

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 1

A regular meeting of the Nevada Commission for the Reconstruction of the V&T Railway was held at 9:00 a.m. on Monday, March 20, 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/2214>

PRESENT: Chairperson David Peterson
Vice Chair Clay Mitchell
Treasurer Stephanie Hicks
Commissioner Leah Kruse
Commissioner Michelle Schmitter

1. CALL TO ORDER

David Peterson: I'd like to go ahead and call to order the Nevada Commission for the Reconstruction of the V&T Railway. It's Monday, March 20th, 2023, and it's 9:07 AM. We are here in the Carson City Community Center Robert “Bob” Crowell Board Room. Can I get a roll call please, Allyson?

2. ROLL CALL AND DETERMINATION OF A QUORUM

Allyson: Leah Kruse. Clay Mitchell.

Clay Mitchell: I'm here.

Allyson: David Peterson.

David Peterson: Present.

Allyson: Stephanie Hicks.

Stephanie Hicks: Here.

Allyson: Michelle Schmitter.

Michelle Schmitter: Here.

David Peterson: All right, we have a quorum. Let's go ahead and everybody could 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 Peterson: Thank you, everybody. We'll go ahead and move on to agenda item four. public comment. At this time, the public is invited to comment on and discuss any topic that is relevant to or within the authority of this public body. Any public comment? It seems none.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting

Page 2

We are going to go ahead and make a small change to the order of the agenda. We're going to pull nine up. We will take that after we approve the minutes for the meeting. Again, nine will follow six.

5. FOR DISCUSSION ONLY: INTRODUCTION OF NEW COMMISSIONER, MICHELLE SCHMITTER, OWNER OF MSCHMITTER CONSULTING, LLC.

David Peterson: With that, we move on to agenda item five. For discussion only, introduction of our new commissioner, Michelle Schmitter, owner and principal of Schmitter Consulting, LLC. Do you want to say anything, Michelle? Not to put all the eyes on you, but welcome. Don't forget to push your button.

Michelle Schmitter: Got you. Thank you and I'm very pleased to be a part of this commission and work with you all. I'm looking forward to understanding more of this. It seems like a pretty big meeting today so I think I'll learn a lot. Thank you.

David Peterson: You're welcome. Great meeting. The whole future of the V&T is in your hands joining today so this is great. Thank you. Welcome, Michelle again. No pressure.

6. FOR POSSIBLE ACTION: APPROVAL OF MINUTES OF THE FEBRUARY 22, 2023, MEETING.

David Peterson: We'll move on to agenda item six. For possible action, approval of the minutes of the February 22nd, 2023 meeting. Any changes, edits to the minutes that were in your packet? I think we have one, Leah.

Leah St. Marie: Yes, for the record we do have one edit. Stephanie, do you remember what page it was? Sorry, I know the change. I just wasn't sure where it was.

David Peterson: Something between the Transient Occupancy Tax and Department of Defense, right? TOT, DOD.

Leah St. Marie: Yes. The changes, it says DOD. It should be TOT and it's on page-

Stephanie Hicks: Three.

Leah St. Marie: -three. There are two changes towards the bottom, David and it's saying TOT and not DOD, so I will change that. Thank you so much, Stephanie.

David Peterson: Are there any other edits that anybody has?

Stephanie Hicks: No.

Clay Mitchell: I don't have any edits, but I was just wondering right up near the top is this a standing item that says Clay Mitchell's running late. That'll probably be on each of our minutes coming forward here foreshadowing my--

Leah St. Marie: I've added that to the template.

Clay Mitchell: Okay. My apologies.

[laughter]

David Peterson: At least it doesn't say why. [laughter] It's kind of a catchall. [laughs]

Clay Mitchell: Then that's appropriate

David Peterson: Next month. If he's here on time, just say Clay was not running late.

Clay Mitchell: It's a noteworthy development in the minutes.

David Peterson: Awesome. All right. Anybody want to make a motion on the minutes?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting

Page 3

Stephanie Hicks: I will.

David Peterson: Thank you.

Stephanie Hicks: I move to approve the minutes of February 22nd, 2023 with the changes as noted on the record.

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

Clay Mitchell: Yes, I'll second that motion.

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

All: Aye.

