

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Thursday, January 26, 2023 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 Thursday, January 26, 2023, 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/2174>

PRESENT: Chairperson David Peterson
Vice Chair Clay Mitchell
Commissioner Stephanie Hicks

NOT PRESENT: Commissioner Leah Kruse

1. CALL TO ORDER

David Peterson: Nevada Commission for the Reconstruction of the V&T Railway. It is Thursday, January 26, 2023, 9:01 AM, and we are here at the Carson City Community Center, Robert "Bob" Crowell Board Room. Could I get a roll call Allyson, please?

2. ROLL CALL AND DETERMINATION OF A QUORUM

Allyson Bolton: David Peterson?

David: Present.

Allyson: Stephanie Hicks.

Stephanie Hicks: Here.

Allyson: Clay Mitchell?

Clay Mitchell: I'm here.

Allyson: Leah Kruse, not present.

David: We do have a quorum, so thank you, everybody. Let's go ahead and stand for the Pledge of Allegiance, please.

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: Thank you, everybody. We'll move on to agenda item four, 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. Any public comment? Please come on up. You'll have to come up. Yes, please. Then you'll just push the button on the microphone there. Yes, there you go.

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Kim Fegert: Kim Fegert, Gold Hill Historical Society Project Manager. My understanding is normally in most of these meetings, you have a public comment before the meeting and then after. If you're going to have one after, I'd like to wait till then.

David: You're welcome to do that because we do have one at the beginning and one at the end.

Kim: I'll do it. Thank you.

David: Thank you, Kim. Yes, thank you very much. Great. Any other public comment? Seeing none, we'll go ahead and move on to action item five-- agenda item five, for possible action; approval of minutes of the November 30th, 2022 meeting. You have the minutes in your packet. Does anybody have any-- Leah, I'll let you go ahead.

5. FOR POSSIBLE ACTION: APPROVAL OF MINUTES OF THE NOVEMBER 30, 2022, MEETING.

Leah St. Marie: Yes, there are a few changes to the meeting minutes. On page 23, Stephanie Hicks. It says, people who are not associated on our tracks-- it should say authorized on our tracks. Down a little further below Ken Dorr says-- the minutes say shall out on our track but shall be out on our track. Page 39, Jim Wells, his first comment on that page, it says, each train has a minim-- it's missing the U, M, so it should say minimum capacity. Again, David Peterson, a couple of comments later, the same spelling error. It should say minimum and not minim. On page 40, Allyson Bolton's first comment on that page, it should say capacity min max, not mid max. Those are the only changes that I have.

David: Thank you, Leah. Stephanie, or Clay, do you have anything-- no. I don't have any other changes myself. If anybody wants to go ahead and make a motion-- thank you for those edits, Leah. That would be super.

Stephanie: I move to approve the minutes of November 30th, 2022 with the changes as noted on the record.

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

Clay: I'll second that motion.

David: Thank you, Clay. We have a motion and a second. Any further discussion? Seeing none, all those in favor say aye?

All: Aye.

David: Any oppose?

David: Motion carries unanimously, thank you very much.

6. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION FOR THE ELECTION OF AN INTERIM TREASURER FOR THE V&T RAILWAY COMMISSION FOR THE TERM ENDING JULY 1, 2023.

David: We will go ahead and move on to item six, for possible action: discussion and possible action for the election of an interim treasurer for the V&T Railway Commission for the term ending July 1, 2023. Unfortunately, as you guys know, we lost Jim to the governor's office. I would like to take just a second to thank Jim. I know he's not here, but he was incredible as far as helping us with everything, numbers, budget, contracts, you name it. He dove right in and I am grateful for the work that he put in on this body while he was on it. Having said that, though, we do need to have somebody fill in, in this role, through the end of what Jim's term was, which

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basically ends in June. With that, I would like to make a motion if I may to appoint Stephanie Hicks into this role. I'll make that motion that, Stephanie, if you will consider this. We would be eternally grateful for you to take over to finish Jim's term out through June 30th. That is my motion. If I have a second?

Clay: I'll second that motion. Although I was going to say, Leah's not here, it's a prime opportunity.

David: I don't know if that's convenient or not she's not here. [laughs]

Stephanie: This is a temporary term. [laughs]

David: Oh, sure. Yes. Wow, wow. Temporary. Is that going down in a motion? We have a motion, thank you for that second, Clay. Any further discussion on this item?

Stephanie: I just wanted to say, I know I have tremendous shoes to fill with the work that Jim did. I do absolutely echo what you said, David. I think he's put us in a really good place, and I will do my best to carry on.

David: You will do just fine. We will guide you to the end. All right. Any other discussion? Clay, any comments? All right. All those in favor? Oh, sorry. Go ahead, Clay. Sorry.

Clay: That's quite all right. There's just a slight delay. No, just also to echo the thanks to Jim for the work that he's done. I'm happy to support this motion.

David: Great. All right. All those in favor say aye.

All: Aye.

David: Any opposed?

David: Motion carries unanimously. Welcome Treasure Hicks-- has a nice ring to it.

7. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE V&T STATEMENT OF ACCOUNTS PAYABLE CHECKS PAID NOVEMBER 1-30, 2022, AND DECEMBER 1-31, 2022.

David: All right. Thank you very much. All right. On to agenda item number seven, discussion and possible action regarding the V&T statement of accounts payable checks paid November, 1-30, 2022, and December 1-31, 2022. The V&T Commission will review the invoice listing for accounts payable checks totaling \$61,324.17, paid November 1-30, 2022, and \$372,971.08, paid December 1-31, 2022. Does anybody have any questions about the reports in your packet? If not, I'd be happy to entertain a motion then on this item.

Stephanie: I move to approve the budget report for the period ended November 30th, 2022, and the period ended December 31st, 2022.

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

Clay: I can second it but are we on budget report, or are we on the checks payable?

David: Stephanie, sorry. We're on seven. Yes, you're right. Clay, sorry. Will you restate that for the-

Stephanie: Sorry, yes, I will. I move to approve the payable checks paid November 1st through 30th 2022, and December 1st through 31st 2022.

David: Thank you. All right. Do I have a second on that?

Clay: Yes, I'll second that motion.

David: Okay, great. We have a motion and a second. Any further discussion on agenda item seven? All right, seeing none, all those in favor, signify by saying aye.

All: Aye.

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David: Any opposed? Motion carries unanimously. All right, thank you very much.

8. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE ADJUSTED V&T FISCAL YEAR ("FY") 2022/2023 BUDGET REPORTS, PERIOD ENDED NOVEMBER 30, 2022, AND PERIOD ENDED DECEMBER 31, 2022.

David: Now on to number eight. Discussion and possible action regarding the adjusted V&T fiscal year 2022/2023 budget reports for the periods ending November 30, 2022, and the period ending December 31st, 2022. In our packets, we have a comparative statement of adjusted revenue totaling \$980,337.26, excuse me. Expenses totaling \$297,639.88 November 30, 2022. Adjusted revenue totaling \$980,337.26, expenses totaling \$672,824.70 through December 31, 2022. Any questions Clay or Stephanie on this particular item?

Allyson: I do have a comment-- Allyson Bolton for the record. Two things, the first is that we're still awaiting the December bank statement. The December revenue is not included on this budget report. We will discuss in our Polar update some of the increase in revenue that is reflective of December's numbers. Secondly, traditionally in this portion of the packet you would also have the contract logs for all of our vendors. With the transition of the treasurer position, that's not included this month, but it will be updated and included in next month's packet.

David: Thank you for clarifying that. Any other comments on this particular item? If not, I would love a motion.

Clay: I had just one comment or question.

David: Sure.

Clay: I realize that our Polar is still maybe outstanding a little bit. One of the things I'm curious about is I noticed both our regular train ticket sales and train expenses are substantially lower than budgeted. I'm trying to recall if we created this budget prior to having the schedule done, or if there's some other way to account for the fairly wide gap between what we actually did on the train revenue side and expense side. They seem to match each other, but not necessarily match up to our budget.

