thinking about, we want to get rid of some of this stuff now. I don't want to do it-- I don't want to start the conversation with him in March.

Stephanie Hicks: Okay.

Jim Wells: He'll have some semblance of an idea of what it's going to cost this year, and I don't remember frankly this year what the differential has been. I just think that that's one, I think we already talked about section 6 would go back into that other one. Then the other one, section 7 is also repetitive of his duties regarding the dispatching. Again, I think that needs to go back up into the dispatch if there's language in here that needs to be going into that dispatch paragraph that we created in-- I don't even remember what attachment now, but where we separated that one highlighted section out, I think that we can get rid of 6 and 7 here.

David Peterson: Yes.

Jim Wells: Then same thing with the contacts. The contacts I think are in the original. Section 8 I think is in the original template so I don't think we need section 8 either, which takes out section 6, 7, and 8, and parts of 4.

David Peterson: They would go into CC.

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Jim Wells: Then I think the other thing I would consider even taking out section 2 altogether and just talk about the trains instead of having a longline defined and then having all this other stuff. Let's just talk about train service.

David Peterson: Dump 2 and 3?

Jim Wells: No, you could leave three because that's the whole definition of the special non-recurring event where they had the dinner at the depot and stuff like that. I think that's-- but 2 really becomes a large part of what you see in the list. 4, the round trips and the deadheads and it's already in there. If you want to put in time-

David Peterson: Time, I was going to say, should we just keep the time but move it to the schedule?

Jim Wells: You can put the times in the schedule and just say, the round trip CC to Virginia City, it starts, leaves the CC depot at 10:00 AM, and arrives in-- or departs the Virginia City at 3:00 PM. You can just put an asterisk next to the round trip and then put it to the bottom 10:00 AM. Because we could change that. We never have, but do we want to? That's a question that we have to-- Some people think it's too long to stay in Virginia City. Some people think it's too short. You don't have enough time.

David Peterson: Oh, you have to recuse yourself, Leah, from such a discussion.

Jim Wells: That's all I had on that one.

Allyson Bolton: Once we remove the table from section 2, we're left with the paragraph. Is there anything else that would be outlined in section 2 then? Or we're adding in Toast of the Canyon and the Polar Express train ride and we've got the Carson City longline here. Are we just basically defining what our regular scheduled trains are?

Jim Wells: I would move the scheduled trains originating the subject to the 48 hours notice into section 5, the train service because it's just another bullet point, and then get rid of the definitions and then put those like an asterisk under the table in 4. I don't think you need 2 at all.

[pause 02:51:47]

David Peterson: Do we feel like we've made enough changes? No. Jim would like to go. [chuckles] The motion on this is going to be very unique, Mihaela, as someone tries to recap every single one of these changes in their motion in less than 20 minutes. Oh, you got it? Oh, all right. Stephanie's ready to roll.

Stephanie Hicks: All right, if we're ready. I move to approve the draft master contract with the discussion and changes as noted on the record and direct staff and or the chair to coordinate review with VTRR's attorney.

David Peterson: Thank you for that simple motion. Do I have a second?

Jim Wells: I'll second that.

David Peterson: Great. We have a motion and a second. Any further discussion on this item? Seeing none. All those in favor signify by saying, aye.

All: Aye.

David Peterson: Any opposing? Motion carries unanimously. Thank you. Stephanie, please thank you really seriously and Mihaela for coming in on this to help us get this thing going. This is a huge thing.

Stephanie Hicks: It truly was a team effort and Allyson and Leah were very instrumental. Clay was instrumental in it and I think the discussion today was very instrumental in it, so go team.

David Peterson: Yes. Awesome. Thank you again. We'll move on to agenda item 11 for discussion only. Discussion and presentation regarding Freedom Rails Operation's plan for 2023.

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We do not have these folks for whatever reason on the WebEx today. Thank you, Stephanie. I'll be honest with you, I'm a little disappointed that they're not here. They had plenty of time. They were supposed to be here last month. They chose to come this month to talk through the significant decline in the revenues. I'm aware, I believe Allyson, am I correct in saying they have not paid us for their 50% of the utilities starting from July 1st forward either? We've not received any payments.

11. FOR DISCUSSION ONLY: DISCUSSION AND PRESENTATION REGARDING FREEDOM RAIL'S OPERATIONS PLAN FOR 2020-2023.

Allyson Bolton: That is correct. We've not received any payments for utilities. Additionally, we do have one revenue check that has bounced that has not been reconciled.

David Peterson: Okay. I'm beyond concerned about what's not being paid. Again, if you recall last year, we did collapse several months' worth of utilities into one invoice with backup. It took, I don't know, seven months or however long for them to pay us. They asked to go at the end of each month to be able to pay us from a cash flow perspective. They have not paid us at all for any of those months.

We still don't have a clear understanding of the huge drop in revenue, which is impacting our budget calculations as well, our projections. I think we need to have a serious conversation and I know we can't do this today because we didn't agendize it as such, but about moving on from these folks and maybe we do an RFP to bring another operator in here. Again, I know we can't do that today, but certainly for January. I know they're trying to run a Georgia operation too and pulled our staff away. They shut down our operations before the end of October as well without technically notifying us.