David Peterson: Any opposed? Motion carries unanimously. All right. Thank you, everybody. Let's go ahead. Oh, sorry. One abstention from Michelle because you were not on. We'll note that. Four, one abstains. Lovely. Thank you.

7. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE V&T STATEMENT OF ACCOUNTS PAYABLE CHECKS PAID FEBRUARY 1-28, 2023.

David Peterson: Go ahead and reconvene the Nevada Commission for the Reconstruction of the V&T Railway. Please note it's 12:12 PM. We're going to resume our agenda and we will go back to seven. For discussion and possible action regarding the V&T statement of accounts payable checks paid February 1st through the 28th, 2023. The V&T Commission will review the invoice listing for accounts payable checks totaling \$253,132.51 again paid in the month of February. Are there any questions on this month's accounts payable checks?

Allyson Bolton: I'll just make a quick comment. The reason it's high this month is our royalties to Rail Events were due for the Polar Express, so that's clear. We paid for the North Pole as well, and the audit. Clarification on the North Pole, they actually took the entirety of the contract and divided it out over the three years as opposed to doing an increase each year. That's why at the 46,000 it looks a little bit higher than what we had quote-unquote budgeted for this year. It's again because they took the entirety of the contract allotment for the three years, divided it out. Those are my comments.

David Peterson: Thank you for those comments. Any other questions or concerns? If not, I'm happy to entertain a motion.

Stephanie Hicks: I move to approve the payable checks paid February 1st through 28th of 2023.

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

Leah Kruse: Oh, I second.

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

All: Aye.

David Peterson: Any opposed? Motion carries unanimously. Thank you.

8. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE ADJUSTED V&T FISCAL YEAR ("FY") 2022/2023 BUDGET REPORTS, PERIOD ENDED FEBRUARY 28, 2023.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting

Page 4

David Peterson: I will go ahead and move on to eight. For possible action, discussion and possible action regarding the adjusted V&T fiscal year '22/'23 budget reports for the period ending February 28th, 2023. V&T Commission will review a comparative statement of adjusted revenue totaling \$1,002,703.99 with expenses totaling \$1,018,223.33. Any questions on our budget report?

Allyson Bolton: I will make a few comments.

David Peterson: Yes, please.

Allyson Bolton: We did have a fantastic meeting with Commissioner Hicks, Commissioner Peterson, myself, and Jennifer McCain at Storey County. We did chat through the budget as well as reporting the relationship between the two entities. Some things have shifted with Jim no longer being on the Commission. Our team is stepping in to help with payouts from the ticketing system, contract logs, and just being that liaison with Jennifer. We're going to maintain that for a few months to see if that works or if we need to revisit something else. We are still working on reconciling the revenue, expenses are fairly close. We are getting closer to matching. The revenue, we are still doing the payouts and reconciliation through-- We had some changes to December, so we've got December's revenue that we need to add in. Then January, February, very minimal revenue I believe in those months. Again, that's why it's looking like the revenue is under expenses.

David Peterson: Yes. Go ahead, Stephanie.

Stephanie Hicks: I just wanted to add to that that I did submit our letter, our request for the \$250,000 of interlocal support from Storey County. Hopefully, we'll be seeing that come in as revenue shortly as well.

David Peterson: Then I could just add for Visit Carson City for our final \$65,000 payment. There's a revenue amount that we need to have collected. As soon as we hit that, then we'll go ahead and work through issuing the \$65,000 check. I'm hoping that that might be in May versus having to wait deeper into June. It just depends on how the collections come in through Tyler but hit our account. We will make that payment as soon as the collections are there.

Allyson Bolton: Both of those would be interlocal support, correct?

David Peterson: Yes. The 320 or wherever you got it at. 315, yes. Any other questions on the budget report? Anybody want to make an amazing motion on this one, a marvelous motion? Thank you, Stephanie.

Stephanie Hicks: I move to approve the budget report for a period ending February 28th, 2023.

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

Michelle Schmitter: I'll second.

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

All: Aye.

David Peterson: Any opposed? Motion carries unanimously. Thank you.

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.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting

Page 5

David Peterson: We'll go ahead and move now to nine. For discussion and possible action regarding contract number FY23-C002 with Virginia and Truckee Railroad for train services, lease maintenance and storage of locomotive number 18, and use of VTRR's intellectual property. The contract effective through January 1st, 2028. Thank you, Ryan and Tom, for being here. What I'm thinking if we could, can we just walk through the proposed changes from what was sent over to what is on the edited version? Then maybe we can take the IP then intellectual property afterwards if that's all right. Ryan or Tom, however, you guys want to, or Mihaela, if you want to jump in too.