David: Clay, just the lines you're looking at are 22134700?

Clay: Yes, 34700, and then the match of 53016.

David: Are you concerned, Clay, in terms of starting the trains up for May and June whether or not we're going to pick up that additional \$114,000?

Clay: Yes. We're sitting at about 50% of budgeted. I'm just curious if we budgeted either before we decided on our run schedule for the last year or--because I think it's fairly atypical for us to pick up 50% in two months in our month and a half of operation.

David: Yes, I don't remember off the top of my head, Clay.

Allyson: I'm also trying to remember. I know that we had our draft schedule at our workshop in February, which would lead to us having it in. I pulled up the schedule which I have budget predictions within there. We do anticipate-- Mother's Day and opening weekend are some of our highest revenue weekends. I'm seeing a prediction of potentially anywhere between \$68,000 and \$131,000 in just the remaining part of the season for the fiscal. That would be April through June sales.

David: We could hit that 114 then.

Allyson: Yes. 50% occupancy would be increased revenue of \$68,500. 100% occupancy for the remaining months in the fiscal is \$131,500.

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Clay: Do we book it when revenue is received, so ticket sales happen, or is it when the rides actually happen?

Allyson: When the rides actually happen. I believe it would be deferred when we go on sale for any rides happening after July 1.

David: All right.

Clay: Very good. Okay, thank you.

David: Are you comfortable with that, Clay?

Clay: I am. The operational expense is in line with the revenue, so I'm not concerned from that perspective. It seemed to be a fairly big gap, but it does sound like we have the potential to-- we'll be in the range, so I'm not concerned from that perspective.

David: When we went through the schedule I feel like we cut some dates out too that would've impacted ticket revenue, regular train for fiscal 2023. I think there were some individual days we reduced the schedule as well. It may be that there were some changes that happened after we probably submitted that budget in May too. That may be impacting the overall number for the whole fiscal year as far as where I think we'll end.

Allyson: I do need to go back and check some of my records of-- if we do book that as deferred or not when we go on sale. Because we are looking to go on sale in late March.

Clay: Okay, thank you.

David: Clay, did you hear that, that we're looking to go on sale in late March?

Clay: I did.

David: Any other comments or questions, or Allyson or Leah on this one? Anybody want to make a motion on the budget reports?

Stephanie: Now, I move to approve the budget report for the period ended November 30th, 2022, and the period ended December 31st, 2022.

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

Clay: I'll second that motion.

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

All: Aye.

David: Any opposed? Motion carries unanimously.

9. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING CONTRACT NO. FY23-C002 WITH VIRGINIA & TRUCKEE RAILROAD ("VTRR") FOR TRAIN SERVICES, LEASE, MAINTENANCE AND STORAGE OF LOCOMOTIVE #18, AND USE OF VTRR'S INTELLECTUAL PROPERTY ("THE CONTRACT"), EFFECTIVE THROUGH JANUARY 1, 2028.

David: All right. Thank you so much. All right. We are going to pull number nine, and I apologize for not indicating that earlier. There's still some discussion that is taking place with legal counsel on both sides regarding the new multi-year charter services agreement with Tom and team. Nine, we will push off in hopes of bringing back, Mihaela, I think at the next meeting if all goes well.

10. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING A DECLARATION OF DEFAULT OF ROY STREET PROPERTIES, LLC FOR FAILURE TO PAY

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CERTAIN INSTALLMENTS PROVIDED IN THE PROMISSORY NOTE DATED NOVEMBER 30, 2021, RELATED TO A CERTAIN PROPERTY WITH APN 008-522-15, LOCATED IN CARSON CITY, NEVADA AND AUTHORIZING THE CHAIR TO DELIVER A DECLARATION OF DEFAULT TO THE TRUSTEE OR OTHERWISE INITIATE THE FORECLOSURE PROCEEDINGS.

David: Great. We'll move on to agenda item 10. Discussion and possible action regarding a declaration of default of Roy Street Properties, LLC for failure to pay certain installments provided in the Promissory Note dated November 30th, 2021, related to a certain property with APN 008-522-15 located in Carson City, Nevada, and authorizing the Chair to deliver a Declaration of Default to the trustee or otherwise initiate foreclosure proceedings. On this one, Allyson, I'm just going to ask you a quick question. Have you received any response from Mr. Street at this point?

Allyson: I have not received any response from Mr. Street at this point.

David: Okay, thank you. Nor have I via email or in writing. At this time, we are going to table this one as well until a later meeting, potentially next month. That's what is going to take place on number 10.

.....
Clay: Mr. Chairman, I was hoping if possibly, we-- item 10, just to have some discussion on that.

David: You want to go back to item 10, Clay? Is that what you were asking?

Clay: Yes. If that's possible.

David: We can go ahead and open up item 10. Yes.

Clay: When it came up before, we moved through it without any discussion. I don't necessarily know if we need to take action or not. I was wondering if there was a particular reason that we were pushing off discussion on it to a subsequent meeting.

David: Can I ask Mihaela to address that, Clay, if you don't mind, please? Yes, but I'll let Mihaela address that question from you.

Mihaela Neagos: Mihaela Neagos from the District Attorney's office, for the record. It was the advice of counsel for the Chair to table this item at the moment-- to bring it up at the next meeting.

Clay: Oh, okay. That's fine.

David: Okay. Thank you, Clay.

Clay: I don't have any other comments.

11. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING TERMINATION OF THE INDEPENDENT RAIL BIKE RIDES SERVICE AGREEMENT AND ITS TWO AMENDMENTS WITH FREEDOM RAIL, LLC, WITH THE AMENDED CONTRACT TERM ENDING DECEMBER 31, 2023 ("CONTRACT").

David: With that, I'm going to move on to agenda item 11. Discussion and possible action regarding termination of the Independent Rail Bike Ride Services Agreement and its two amendments with Freedom Rail, LLC, with the amended contract term ending December 31st,

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2023. On this one, Allyson, I'm going to ask the same question. Have you received a response from anybody at Freedom Rail regarding the materials that were mailed out?

Allyson: I have not received a response from Freedom Rail at this point in time.

David: I have not received anything via email, in writing, a phone call, or anything myself.

Mihaela, I'm going to look to you and just ask a question. If we continue this one until the next meeting, is that going to impact our ability if we did decide to move forward and terminate the contract? Because I know we have a 10-day clock in here as well that doesn't end until next week, so I just want to know what our options might be.

Mihaela: That is correct. The possibility and the opportunity for them to cure the default is still pending, the 10 days. Pursuant to the contract that was entered into, the Commission may immediately terminate the contract once the opportunity to cure is given, but it doesn't have to happen right away. My advice to you is if you'd like to continue this until the next meeting to see if they're going to exercise their option to cure, that will not affect your ability to terminate at the next meeting. You may make that decision today to just table this until the next meeting.

David: Hey, Stephanie. Are you okay with that approach, we just table this and see what happens through this 10-day cure process and bring it back next month.

Stephanie: I am.

David: Clay, are you comfortable with that approach?

Clay: I'm just wondering potentially just given the timing of the new season if that puts us behind the gun somewhat if that is the direction that we end up going. Do we gain something by having however much time that is between the three weeks or between the end of the cure period and the next meeting?

David: Good question. Mihaela, is there anything that would prevent us from working on a potential RFP where we can get out rail bike services.

Mihaela: No.

David: I think Clay's got a great point, right, because we typically start in April. Could we put something together and have it ready to roll?

Mihaela: My only concern is that it's not an action item today to direct the Operations Manager to start the process. Whatever can be done without an action item I don't see a problem with that. That is separate from the item that was [unintelligible 00:20:32] today which is basically to take an action regarding termination. Whatever the Commission decides to do to start the process on its own without taking an action today is appropriate.

David: Yes, because I'm thinking we could always come back, you guys, at the February meeting. I know we have a retreat too, but we could have an RFP ready to go that then the Commission could officially review and give Allyson permission to release that-

Mihaela: That is correct.