Allyson Bolton: Without notifying us.

David Peterson: Yes. I don't know, it's just rubbing me the wrong way. I don't know how my peers feel.

Jim Wells: I would prefer that we just put a termination of the contract on the next agenda item or the next board meeting, terminate the contract and if we really want to have rail [unintelligible 02:55:44], let's go back out. Let's go out to bid.

David Peterson: Fair enough. Great.

Leah Kruse: I haven't been here for the previous discussion, but if this is an ongoing issue, then I don't see wasting more time.

David Peterson: Thank you. We'll do that then for the January meeting. Thank you. We'll move on to agenda item 12, for discussion only. These are our monthly non-action items. We'll start with 12A, operations report. Take it away Allyson.

12. FOR DISCUSSION ONLY:

MONTHLY NON-ACTION ITEMS:

A. OPERATIONS REPORT

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Allyson Bolton: Thank you, David. I don't have a formal deck today. We are in the middle of Polar Express right now. On average we get there at about three o'clock. We're there 'til about 9:30, 10:00. We currently have had 3,200 passengers that have come through Polar Express. It definitely is more work handling both depot and train operations. Overwhelming feedback of several mentions of best year ever. I did go into our survey results of the 3,200. We've only had about 25 responses. Of all the emails, the voicemails, the survey responses, we've received two negative comments and both of which we've identified the source of those negative comments and have already fixed what the issues were.

We are seeing a lot of influx in calls and sickness. It's significantly more than we did last year. My personal theory is there is a lot of sickness across the board, not just necessarily affecting our train. I did talk to Tom and his operations. He's also seeing that as well with his trains that a lot of same-day cancellations, a lot of people maybe panic buying when we went on sale and then wanting to change dates, et cetera. That's really kind of taken a lot of Leah's time with the voicemails. I was just texting with her. She's at 15 voicemails from just today. With just various requests and things like that.

We did need to close our waiting list. We created a form that we had on our website. We didn't do this last year. It was a last minute, "Let's try this." I did a quick post about, "Hey, we have a waiting list this year," and I had to close it because we got up to about 5,000 passengers, about 1,200 people that had gone in and submitted themselves to the waitlist.

The number is anywhere from, "I need 2 tickets to 17 tickets." It's across the board, but when I did a sum of the Excel it was around just over 5,000.

Other than that, we've not had any late trains. We have been running fairly on time. Really positive feedback from the cast as well. We have a great cast, about 40 kids total, but we have about 22 on each night. I think that's it for Polar unless there's any specific questions. I did also want to mention in my update that we are having some issues getting in contact with Roy Street for his payments. I believe it started in maybe September. Jim worked through the numbers of what was due. There was a partial payment applied to October. His October payment did not come in. His November payment did not come in.

Most of our phone calls, the way that it goes is, "I need an update from him. I need an update on what I owe." "Great. I'll send you an email," a follow up phone call of, "Can you send me an email?" "I sent you the email," and just going back and forth in that manner. Oh, hi [laughs]

David Peterson: You might have to-- yes, for Leah.

Allyson Bolton: Yes. Jim might have to jump in as well on the syntax of this. Essentially Roy Street has a note due to us with monthly payments with it ending at the end of 2024. He's currently two months behind on his payments.

David Peterson: Leah, this is for the Drako property here in Carson City at Big Building.

Allyson Bolton: Took me a few months to wrap my head around it. [chuckles] Still am. [laughs] I just checked my email. The last time I had reached out was I believe November 3rd. Then we quickly after that jumped into Polar so I have not reached out again since then, but this is the last time of multiple contacts with him of trying to secure payment from him.

David Peterson: Is part of his confusion because you know how we assess the late penalty fees, but that's separate from what he's supposed to be paying for the regular notice. Is he still confused because he's making a payment, but not all of that is actually per the amortization schedule because [crosstalk]?

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Jim Wells: [crosstalk] late. Well, okay. He makes lump sum payments. We got payments in June and, late June, and July or early July and late July that were months. Then he made up months and then he basically prepaid months. Almost like he forgot he paid-

David Peterson: Oh my gosh.

Jim Wells: -the checks so we got these two payments in a very short period of time, weeks. That basically covered plus through September and part of October. He doesn't have a flipping clue what he's paying for. I'm ready to start to have Mihaela work on-- you have to wake up over there-- on foreclosure. If he can't pay the bill, then we'll take the property back and sell it to someone else.

David Peterson: Fair enough. Do we want to maybe look at something being agendized?

Jim Wells: If he is not caught up by January, I think we need to start having a discussion about a foreclosure.

David Peterson: Okay. I think that's fair.

Allyson Bolton: The confusion seems to be always something different. "What's your PO box? How do I do a wire transfer?" It's something different. [laughs] "I didn't get your email." It does take a lot of our time to-- I'm on the phone with him a lot and then following up via email.

David Peterson: That's costing us money, right?

Allyson Bolton: Yes.