Ryan Russell: Whatever you guys prefer; I can tell you what the changes that the V&T has requested to the document that we received. If Mihaela wants to take that laboring order [crosstalk]

David Peterson: Mihaela, do you want to walk through the changes? Do you want Ryan to do it? What's easier?

Mihaela Negros: Should we go page by page?

Ryan Russell: Why don't you go through it and when we need to jump in, we will, but that way you can advise on anything you feel like you need to advise on.

David Peterson: Which version is that? Is that the one that's in our packet on the screen?

Clay Mitchell: I believe so.

Mihaela Negros: That is on the screen is the one that has our changes and in addition the proposed changes from VTRR.

David Peterson: Oh, good. Excellent. Great. All right.

Clay Mitchell: Which color is who? Who's the red team? [chuckles] Who's the red team? Who's the blue team?

David Peterson: That's an excellent question because Mihaela and I talked about this. There's some light gray in there and light blue too. I think it's because we had so many people handling the document. I think it was coding all of our--

Mihaela: We had a little bit of an issue with the numbering, so that's why I went page by page. I made some notes because some of the items that were taken out I had to compare the two documents, the ones that we sent out to Tom and the one that we received back to make sure that I catch all the changes. The first one that I found is on page two under number four, we have consideration. There was a--

Tom Gray: Are you on the IP agreement or the [crosstalk]

Mihaela: No, I am on the master contract.

David Peterson: Tom, this is the big one that has all the different schedules included in it. Can you guys see that okay?

Tom Gray: I can read it, yes.

Mihaela Negros: There was one line under our consideration that was taken out. It says the Commission does not agree to reimburse VTRR for expenses unless otherwise specified in the scope of work. This was removed. I think it's standard language that we have in every contract that it's in all the state templates because there is a scope of work that the vendor is bound to. If there are expenses outside of the scope of work, those will not be reimbursed. It's really at the pleasure of the Commission if you'd like to keep that language in there, or if you're fine with having it removed. I did not think that that was an issue, but I wanted you to know that it was a line that was removed.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting

Page 6

David Peterson: Ryan, Tom, would you guys just speak to that? Do you have what was sent so you can see that sentence in there?

Tom Gray: The yellow one, all billings, is it done?

Ryan Russell: That's not in there. It's a sentence that was removed.

Tom Gray: Oh, was it removed?

David Peterson: Yes, do you want to [crosstalk]

Ryan Russell: The overriding concern that we have, and you'll see some of the changes that come further down on the document in regard to termination in particular, the V&T can't be left underwater, for lack of a better term. Incurring expenses that are ostensibly to benefit the Commission and further the operations. If there are expenses that the V&T incurs, it needs to be reimbursed for those. I think what we could do is require a change order to any scope of work if there are going to be expenses beyond it. A simple statement that the V&T is not going to be reimbursed for expenses that it incurs if they're not reflected in a scope of work, I think doesn't appreciate the fact that with trains, these are 100-year-old machines. Things come up that we may not expect. The concern from our standpoint is ensuring that the V&T is reimbursed for whatever they spend on your guys' equipment.

David Peterson: Which I think is fair if we're talking about it relative to the term of the contract. I think that's fair. Any concerns or comments about that?

Clay Mitchell: My comment and that certainly seems fair, I think the counterpoint would simply be that it wouldn't be appropriate for us to, in essence, have a blank check for expenses to be incurred that we neither know about nor approve ahead of time. That's I think the balance that we're trying to find is a way and maybe as you propose, Ryan, a change order or something along those lines that puts some sort of a financial control in place seems appropriate.

Tom Gray: Yes, certainly. A lot of things fall between the cracks and we don't know. We don't have enough water to get up the hill. We have to put a tender down there or firefighting this or that. I put some more that I knew that fell between the tracks. We'll still take care of, but we're not actually responsible for. We have the volunteer motor car program set up, so it really works out well. They inspect the track before the train goes down in bad weather on that day immediately, or they come back up the hill and they're willing to do that. We used to supply all the machines and the employees, but now we have a better system that really works out well.