David: -at the February meeting. I don't think there's anything that puts us from pulling something together. We did do this a few years ago, so we do have at least a baseline of what that RFP was. I'm also soliciting for my peers out in the eastern part of the state what they may have released for their own rail back operations as well just to try to get some other-- here's how we did it type documentation to help us, so best practices. Clay, are you okay with that? It sounds like we have some flexibility to at least get something together behind the scenes and then bring that RFP back to the February meeting so everybody can take a look at it and say yes.

Clay: I guess I'm okay with that. I think my natural thought is that-- my natural preference would be given the length of time that they've been unresponsive. I think my natural inclination

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is to go ahead and authorize the Chair if that's something that's within the scope of what we can do at the end to be able to terminate, but I'm fine waiting as well.

David: Mihaela, is that a possibility then at the end of--?

Mihaela: It is. This is what--

David: How we set it up.

Mihaela: How we set it up. If you'd like to make a motion to allow for the 10 days to cure to pass and then terminate the contract at that point, that is something that the Commission may take an action on today.

David: Clay, that's what you're getting at, right?

Clay: Yes, I think that would be my preference. I don't really see an advantage to waiting beyond that time. It seems that with the way the agenda is today, we have the option to go ahead and say if it's not cured at the end of 10 days go ahead and terminate and we move on.

David: I have a question about-- if we move in this direction what happens to the-- whatever it is, \$11,000, \$12,000 in the utilities that we have yet to be paid for. Plus, I want to say it's maybe 1600 in change in revenue from the rail bike ticket sales. Is that going to negate our ability to go after that money that we are owed?

Mihaela: No, because this will be a termination for cause. You can still pursue a breach of contract action where you go after the remedies which are the costs that are owed to you. To go back to what Commissioner Mitchell had stated, there's no need for authority to the Chair to terminate this contract. The Commission will be terminating the contract today at the end of the cure period. The action will be for the Commission to terminate the contract.

David: Clay, did you--

Clay: Mihaela, if I can ask, can we make that motion contingent on the cure not happening?

Mihaela: Exactly. That will have to be that way.

Clay: Doesn't necessarily need to be.

Mihaela: It'll have to be the way in order to follow the contract requirements of terminating the contract for cause after an opportunity for cure is given of 10 days.

David: Stephanie, any comment any thoughts-- your position on this?

Stephanie: I do agree with Clay in that this has been a long time that we've been trying to rectify this situation with them. I just want to make sure from a legal standpoint that making that determination today is-- what are the pros and cons of us considering waiting till next month? Are we just waiting to give him one more opportunity, or do we feel like our standing in our ground is, we're comfortable with where we're at?

Mihaela: I will leave it up to the Commission to make that decision. What may happen, I was considering maybe having a closed session where we discuss our options in regards to recovering the costs that were not paid to make sure that this is the way we want to go? It can happen at the next meeting, but you can still move to terminate today. It's really up to you. I feel like if you wait until the next meeting, you may have more information. The benefit of having a closed session where we discuss our options, if you decide to terminate today may do that as well. We can still have that conversation later on.

David: If we do the closed session in February say we take that approach and we haven't heard anything, the whole month of February goes by, we have our meeting, we have a closed session, and then we decide, okay, we're done. Is that going to be immediate then? Basically, we're not waiting another period of days or anything.

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Mihaela: No, and you have that option. As soon as the 10 days of the opportunity to cure is given you may terminate the contract immediately. That'll be three to four days when the 10 days is up, or if you'd like to wait until the next meeting we can have a closed session, discuss this, and then we can move and terminate effective immediately for cause. Going back to what Commissioner Mitchell has stated, if you feel like they've had enough opportunities to come back and respond, your position will remain the same regardless of what your options are in terms of recovering. Under the breach of this contract, you may go ahead and terminate today or wait until next time.

David: Clay, I just want to make sure you're hearing everything that Mihaela was saying there as far as the alternative.

Clay: I am. I'm comfortable with either approach. Was an invitation extended to rail bikes to come to our last commission meeting?

David: That's correct, yes. They were actually on the schedule, Clay. That was based on a prior meeting where Jim, if I recall, actually asked for them to come in and talk through the numbers. Because, as everybody knows, we're not meeting our rail bike revenue numbers, but more importantly it was to understand what their calendar 2023 plans were. How are they going to hit the marks from a revenue perspective? What are their marketing plans? How are they planning to move forward? I want to be careful how I say this but to run an operation that it's not starting late and then it stops, and it starts and it stopped. Get off the ground in April and consistently run through October, what were their plans around that? Yes, we did give them that opportunity. They were given the link for the WebEx.

Allyson: They were given two months' notice if I might add.

David: That is true.

Allyson: We had a Commission meeting where Jim asked them to come. We skipped the next meeting for them to prepare, and so it was actually two months for them to come and present and they did not come to that meeting. Additionally, they did receive panelist links today to join this meeting as well.

David: You're right. I forgot that we did give them the opportunity for October and they, I believe, chose to prepare for the November meeting.

Allyson: Correct, they chose to.

David: You're absolutely right.

Allyson: They chose November.

David: October we were still running. In our meeting, they were still hypothetically running although now we know they shut down early.

Allyson: We thought they were running-

David: Yes, we thought. Yes.

Allyson: -but they weren't.

David: Right, you're right.

Clay: Mr. Chairman, given that history I'm prepared to make a motion to terminate at the end of the cure period. As of right now-- I'm happy to hear from the rest of the Commission, but my feeling is its [inaudible 00:29:36] information that I'd like to [inaudible 00:29:39].

David: Clay, you broke up there. You said the lack of something but then you broke up. I just want to make sure I heard what you said.

Clay: Just the lack of action on that part.

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David: Oh, okay. I'm comfortable. Either way, I'm comfortable. I'd like to see us get an operator in that we can count on and have a steady stream of revenue. More importantly, for our visitors, that they know they can expect-- they booked a ticket, they're going to be running. Not showing up and they're not running for some reason that week because somebody's not here and whatever the case may be. Go ahead, Stephanie.

Stephanie: Likewise, I think I'm comfortable as well. I was just going to say, especially knowing that they were given information to attend this meeting via WebEx and yet again chose not to, I'm comfortable moving forward.

David: Sounds great. Clay, if you want to make a motion.

Clay: Mr. Chairman, my only question is, do we need to make that contingent on them not curing because if it is cured it seems like that changes a bit.

Mihaela: Absolutely. That's how the motion should be.

David: Oh, oh, we just lost him. Oh, wait. Clay, sorry, will you ask the full question again? Because you broke up on the first part of what you said, and I heard the second part. Mihaela said, yes, you were correct, but I don't know what the first part of your-- Clay?

Clay: Sure, yes. My apologies. Yes, I'm here. I just turned off the video in hopes that it will improve the reception. My question was simply if the motion should properly include a reference to the cure period because the recommended board action does not.

David: Mihaela, do you mind pressing on?

Mihaela: It looks like the notification was sent out on January 19th, 2023 and they have a 10-day period to cure. You can make a motion if you'd like to terminate the contract effective, and you can state a date. I would say after January 29th. If you'd like to give them a couple of more days just to be on the safe side it's up to you, but to make it more specific you may include a date when the termination is effective.

David: Clay, did you hear that?

Clay: Yes, I did. I guess my question is, will the motion be moved to terminate-- assuming they do not cure, does our mind change if they cure the default? Because it seems that that puts us in a different situation. If they cure the default then they're no longer in default, and if we terminate at that point, is it no longer for cause?

Mihaela: Exactly. Yes. It will have to be a contingent motion on them failing to cure by a certain date.

Clay: My fellow Commissioners, are you comfortable if we put this February 1st? That date just gives a couple of days and wraps out the month?

Stephanie: I think that's perfect and appropriate.

David: I'm fine with that. Does Clay need to actually state these dollar amounts that we're talking about if we miraculously get two checks or a check? Do we need to be really specific?