David Peterson: For your time and Leah's time with all this back and forth, dicking around. I want to compliment you, Leah and the team, and the folks that you hired for Polar. Wow. The depot is awesome. The power works so thrilled. I was worried to plug my phone in to charge it, shut the whole depot down. You did an amazing job. The comments, walking around listening to people, they were blown away by the decorations and the inside of the depot. Then the sound, you guys, it's like night and day better at utilizing Tom's Bose system and the mixers and all that stuff and I thank Daniel from Rail Events too for helping.

Allyson Bolton: Thank you for mentioning that. Yes, Daniel from Rail Events came. He's in charge of all production for Rail Events and his comments were we checked every box on-- They have a checklist of how we're graded. We didn't check every box, almost every box last year. We checked every box this year, which was a really big feat. His response to us was the only thing that you could do better is have more cars and more passengers because it's a really good production.

David Peterson: No. Seriously, yes. The Grand Canyon train has 15 cars you guys and it's sold out down there. It's amazing.

Allyson Bolton: Yes, and they do three or four runs a day. It's quite the production.

David Peterson: And Leah with every box being checked. My bonus doubled this year as the chair, so that was really [inaudible 03:03:33] thank you. That's awesome to hear.

Thank you. Great, great job on that front. Did you want to add anything or are you okay?

Allyson Bolton: No. I think I'm good.

David Peterson: No, thank you. 12B, I know Tom's working on his own trains today, so we'll skip over the train operations report move to 12C engineers' report, Mr. [unintelligible 03:03:53].

B. TRAIN OPERATIONS REPORT

C. ENGINEER'S REPORT

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Ken Dorr: Yes, I'll probably drag Gabe up here real quick. Quite a few end-of-fall items Gabe got taken care of. The miraculous thing is we finally got some material from A&K railroad materials after filling out the credit application and they needed this and that and I said, "We bought \$2.5 million worth of rail from you guys a few years ago. We didn't have near as much paperwork for \$2,000 worth of material so welcome to the new times."

Anyway, such exciting things as track bolts, joint bars, and some lubricant, fascinating stuff here. Gabe was able to spend a couple of days with the ballast regulator. Things are looking pretty good there. There's always more work, pre-emergent down and you got about three miles of joint oiling, which-- joint oiling, again, to get real technical is what we tend to do on joint and track. We want the rail to move with thermal and dynamic actions and so we break the joint bars, oil those joint bars, and then retort the bolts. At the same time, he does some reset rail anchors and does some respiking.

Most exciting thing of course was the big rock fall at Mile Post 13.1 above tunnel number 2. Historically, that's actually pretty funny. When we first looked at that before there was any track-- there was a big pile of rocks right outside of that cut. They've been cleaning rocks out of that cut since 1869 and so Gabe had to do the same thing that's been done forever. He was able to work without the benefit of the track excavator, but we'll have to get up back there and clean some of that rubble out of there, but right now, he got it broken up, moved across the track, and had that all under control all by himself there so that was good.

We got our annual inspections done on the bridge, tunnel, miscellaneous culverts, et cetera, et cetera. We'll have that report finished up and a hard copy we've been keeping over at the depot. We'll also have an electronic one and so probably in January, I'll give you another little care package of documents. That's about all I've got. I know that we're looking at the budget for fiscal '23. We're starting to put numbers together on that, what, February, is that correct?

David Peterson: Yes.

Ken Dorr: Because I've got some items there we need to hash through. Nothing we haven't discussed before, but some items that are probably over and above what we normally put on for track maintenance that--

David Peterson: Great.

Ken Dorr: -the board needs to ponder on a little bit there. Gabe?

Gabe Willaman: Yes.

Ken Dorr: Do you have anything?

Gabe Willaman: No.

Ken Dorr: Don't get off that easy.

David Peterson: Nothing from Gabe. No, that's great. Okay Ken, thank you. Any questions for Ken or Gabe?

Ken Dorr: Again, anybody wants a high rail trip, Leah, we'll probably drag you on the high rail there sometime so she can see what the track looks like.

David Peterson: Give her a discount, no charge on the full price. We shouldn't discount.

Ken Dorr: Wait a minute. We need the revenue as much [crosstalk].

David Peterson: Well, that's a good point. Yes, charge or double. They got plenty of cash up there.

[laughter]

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No, thank you, Ken. Appreciate that. Thank you for taking care of the boulder because there'd be no PEX without getting that off the track, so we'd be pulling people up the hill.

D. UPCOMING MEETINGS

David Peterson: Thank you again. 12D, upcoming meeting. Next meeting, January 25th, Wednesday, right here, same time 9:00 AM in this building. We'll move on to agenda item 13, commissioner comments or announcements and requests for information. No action will be taken. No discussion among the members or with staff will take place during this item of the agenda. Any comments, Jim or Leah? We're down to the three of us here. We'll move on to 14, public comment. I do not see anybody in the room wanting to make a public comment, which is great. Could I get a motion to adjourn? Moved, we are adjourned. Thank you, everybody.

13. COMMISSIONER COMMENTS, ANNOUNCEMENTS, AND REQUESTS FOR INFORMATION

14. PUBLIC COMMENT

15. FOR POSSIBLE ACTION: TO ADJOURN