Then all they want to do is make a wish program or some fundraisers. That's pretty good, works out well. They might not always be here. They had a hard time getting people last year with the gas prices. They just couldn't afford to drive up to Virginia City for the week or weekend.

David Peterson: I like the idea of a change order. If there was something unique or that popped up, at least we could bring something forward to the Commission on the [inaudible 00:18:24] level. At the same time, what I don't want to do is limit Tom's ability to also provide those services. We need to strike a balance, but we can't wait. He's sitting there. [chuckles] We got to wait for the next meeting to give Tom permission to do something. Maybe it's the ability to-- I could say, yes, go ahead, get it done, or whatever, and then we just bring it back, ratify it, or whatever at the following meeting. I don't want to disrupt the flow of the services Mihaela.

Mihaela Negros: You would be fine removing that line from [crosstalk]

David Peterson: Yes, maybe something along the lines of a change order.

Mihaela Negros: Just to make sure.

David Peterson: If you guys are comfortable with that.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 7

Tom Gray: The other thing I have to get through Allyson, which is tough to get to you, so any additional costs. You're protected that way in person, actually in the field, or Ken.

David Peterson: Yes, for that matter.

Mihaela Negros: Then moving on to paragraph five, billing.

Ryan Russell: Hold on one second, just to make sure we're all on the same page on this. Are we agreeing in concept? I know you haven't taken any action yet, but altering the language instead of including the sentence that we won't be paid for anything outside of the scope of work to provide that. Anything outside of the scope of work will be reflected in a written change order or amended scope of work. My only thought on that to address what David said about the fluidity of the work that needs to be done is maybe you put a percentage. It won't exceed any scope of work by more than 10% without a written change order so that as things come up they can be reasonably addressed without having to wait for the next Commission meeting. Does that make sense to you guys?

David Peterson: It does. I think that's fair.

Ryan Russell: [inaudible 00:20:01]

David Peterson: Yes, go ahead, Stephanie.

Stephanie Hicks: I like the suggestion of the 10%. I think I'd like to see language in there that it has to be upon approval of the Chair with ratification following at the next Commission meeting, just so everybody is aware of it. It wouldn't be more than a call to the Chair to get approval for that, but then it would have to come back to the Commission.

Ryan Russell: I think you guys could handle it almost like check warrants or registers on a consent item.

David Peterson: Yes, agreed. I like that. Everybody comfortable with that approach?

Clay Mitchell: Good.

David Peterson: Okay. Tom, you're good?

Tom Gray: Yes.

David Peterson: Lovely. Okay, Mihaela, do you want to keep going, please?

Mihaela Negros: Just to make sure I understand, we are keeping this sentence, but we are modifying it to say the Commission does not agree to reimburse for expenses exceeding 10% that were not approved by the Chair and without subsequent notification. Do I just modify this sentence by including expenses that are over 10% and not approved?

David Peterson: Ryan, do you want to--

Ryan Russell: I think the language would be that the Commission does not agree to reimburse any expenses not reflected in a scope of work. Actually, I would step that back. We'll not agree to reimburse any expenses in excess of 10% beyond the scope of work without a written change order to subsequently be embedded or approved by the Board.

David Peterson: Approved by the Chair, and then for ratification at the subsequent Commission meeting I think would be perfect. Then Mihaela, can it just be a part of the paragraph, or does it need to be called out separately? Can it just be a part of the consideration paragraph in section four?

Mihaela: Yes, I can make it then the following sentence. The same paragraph. Under billing, I believe it was you Ryan, and Tom that highlighted the sentence that is on the screen. All billings for dates of service prior to July 1st must be submitted to the Commission no later than the first Friday in August of the same calendar year. Any issues with that?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 8

Tom Gray: It's a delay for cash flow for us, but I'm willing to agree to that. The one time, it looked like in July, it was less than a two-week period to submit everything or one week's period or 10 days, but I'm willing to go with that. We'll figure it out.

David Peterson: If I recall, I think the issue is Storey County doesn't run a 13th and 14th fiscal month or months, I guess. The issue is if we don't get, and Tom, just so you know, it's not just for you, but any vendors, if we don't get the bills in, it cannot be put back into the prior fiscal year. Yes, that's correct. I think it was just to help us make sure we get everything for the month of June into that prior fiscal year, basically.