Mihaela: No. No. It is part of the record the letter that was sent out, and the amount that was requested from them. I guess one of the conversations that you may want to have is what happens if they maybe pay half of the amount. Is it something that the Commission will be comfortable with, or it will have to be the full amount?

David: Here's my thing about the payments. Last year-- I shouldn't say last year. The year before, I felt like we were kind and we changed this over with the amendment and with the 50%, the rail bike inspections, and our utilities. We gave them until the end and simply submitted all the invoices. They captured all their revenue for the whole season, and then we gave them the revenues probably in November-- maybe it was late November, early December, and we were

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still tinkering with this. I feel like April and May of this year, it was six months later and we're still wondering, "Hey, what's going on?" They specifically asked Allyson and me if we could provide them with their half of the utilities at the end of each month to allow them to better structure their revenues and expenditures. We did exactly that and now here we are in January and we haven't even received July. Again, we're six months late. I'm not really sure what else to do.

Allyson: That's correct. Their last year's utilities and rail bike inspections were not paid until June of this year, which did impede the start of their season because we did not allow them to start their season until everything was paid. Traditionally they should have started in April, but we were still waiting on that payment.

David: In a roundabout way, just to answer your question, Mihaela. No, I would not-- personally, I'm just speaking for myself-- be comfortable with a partial payment again because I just feel the clock restarts and then it's going to be April, or May, or June, and we still probably will not have received the balance of what we're owed. I definitely wouldn't be for that. Go ahead, Stephanie.

Stephanie: I agree with you, David. I think it needs to be paid in full if they're going to cure.

Clay: Very good. With that understanding, I move to terminate the Independent Rail Bike Rides Service Agreement and its two amendments with Freedom Rail, LLC subject to failure to cure in the full amount by February 1st, 2023.

David: Great.

Stephanie: I second.

David: All right. We have a motion second. Any further discussion? Seeing none, all those in favor signify by saying aye.

All: Aye.

David: Motion carries unanimously. Thank you, everybody. I appreciate that.

12. FOR DISCUSSION ONLY:

MONTHLY NON-ACTION ITEMS:

A. OPERATIONS REPORT

David: Alright, with that, we'll move on to action item number 12, for discussion only. These are our monthly non-action items. We'll move on to 12A, operations report. Allyson Bolton, take it away.

Allyson: Good morning. Our operations report is heavy on Polar today, but I will mention that today is going to be a very high-level overview, not necessarily a recap or a debrief if you will. Just an overview of how we did and where we're looking. We are still, as mentioned, awaiting the December bank statement, and so we're still trying to reconcile some of our numbers and get our royalties to Rail Events. Our internal team is doing a debrief with Rail Events next week I believe, in two weeks, so our workshop will be a very in-depth dissection of Polar Express. Just wanted to give that brief caveat.

David: Thank you.

Allyson: Operations, heavy Polar, it's all red and we did not meet in December. I also did not do an operations update in November as well, so we've got a recap here of both November and

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December. A lot happened. We went up to about 55 on the payroll between all of our depot staff and our cast and so forth. We did decorate Tom's trains this year, and so we had a little bit of expense this year and we'll go deeper into the expenses. We got some really pretty lighted garland, and we went very simple with the decor this year. I just realized I didn't include any photos in this update, but I will include it in the next report here.

We had a full overhaul of the sound system on the trains as well. We did work with a two-system sound system, and we have a new vendor, Star Sound, that came out to the train with us and tested everything with us, and we had a phenomenal sound team this year. We received all the merch, inventoried it. We had a new barcode system this year where we had scanners to scan the actual merch items itself, so it created less lines within the Polar experience. We set up the whole retail store, we had our decor vendor come in. Really the room or the depot for Polar this year was really a step above.

It was plaid draping and golds and really creating this magical experience right when you walk into the depot. The loading area itself was magical as well. The whole walls of the depot had a silver draping on it with some lighting above. We had the caboos there that we had created last year. One thing that we did have custom-made for us this year was a cutout of a snow globe that was just general holiday branded. It was a photo op in the outdoor area of the Polar Express at our depot where people could take photos within the snow globe. It was really cute and that is ours to keep.

We had all of our final dress rehearsals and production rehearsals. We did go up to Tom's yard the week of launch, so both Monday and Tuesday of launch, which was different than what we've done in the past. I found out later in the game that the on-board rehearsals prior to the formal dress rehearsal were actually done a week to two weeks in advance of our launch. Some of the cast members had responded, "Hey, it's really nice to be on the train the week of the event." I didn't even know that that wasn't a thing. They were all really excited about that despite the fact that it was quite frigid, and we were, I think, frozen by the end of it. [chuckles] Very cold this year.

Rail Events sent their main production guy out for our launch. He worked really close with our team, making sure that the sound was all up and running. That the production side of things were really dialed in, which was different than our experience with Rail Events. Last year, they had Ed come out, which was our licensing manager. His role was really heavy, you know, hot chocolate and ticketing and the Depot experience. Whereas with Daniel, it was really about the onboard experience, which was nice to have that differentiation-- I can't--

David: Differentiation.

Allyson: Great.

David: It's a polysyllabic word.

Allyson: Yes, good morning. [chuckles] Just the different skill sets to be able to tap into them as well. Lots of vendor management. Of course, we're all vendors out at the train. Just making sure that we're all talking and having a lot of cohesion. What was really nice this year is that there really was cohesion between the production, between the depot staff, between our cast, Tom's team. It really was this, let's come together and create this magical experience, and we were all on the same page. I can't tell you how many times I had either cast or depot staff come up to me and say, "When are you hiring for next year? Can I be on the list? I'm here."

We are actually tapping into some of our rock stars from the depot staff to help us throughout the general season runs to have them help us down at the Depot. It'll relieve some of that from Leah

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and I every weekend. Lots of customer service. We do want to go in-depth at our workshop in terms of the phone and the potential answering system and what that could look like. We didn't have as many calls this year as last year. A few different reasons for that. We did have a formal waiting list. We updated our voicemail to really lay out like, "Hey, we're sold out." All the different things. If we did have an opening, we had a really quick email system set up.

All of our communications were really in sync, and so it did relieve some of the calls that we've received. It's still a heavy amount of calls, we're receiving about 100 or plus a day. When you're trying to get the train up and running with the phone ringing and all the different things, Leah and I have been looking into an actual call center and what that could look like moving forward into next year or this year. I should say, "Hey, we ran the Polar Express." That last bullet point there. Exclamation point on that. Moving into this next month, I've been knee-deep in getting all of our royalty numbers to line up for Rail Events.

Same issues that we ran into last year, we're trying to reconcile FareHarbor's numbers, which is our ticketing system with our actual payouts and our bank account and making sure that the two line up. Rail Events wants it broken down by what was the cost of the ticket, and how many at that price did you sell. Whereas FareHarbor is really going to give me a lump sum of this person paid this amount for this style of train, not necessarily how many tickets. It's really manipulating the numbers a bit to get dialed in to get the numbers to match and still working on it.

We're a little bit late on the deadline, but we want to make sure that these numbers are right. That's really been the focus. As well as putting a period on the budget, I'll go a little bit more in-depth here of where our numbers land. We think our expenses are very dialed in. It's our revenue numbers that we're still trying to fine-tune. Again, because anytime I pull a report from FareHarbor, it depends on the report, it will give me a different number. It's really the payouts and the bank account that I'm trying to reconcile against. Cleaning up the Depot is definitely our next step. Inventorying all of the leftover merch. Not a ton leftover.

We did sell a lot. We had a mid-season purchase because I think it was week one or week two things were flying off the shelves. Leah looked at me and she goes, "We need to order more merch." We did it right away. We ordered more plush and toys this year as opposed to in past years - the V&T orders were very heavy in the home goods, like mugs and things like that. We went heavy on toys and I even think we could have gone heavier on toys this year, to be quite honest. By the end of it, there was not a single toy left. Yes, reconciling the revenue. Here's where our numbers in terms of ridership landed.

This I believe is very close. This goes back to the royalties that I'm trying to work through. I do think that these are close within a few thousand dollars, is my guess. 12,511 riders, that's inclusive of lap babies. You can see the breakdown here. Of course, the coach car has a higher capacity, so that's going to be the highest column. You can see the various revenues as well, and the passengers per car. The lap baby situation is probably something we'll go deeper in at our workshop. Saw a few times kiddos that were definitely not two, because I have a two-year-old. Trying to find the most strategic way and not offensive way to monitor the lap baby situation better. That was an identified thing on our end that we need to fine-tune that. The other is-- you'll notice the ridership. I should have put 21s numbers in here. It did go up, but it went up only because we added three more days to the schedule. We pulled Christmas Eve, but we added Wednesdays. Again, we'll talk about the pros and cons at the workshop, but I don't know that adding Wednesdays is a realistic thing to do. This year, working five nights down at the depot with only two nights off was hard on a lot of us.

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I don't know that it was necessarily worth the revenue increase. Again, I think the budget is the next slide here. To get that number up, we would need to talk about more cars, not necessarily more days. Revenue and expenses, I couldn't fit this into one slide and so you got two here. [chuckles] From the numbers that I have ever seen for the Polar Express, our revenue numbers were the highest ever. However, our expenses were the highest ever. I'm going to quickly talk about why we saw some increase in revenue, and then why we saw some increase in expenses. I would recommend answering some questions, but the deep-dive being at our workshop. As mentioned, revenue was increased because we did add some days, so that helped. That's highlighted there because those are the numbers that I'm not certain about, but I know that they're close within a few thousand. The first column is what was actually submitted in our budget. The second column is where we've landed and then you see 21 there and then 19. Not a lot of backup for 19, I just have some raw numbers. Photography-- oh, sorry, I skipped parking. Parking we had it differently this year. We did not offer the shuttle, but we lowered the cost of parking. While it looks like parking went down in revenue, what it did, we actually charged less. Last year was \$15, this year was \$10 because we did not spend the \$40,000 to have the shuttle this year. Due to a lack of interest last year, I think we only received about one or two complaints or questions about the shuttle. It wasn't much-- people for the most part didn't miss it. Parking again we put it differently in our ticketing system, which really relieved the onsite people because I would say 90% to 95% of the parking was purchased prior to coming to the event. Which was really nice because the cell service is not very great down where you're checking people in for parking.

Photography, they killed it this year. We had Laura Main back. She did it last year as well. People loved photography. We did a little bit of a different signage. We did a different layout as well, where Santa was. The revenue numbers there also went up. Merch, you can see went significantly up. We did offer more merch. We had more varied merch. Last year we had a lot of leftover, I think it was about \$20,000 worth of leftover merch dating back to maybe 2011. We tried to push all the inventory that we could last year, so then this year, and as we go into the expenses we did spend more money on the merch because we had more to buy. We didn't have that \$20,000 left. Leah and I are trying to identify, was it the different layout that we had? Was it our staff was really involved? They were pushing those stuffed animals as best they could. I can't identify one reason that merch was so high. I think it's a lot of variables, that merch went really high this year.

David: Can I just make a comment about that, having been up there? I would say it was a combination of all of the above. The way you guys reorganized the locations for the different-- all the toys and everything, I thought it was brilliant, because the kids running around, grabbing this light off the shelf. It was great. Also, the way you reconfigured with the lights, because you got all the lights to highlight, so it wasn't as dark. A couple of years ago, it was dark. You may not even see that.

Allyson: We brought in more lights after the night that you came too, we added more street lamps. [laughs]

David: No, because yes, you highlight I think. I think it was a combination of all the above and you guys did a really good job with the team of also upselling and helping the kids find stuff. It's the kids, and Oh, I want this, then the brother wants two of those really.

Allyson: Very active staff this year.

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David: Yes. As we're preparing for the budget for next year, what do you think is a realistic number if we ran out of all the toys and everything? Do you think we might be able to do 65 or 70, as far as planning for next year? It'll all be new, right?

Allyson: I'd be hesitant to put it in our budget.

David: We can beat the number.

Allyson: Let me think on that with my other hat as a fundraising specialist, we are talking to a lot of clients right now, that last year is a little bit of an anomaly in terms of funds raised, because we are seeing a slight dip in things. Pretty much advising all of my other clients, we're looking at more of a year similar to 2019, as opposed to 2022, because 2022 was significantly high. I would have the same words of caution that moving into this year, we might not want to be as ambitious with some of our numbers, because we are seeing people are holding onto their money a little bit more than they were last year. Leah and I did think that we are going to order less pajamas and less coffee mugs this next year-

David: Sure. Go with what sells.

Allyson: -and probably only light-up swords and teddy bears is going to be our-- and train sets. They flew. We do think we underpriced even some things, we could have gone a little bit higher on what we were selling things for. I would probably still maybe budget for 50, just to be safe with a goal of 65 or 70.

David: We would still have the opportunity to say we sell out of an individual piece or set or whatever.

Allyson: Let's move into expenses and talk a little bit about some hesitations that we have and why our expenses were so high, because merch definitely played into that. Let's start with that even though it's not-- I don't even think it's on the same page here. It's on this next one, right? Where's merch? Merch, okay. See that big old jump there from \$19,000 to \$38,000? That was significant. Here's a few reasons for that. One, as mentioned, we had \$20,000 worth of merch last year that we didn't have to buy. Two, the cost of shipping this year was \$10,000.

While I would love to say, yes, let's order all the merch, it is a conversation that we're having with Rail Events, because we did not anticipate \$10,000 worth of shipping, all of these things. Leah and I were discussing, do we look at doing some of our own merch, maybe some V&T-branded things, what does that look like, but that was definitely the biggest surprise that we had in terms of budgeting, was that shipping. Other things that impacted the budget, overall inflation. Everything costs more. Cookies cost more, hot chocolate cost more. Anything that we purchased last year, we went to purchase again this year, and it had gone up as relative to everything going up right now. That definitely impacted our expenses.

Some other things that impacted expenses were our time. Different than last year, we tracked our hours for the entirety of the year, any time anyone from our team touched Polar Express.

Because of the difference in the time tracking, that did impact the overall budget. Now, we don't actually budget professional services in the Polar Express, so when we submitted it to taxation, so that was a whole new line item. That was a significant bump.

Also, our team took on production. Even though we did hire a director, my hands were in all things. My time was very increased as opposed to my time in the Polar Express last year. That impacted things. Am I missing anything, Leah? In terms of the biggest things that impacted the expenses?

Leah: This goes into merch but because we changed the private room to VIP, so the line item for event giveaways jumped significantly because last year, we gave the deluxe car and the private

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room plastic tumblers with our logo on them. While we nixed that, we did turn the private room into a VIP room, which means we bought 45 more mugs per night for the private room, which we had not accounted for. That was one of the reasons the event giveaways went up so much, because we turned that into a VIP experience and not just a private room. The mugs were, I think, 4\$.50 each through Rail Events.

Allyson: That decision was well received. It was the first category to sell out. While I don't know that we can increase prices anywhere else, the VIP private room is an area that I think we can increase the price to accommodate for that. Next is survey. I do want to pause here before we go there to address any questions today on the budget. Before we move forward, again, we do have a workshop that we will really dissect this. We're just looking at high-level categories now, but any questions at this time before I move to survey?

David: Stephanie or Clay? Clay, we see you again. Any questions so far on the budget reporting?

Clay: No questions.

David: Can I just ask, if you will bring that slide back up? You mentioned on the top page where there's almost \$38,900, \$10,000 of that was shipping? Plus or minus, 30% I guess, or whatever. Is that the same for these other line items too? Like the event giveaways, is there another \$7,000 to ship those mugs in there too.

Leah: All the shipping is in the merchandise line item. The giveaways is just-- I pulled out-- Sorry. I pulled out when I broke apart all the Rail Events merchandise, that giveaway line item from the last slide is just giveaways. All the shipping and merch is in that other line item, the merchandise line item.

David: Okay. Where we see the cookies for 11, which we knew those were going to go up, but that's just the cost of the cookies. It's not the shipping of the cookies?