Clay Mitchell: This is not a restriction on submitting earlier than that. Correct? This is a deadline on the back end.

David Peterson: Yes.

Tom Gray: No more laziness.

[laughter]

David Peterson: For anybody.

Clay Mitchell: Tom looked straight at me when he said that. [laughter] He knows me well I know. It's a pattern here.

Ryan Russell: I think for what it's worth, you guys, I think it's clarified on the next page as well in paragraph B, which talks about any invoice being paid within 30 days. That paragraph I think is highlighted just so we all understood it, but it's really limited to that end of the fiscal year.

David Peterson: It really is, yes.

Mihaela Negros: I think on that paragraph that Ryan is referencing, I think you took out a monthly invoice, so the word monthly.

Ryan Russell: We did.

Mihaela Negros: Okay. Just for the Commission to be aware.

Clay Mitchell: Is there an expectation that invoicing will be monthly or is it more fluid than that?

David Peterson: Geez, I think for Tom it's pretty fluid based on something--

Tom Gray: For the 18 on the regular seasons, I try to get it to you right away.

David Peterson: Yes, you do.

Clay Mitchell: That's easier for you guys. On the 18, it's hard to get all this out. I'm okay with that.

Tom Gray: I don't see a problem with every month in there.

David Peterson: He let that one ride, Mihaela. That's okay.

Mihaela Negros: Okay.

Clay Mitchell: I think Commission's always been really good on paying. It's never been a cash flow part.

David Peterson: They do a great job. As soon as you get it in, boom we're pushing everything through every second week.

Mihaela Negros: The next change would be under contract termination, subsection A, termination without cause. Again, this is language that is a standard language in all our templates. There are some significant modifications, and to some extent, a lot of the changes that you will see were made by VTRR basically just to make things even where we're saying that the changes were to make it even where either party may terminate. I don't have any particular issues with making these equal on both parties.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 9

I do have some concerns in regard to the second sentence under termination without cause. It says, "Either party may unilaterally terminate this contract without cause by giving no less than 30 days written notice to the other party in the manner specified under section two notice." No, actually I don't have an issue with that, but the following sentence where it says, "If this contract is unilaterally terminated by one party, the other party shall use its best efforts to minimize costs to the terminating party, but if the Commission will cancel without cause, Commission shall compensate VTRR for reasonable costs incurred in reliance on the continuation of this contract. Including without limitation, all expenses incurred by VTRR for train operations, equipment, facilities, and personnel, and pay of outstanding amounts due through the date of termination." Typically, I find this language to be somewhat ambiguous because when we have termination without cause language, the parties recover costs of predetermination performance. Basically, everything that was performed, you're entitled to recover because this was a termination without cause. The way this language can be interpreted is that in addition to all those costs of predetermination performance, VTRR would like to be reimbursed for costs that are arising from relying on the contract continuing. It almost makes it like it's a termination with cause for breach. That reliance language. Ryan and I, we talked briefly before this meeting, and I think he'll be able to explain to you what he means by it. I just wanted to make sure that this is not basically negating the purpose of a termination without cause where the parties will be on the hook for the cost of performance prior to termination and it doesn't go beyond.

David Peterson: Go ahead, Ryan, please. Thank you.

Ryan Russell: There are several things at issue with a no-cause termination for the railroad, for the VT in particular. One, you'll notice in the contract subsequent to these paragraphs, there are substantial insurance costs that are incurred in order for the V&T to operate the trains, to do the work. When we're talking about the number 18 in particular, we're not talking about a monthly office supply purchase. It takes substantial foresight to perform the repairs, to keep the train running which causes us to need not only personnel but also inventory equipment. There is a good deal of foresight that goes into the V&T performing under this contract. The intention with the changes that we put in here is to make sure that the V&T is made whole in the event of a termination. Terminating this agreement without cause will take some time to wrap up. You got to come get your train and the train has to be put back to a movable state. It has to have the parts put in. There are expenses that will inevitably be incurred by the V&T if there's a no-cause termination. We simply want to make sure that they're able to be made whole on that.

Mihaela Negros: I do have some response to this. I think VTRR is covered even with a termination without cause provision because if we look at the attachment DD under paragraph 15, one of the proposed changes by VTRR is to be reimbursed for cost to preparing transport locomotive for the move not to exceed 35,000. This is upon the expiration or termination of this contract or lease. It's in there and I believe that VTRR is protected for all the costs that come with termination.