Leah: Oh, no, that is, because that's not through Rail Events. That's through Granny B's. I'm talking about just the Rail Events, the giveaways and the merchandise. Yes, in the cookies, there is shipping in there. Cocoa, I think ships for free through our Sam's Club account. Yes, that does include the shipping in the cookies, right. Again, I'm sure that the shipping was more expensive this year than last year. I guess we didn't buy that many more cookies. Their costs went up, shipping went up. Cocoa for sure went up, so yes.

David: Okay. No, thanks. I just wanted to make sure I understood there was more than just that \$10,000 to ship stuff, okay. Thank you for that. No, thanks, you guys. I would say, if there are no questions on this part, let's move forward. Yes. Thank you.

Allyson: Great. I am going to switch screens here and go over to the survey responses. I'm not going to go super in-depth, I'm going to go very high level, as mentioned. All the responses are also posted, so if you really want to dig in there, you are welcome to. We only had about 93 responses out of all 12,000. With the caveat that surveys are a polarizing thing, you get the really, really cranky people, then you have the really, really happy people. It's really hard to get the middle of the road. I'm going to quickly go through. Overwhelmingly female response. I should mention, right after people get off the train, they get a thank you email. "Thank you so much for riding with the V&T. We would love to hear about your experience. Please click here to view our survey and give us your feedback." This is how this was collected, all via email. In most cases, it's going to be the mom or the wife that is booking the experience, so her email's going to be there, so the overwhelming response was female. Varied number of family size, four being the average. We did see a lot of older, I would say, seasoned people, if you will. Just the

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two of them ride Polar. It was really fun this year just to see the variation. It wasn't just families, which was really cool.

Open-ended question of what date did you ride on just so that if there was something specific, I can track it back to the date. I don't have those responses here. Have you attended before? Pretty close to 50/50 here, yes and no. How likely are you to recommend the Polar Express train ride to a friend or colleague? The highest number here, those percentages are easier to see. Still a low percentage, but the highest percentage was 10 out of 10, but most varied of the answer was this one.

What criteria were you considering when giving this response? This is where the open-ended questions are. Sometimes, it's hard when you're reading them, to know, did they give it a high score or a low score. Based on the way that they responded, we did, of course, see a little bit of grumblings in there and you can go in and read them, but again, overwhelmingly positive from what we've seen. Some things weren't surprises, some things, as I was checking the survey responses through the season, we fixed.

For example, we had an incident. Not an incident. We had not a happy steward, if you will, in our VIP the first weekend, and we got a few complaints about it on the survey right away, but we let this person go, just because it just wasn't a fit. We were making changes in real-time. We didn't wait to see their survey responses till the end. How'd you hear about Polar?

Overwhelmingly word of mouth and Facebook. I will say Polar Express conversations are very active in all of the moms' groups on Facebook. I ended up going through and joining a lot of them and just mitigating some of the misnomers' questions, what to expect, what do I wear, does anyone have any tickets.

I was pretty active in those conversations on Facebook just to get ahead of any grumblings and it was really more informational on people looking for information. How'd you book your tickets? Online. Rate the ease of your booking. Out of five, scale of one to five, four and a half being the average answer. Please rate your interaction, helpfulness of the staff at this event, one being poor, five being excellent. Average number was four. Please rate the cleanliness of the facilities and the train at this event, one being poor, five being excellent. Average answer was five. We did wipe down every train or every seat in between runs, as well as Tom has the spray disinfectant that we used last year that we did between every run.

Please rate your satisfaction with the onboard treat and hot chocolate offered at this location, one being poor, five being excellent. Average number was four. Please rate the quality of the live entertainment presented during the experience, one being poor, five being excellent. Average number, four. Please rate your impression of the North Pole at this event, one being poor, five being excellent. Average number four. Please rate your experience with Santa at this event, one being poor, five being excellent. Average number five.

Do you feel the Polar Express train ride provided an appropriate experience for the ticket price? In the open-ended answers, overwhelmingly, if there was any repetitive comment, it was the price of the ticket, but we did investigate the other Polar Express locations, and we're right on par with everyone else charges. Yes, was the average response of 75%. Do you plan on joining us again at this location next season? 55% said yes, with maybe being the second highest answer. Are there any other suggestions and comments that you would like to offer the Polar Express train ride? Again, this is an open-ended and the responses to these are posted. We won't go in-depth for that today, but again, overwhelmingly positive with some feedback. I think I fielded about two calls with complaints. It was a lot better than last year [laughs] in terms of us trying to

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mitigate our passengers and our riders. Really, it was a lot of, "We did great. Can't wait to be back next year." Leah was in the Depot much more than I was. I was on the train for the majority of the experience, but from what we've received, mostly positive. Any questions on the survey?

David: I would just say I think those responses are great. I'd love to see more. I have a question. Maybe we could go back to Rail Events. Is there a way to incentivize those that rode the Polar Express? Perhaps, I'm always trying to get a second visit out of somebody, but if we were to say, "If you take this, we'll draw a name, and a family of four could come and ride the long line," or something like that, or come back, make a second trip or what have you. I don't know if the rules allow for that.

Leah: No, we did do that last year and they never-

David: They didn't.

Leah: -claimed. It's fine, but we did.

Allyson: We could offer that again.

David: Yes. I think you guys did an amazing job being there, just listening to people, walking around, they love the way that we redid the whole depot. I think that was fantastic. I know you talked about all lights and all that stuff. We had two things, if you guys recall, from, not Daniel who came out this time, but Ed who came out for 2021. There were two deficiencies that he identified. One was sound. That was resolved by that first opening weekend, right? It was awesome.

The other piece was not enough, I don't know if it was spoken or sung words or whatever. I think you guys knocked it out of the park, because the actors, the kids, they were singing some of those songs or out of the book and whatever, way more than we had even-- I anticipated, I guess. From my perspective, the two things that we were told, "Hey, you guys need to step this up," we really stepped that up, and I was with Daniel on the one train, and he did not have anything else to really say as far as how we could do better this time around.

Allyson: We're definitely eager to get-- they'll do a debrief with us and we're doing an internal debrief, and they're zooming in. I am eager to hear what their feedback is, because again, Daniel, I want to hear the bad, I want to hear the great, I want to hear how we can do better, and he wouldn't give me anything. The scorecard was five out of five on everything. He said, "Keep up the good work. You just need more cars to get more people here," which of course, would have its own impact in the depot in our parking and all sorts of things, but I would love to get more feedback from them on what we could be doing better.

We did write a whole new script this year. Because I wasn't sure how sound would work out, I added in a lot of voiceovers, which is what French Lick in Indiana does, and they won best onboard experience. I took it from them. As opposed to relying on the lavalier mics on the actors to work, which wasn't always the case, we did it all voice of God voiceover. If it was that actor, we just made sure that that actor wasn't seen at that point in time. The Hobo, for example. We actually had him record some of his lines and had him hidden so that the entirety of the train heard that line, and it created some time for him to get to the next spot.

The voiceovers really helped. We did add a character. We added The Lost Ticket Girl this year. She came through and she sang *When Christmas comes to Town*, which in the past, again, that was just a recorded track. We had the recorded track because you could only hear her if she was in your car. She had a handheld mic and she would walk through the car, or in that car you could hear her. If she wasn't in that car, then you just heard the backtrack that was singing. Hobo sang

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this year. I think we are the only property that has a singing Hobo, and we had two Hobos. Both of them are phenomenal actors and they both sang. We had a lot of positive feedback on there. Our riders that come year, over year, over year, they did notice the change in the script. Some didn't love it, some loved it. I think it's just a preference thing. Some people really like to have that person in your face doing-- Conductor, for example, was the character that we had the most voiceovers for. They liked the Conductor actually doing those lines on the train, which I totally get. Logistically though, it was easier for us to do voiceover, just to have the consistency on every single car. It didn't matter what car you were in; you got the same performance and you heard the same things.

David: That was a huge improvement, I will say, from the cutting out between the cars in 2021. Kudos to you and the team for making that sound really wonderful, quite frankly. Good job on that, for sure. Any comments or anything on the PEX, Stephanie or Clay?

Stephanie: I guess I would just echo that we went early in the season, and it was great. As far as sound there were no issues at all. I think the actors were all very engaged in our car and it was a lot of fun. Certainly, changes from the previous season, but I think they were all positive.

Allyson: Great. One last thing. One other change that we had was we did our hot cocoa slightly different this year. We rented, technically, the inserts. Rail Events has these custom foam inserts that go into the Hawker boxes. They have transitioned to newer hawker boxes. They had these leftover custom-made foam inserts that we paid for shipping, for them to just ship them to us for us to try. We tried them. I will encourage us to buy them. The insulation on the hot cocoa, as I walked through, "How's your hot cocoa?" "It's hot. It's good. This is great." It was always hot. It was never lukewarm, because there's foam inserts and that was crucial.

We also purchased an additional water heater. Water heater, right? That's what it's called? Cambro both, we purchased both, which just expedited the hot chocolate room. When we came on board, we were told five people in hot cocoa room. Last year, we got it down to three people in hot cocoa room, with the two added additions plus the foam inserts. Two people in the hot cocoa room period. You never really needed more.

David: Sweet. Those ones that they allowed us to test out, we had to give them back? I assume even though they bought new ones?

Allyson: It's a great question.

David: Oh, okay.

Allyson: The new Hawker boxes that we do have, one of them, as we replace our hawker boxes, we'll have to buy the new ones because they no longer make the ones that we have. If they break or anything, we'll have to buy the new Hawker boxes. I am hoping they just give it to us and maybe they'll just not notice that it's gone because-- [laughs]

David: Even better, we'll say nothing.

Allyson: Yes, we're not going to say anything, and see how it goes, because the new ones are shaped different. There were CAD drawings involved, all the things to have these things custom made, they had to have them all remade for these new hawker boxes. These are for their rails, like Chicago, New York, L.A. Okay. These are for their destinations. These are sitting in their warehouse, so I'm hoping they can just sit in our container and not go home, because they really did have a huge impact.

David: Okay. Good. Thank you. Clay. Did we cut you off? Any comment before Allyson moves on?

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Clay: No, you didn't. You didn't cut me off. Great job this year. We rode on the dress rehearsal train and had a great time. There was a little bit of in and out with the, with the sound in our car, but I don't-- It felt like almost like radio reception in and out. I don't think it affected the overall experience too much. I'm imagining that if it was good the rest of the time, it may have been something that got resolved.

David: I think so.

Allyson: The VIP car did crackle a little bit. The VIP car is our oldest car. The [unintelligible 01:13:53]. That one did from time-to-time crackle. Then there was, in one instance, that we had a lot of static, I don't know if that was when Clay was riding, but we actually had to stop the train and the cast started singing, the caribou crossing, which was perfect. Get that caribou off that track.

David: [laughs]

Allyson: While we actually had to like rejig some chords and plugs and things and we got the static to go away. It only happened about a few times. Tom's team was on it pretty quick.

David: I appreciated everybody working together this year because I think that made this a wonderful experience. All the teams, the different vendors pulled together to make sure if it was an issue, it was resolved rather quickly. Good job. Nice. Alright.

Allyson: The remainder of my update is pretty brief. In terms of assets, we-- Oh, I forgot to mention this. We moved the green room for the cast. Where it was formally in that shipping container or right in front of the depot, since we didn't have Tom's store in what was formally the ticketing or the offices, we made that the green room. It was really, because there's a heater, we brought in water every day from a hot and cold-water jug. We tried to go a little bit more green with things with the green room this year. The kids definitely enjoyed that.

Also, the blue hangar that we have a lot of our things in, thanks to Stephanie and Carson City, they had a dumpster delivered. We-- I shouldn't say, "we". I cannot take credit for this. This is Gabe Willman. Gabe cleaned out all the trash. Any of our things that we don't use anymore, that we don't need, that has just been sitting there, we cleared that building out so that we're just not sitting in there. Thank you to Gabe and Dennis for doing that. We're just continually doing our inventory, figuring out where now, things are going to have their home. I feel like this has been on our assets update for every month, because it is an ongoing thing.

Board relations has been very heavy, I would say, in the last two months. I'm not really going to go quite into detail here, but just trying to work closely with David, Mihaela, Stephanie, just making sure that all the balls are rolling and moving, and we did an audit in the middle of all of Polar. It was quite a busy two months. Moving forward, I'd love to say that things will quiet down. I know it won't. The biggest thing that we need to tackle is the Records Retention Policy. I do have in my inbox from Jim, some recommendations and samples and so forth.

We just haven't had the time to really block and get that records retention drafted, then we'll bring it to the Commission to review, potentially approve, then we can go through all of the files, get them digitized and so forth, and throw out what we can throw out. Then we do have to reconcile all the gift cards and the credits. I did consult with Mihaela. She said it was okay to wait until the new year so that we could get through Polar before we dealt with the action that the Board had taken or the Commission had taken. I think it was two, three meetings ago. That's also an item that we'll be working on in the next month.

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Our marketing, we are hoping to work with Mr. David on our media buy, and get things locked in. The team is working on getting our Mother's Day campaign all drafted and branded. I'd love to get our media buy locked in and start running that as soon as possible.

David: I did see Leann's email. I'll call you about that because we'll be able to do this, but I just want to talk it out with the team.

Allyson: Perfect. All right. Any questions?

B. TRAIN OPERATIONS REPORT

David: Any further questions? Good job, ladies. I know this was busy. This is tough. We missed, we're two months later, it's a lot to catch up on. I will just say, awesome job with Polar Express. Thank you. Thank you. Thank you. Looking forward to this year. You've set the bar way high, now you got to break through again. Thank you. 12B is the train operations report. I think Tom was going to come, but it looks like he was not able to make it. We will go ahead and move on to 12C, Engineers Report. Mr. [unintelligible 01:18:32] [crosstalk].

C. ENGINEER'S REPORT

Ken: Thank you, David. One thing I just brought to mind was Allyson's comment about the blue building. I think you're aware of this, but the blue building storage as well as Gabe has got a little shop down there, that's donated by Steve Ryckebosch. He does not charge the Commission anything at all. I think that's important to keep that in mind. A few times, he's requested and we've got him on the Polar Express and his family, but that would be a pain if we had to pay for that. It's great that he's continuing to support our project.

David: Agreed. Thank you for saying that Ken. Appreciate that.

Ken: Engineering items, yes, Gabe actually called me up there-- it was actually on Pearl Harbor Day, December 7th. Tim Blaylock, who is the Nevada Public Utilities Commission Rail Safety Supervisor, wanted to do a little high rail inspection. We hopped on the track and went and looked for defects. He was in a generous mood because he didn't feel like writing anything. That was good. [chuckles]

Ken: Either that or you distracted him. [chuckles] Anyway, that was good. He likes to come around at least once a year. Hopefully, it's for a regular inspection and not because of a complaint. One thing that we have been concerned about was the amount of moisture we got in these last series of storms, if you will. Because it's been cold, I think we're probably going to knock on wood, be okay. As far as any erosion and whatnot, I'm sure we'll find some rocks down, but right now, we can't even really get up on the track without a whole lot of effort, so we're going to go take a look and make sure, see where things are at here in the next few weeks when things warm up a little bit.

I'm hoping we dodged a bullet and I don't think there's been a lot of extensive damage in general, in the area, so hopefully, we're going to be in the same condition.

David: Ken, may I just interrupt you, just sorry for a second. Can you get all the way up the track or is-- No. There's snow and-- Okay.

Gabe Willaman: There's two inches on the rails down at the depot. As soon as we go up higher-

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David: You're stuck. Okay.

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Gabe: There's a spot where historically, there was a snow shed, and that always has a lot of snow. After the Polar ran, I had to go up there, shovel out-

David: Okay.

Gabe: -[unintelligible 01:21:04].

David: Holy smoke. Okay. I'm just curious, what you think we might uncover.

Ken: Actually, I had a quick discussion with Tom. My understanding is they do have a snow plough that runs on-- that you can mount on a locomotive. He was even thinking about getting them mounted up this year, just in case. One of these days, we're going to need it during the Polar, but so far so good. The nice big boring document that I just dropped up there for all of the board members who happen to be here today can look at, is basically, all the inspections we did all year, the track inspections, the cross and signal inspections, the US 50 bridge inspection. If you go through that, there's also inspections for the tunnel ditches and slopes, culverts.

The whole point of that is to identify any issues and try to prioritize maintenance for where Gabe needs to go, or if we need some additional work, then go from there. We're again required to do the bridge inspection once a year. Fortunately, or unfortunately, even though NDOT does it every other year, we need to do it once a year. That's just because of the Congress decided we're the same as the UP. That's really about it. Gabe shut off the water the other day at the depot, no issues there. Basically, that's about it. Gabe, what do you got?

Gabe: I have nothing.

[laughter]

David: Thank you for being so succinct, Gabe. [laughs] Alright. Is there anything from what you put together in the binder that is of concern to either of you guys?

Ken: No. There's always something wrong. There's always something broke. You have to try to pick out the worst ones and deal with things. There's not a lot a whole lot of issues. Gabe still has ongoing work that he needs to get done. When the weather gets a little better, he's going to take advantage of the weather conditions out there when he can get up there and do a little welding and grinding. We like to do that in the wintertime because there's less chance of starting a fire from sparks and whatnot.

There is some work we need to do on the bridge but it's pretty minor. That will be one of the items we talk about next month, when I've got to get some budgetary recommendations for you folks together to decide where we want to spend some money.

David: Please, yes.

Ken: We're in pretty good shape. Tim was happy. He didn't want to block or red tag the whole project, so we're good. [laughs]

David: Make it easy on Allyson and team if we can't do anything, but no, that's good. I'm glad to hear that Tim was comfortable with what he observed, so that's great. Go ahead Stephanie.

Stephanie: Thank you for reminding us that we're going to be looking at this during our retreat. I think we talked at a previous meeting about if we could do a five-year projection of capital projects. Just estimates of what we might be looking at in the next five years, and then of course, we'd be budgeting and discussing specifically for next year. I think that will be very helpful to us as we plan for future improvements.

Ken: Sure. Yes, let me get something put together in there. When is the retreat?

Allyson: [unintelligible 01:24:40] 17th.

Ken: In other words, now, I've established a deadline, I have to get off my-

Allyson: Oh, yes. [laughs]

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Ken: -inoperative rear end and do something.

Allyson: Our team is putting together the agenda. This next week, we have an internal planning retreat to plan your retreat. We'll get an agenda with an estimated time breakdown, so that if we have other vendors come in, they'll be at an appropriate time.

David: This is perfect for Ken, with the five-year plan, that would be wonderful. Stephanie, you have a particular way you'd like to see the agendas, but that's great. Let's have some time to talk about that. Because that's the non, you're talking about the non, just stuff comes up, Gabe, we handled through the contract, but these are the bigger picture, because I know we have to talk about the parking lot probably here and some other large scale projects, so good. Yes, I think that's great.

Do you feel comfortable, Ken, that you could-- even if it's just high-level, pull something together for that meeting?

Ken: Just for the 17th?

David: Yes.

Ken: Yes.

David: Next month. Oh, perfect. Great. Thank you so much.

Ken: Yes, I've got-- just do some refinements in there, and then, but we'll get something put together.

David: Okay. Did you have any follow up you wanted there, Stephanie?

Stephanie: I was just going to say, it can be really simple. It can just be a spreadsheet with columns for the years out, but I just think that helps us project and look beyond what we're doing next year, so that would be great. Thank you.

Ken: No, that should not be an issue. We'll take care of it.

David: Thank you. Clay, is there anything you would want to address at the retreat, that Ken should be thinking of, or Gabe for that matter, just while we're here?

Clay: No, I think looking at trying to rough out a capital improvement plan for track upgrades and maintenance, I think is important.

D. UPCOMING MEETINGS

David: Okay, perfect. Thank you, Ken. That's great. Appreciate it. Keep up the good work. Thank you. Okay, we will move on to 12D. Our next formal-- Yes, we've talked about the board retreat, but our next actual monthly meeting will be February 22nd, right here in this room, on Wednesday, at 9:00 AM. Mark your schedules there.

13. COMMISSIONER COMMENTS, ANNOUNCEMENTS, AND REQUESTS FOR INFORMATION

David: 13, Commissioner comments or announcements and requests for information. I don't know if Clay or Stephanie have anything you want to. No? Clay?

14. PUBLIC COMMENT

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David: Okay, great. Alright. At this time, we will move on to public comment or second public comment. Kim, if you want to come on up, sir, you are welcome to do so.

Kim: Kim Fegert, Gold Hill Historical Society. [clears throat] I've a got a handout.

[pause 01:28:53]

David: Thank you, sir. What I'll do, Clay, I'm going to try to text you a picture. Kim has a handout. If you'll give a copy to him, yes. Hang on just a second, Clay, I'll send this to you, or I'll try.

[pause 01:29:25]

Clay, I had to send it to you in a landscape. I'm hoping that that comes through to you so you can see it. Kim, will you just give one second?

Kim: Okay. Thank you.

David: Okay. You got it? Okay. Go ahead, sir.

Kim: Okay. You're probably wondering who this clown is in the orange suit. I've been involved with this project in one way or another since basically before its beginning. I go back with the Grey Operation to 1983. Beside this, I've been involved with many other assorted various railway projects, mainly in historic preservation, been in operation. I'm an **[unintelligible 01:30:24]** boy. I grew up roundabout at Northern, I participated quite a bit in its early genesis as a museum. I've got about 40 years experience in this. I've had an opportunity for the last 10 years to observe this from the bleachers.

Recently, I had another opportunity that was provided graciously by Mr. Mitchell, to discuss a little bit of some of the issues that you guys are dealing with. I don't have a dog in this fight anymore. There was a time though, when I was quite interested. As a matter of fact, my organization, Gold Hill Historical Society, at one time, had around an investment of around about \$1,200,000 in things associated with this. We did a lot of restoration work to the Gold Hill Train Station. We provided this operation in its first construction phase, with two miles railroad tracks, just to name a couple of things. That gives you an idea of where I come from.

The document that you'll be able to access from them instructions will save me a lot of time, because we don't have that much. It occurred to me that with some of the issues that you have to deal with, it would be helpful if you had a basis in history, which seems to be lacking with this organization, to know exactly how your situation has evolved over the years. It's quite a span of years. I highly recommend that you go ahead and preview it. If you have any questions, that's why I left my email there, you're perfectly welcome to contact me about any bit of it.

There's a lot of stuff going back 20 years that should have been questioned and hasn't. It's been swept under the bridge. You're still dealing with some of the aftermath. I've got some ideas on how you might be able to easily do that. It don't make a difference to me whether you take advantage of that or not. This is just me saying, "Hey, here's what I think, and here's what I see." If you want to have any idea of what another point of view may offer us to deal with it. I'm happy to help. Other than that, I'm going to go about my business doing whatever it is I always do. I'm going to wish everybody involved with this luck.

One more thing I would mention before I get out of here, Mr. Willaman, the guy behind me, is probably one of the most skillful and valuable contractors you have on this property. I suspect from past experience, personally, that he's probably also the most under-compensated. I'd like to think that you will consider that. That's all I got. Thank you for your time.

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David: Thank you, sir. Thank you. Appreciate it. Appreciate your input. Thank you. Thank you again. Any other public comment at this time? Okay, wonderful. Seeing none, love a motion to adjourn if anybody wants to make one. Don't all rush.

Stephanie: I move to adjourn.

David: We're adjourned. Thank you, everybody. Good job.

15. FOR POSSIBLE ACTION: TO ADJOURN