David Peterson: Mihaela, on DD which page is that?

Mihaela Negros: If we go through attachment DD, it's paragraph 15.

David Peterson: Paragraph 18?

Mihaela Negros: 15, 1, 5. It's return of locomotive number 18.

David Peterson: Who put the-- that's us?

Mihaela Negros: That is something that VTRR is--

David Peterson: Oh, you guys, you added that.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 10

Mihaela Negros: He added--

Tom Gray: It's just if we have to move that down the hill, we have to take it all apart, we have to take all the rods off of it because there's no way to get lubrication to the cylinders, et cetera. It's just there'll be some prep costs, and that's all. I remember Stephanie said not to exceed and might not be able.

David Peterson: No, that seems fair because it's still our property.

Mihaela Negros: I think this alleviates some of the concerns that VTRR may have with that termination without cause because I don't think we need to modify the language of termination without cause to protect them for the cost incurred with transporting engine 18 back to us. Because if we accept the modification to paragraph 15 under DD, then they will be covered for those expenses.

David Peterson: Go ahead, Ryan.

Ryan Russell: Those expenses are related solely to transport. Again, there are expenses outside of moving the train that the V&T is going to occur in reliance on the contract. I would defer to Tom, but I think there needs to be some sort of protection in the contract itself for termination without cause.

Clay Mitchell: Mr. Chair, can we back up just a minute?

David Peterson: Yes, of course.

Clay Mitchell: It feels to me like the first sentence in this paragraph is very different than the rest of it. The first sentence says, "Regardless of any terms of contract, this contract may be terminated upon written notice by mutual consent of the parties." That makes a lot of sense to me. If there's a reason to break the contract that we both agree on, that makes a ton of sense. The rest of this feels really squishy for a long-term commitment that either party can terminate for no cause on 30 days written notice. How does that serve either of us? It feels like a route that I don't really want to go down. Not only that but then the subsequent language is, "Oh, by the way, if the other party terminates for no cause, then it's the party that just got dumped, their responsibility to minimize the fiscal impact of the other person walking away from the contract." That doesn't feel right to me.

Ryan Russell: As originally written, this was a termination without cause provided only to the Commission. As Mihaela noted, we wanted to make it mutual if there was going to be a termination without cause. Because we wanted that mutual ability if it was going to be in there at all, we had to add the protections for what the exposure to the V&T would be in such an event. What I always tell clients is, we have this contract here that is a five-year contract, but with a 30-day termination clause, you have a 30-day contract. [chuckles] That just is what it is. If we want to have this contract terminable only with cause, that would be more acceptable to me than not having the protections that tended to it without cause termination.

Clay Mitchell: I guess my proposal to the Board would be, I'm fine with leaving the first sentence in there, which is if we mutually agree to terminate. That makes sense. That's an out. We don't want to be tied to a contract that there's no reason for us to be in for whatever reason. I just don't think it's the right posture to go down the road of either party being able to terminate 30 days. Personally, I'd much rather that not be it's either terminate with cause or upon mutual agreement and then we can talk about mitigation if it's mutual agreement. That to me makes a lot of sense, but like Ryan said, we have a 30-day contract, we don't have a five-year contract if that's the language.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 11

Ryan Russell: The benefit of a no-cause termination provision for what it's worth, and I would be advising Tom of this, is you don't expose yourself to any claim by the other party that they are owed an amount equal to the balance of the contract. If it can be terminated on sufficient notice, all parties have the foreseeability of the extent of their damages. Any contract can be terminated with cause, that's axiomatic, but I would be more comfortable removing the termination without cause altogether, but if it's going to be left in there for either party, there has to be some assurances for the V&T.

David Peterson: Clay, was your recommendation, you just want the first sentence in seven A, is that what--

Clay Mitchell: Yes, I'm comfortable with the first sentence. I think that makes a lot of sense. My big issue is with the second sentence.

David Peterson: Yes, for sure.

Clay Mitchell: I'm okay with having some mitigation or "Hey, if it is terminated, here's how people are protected or, or compensated or whatever." It's the concept of one party being able to unilaterally terminate without cause that just doesn't make me feel all warm and fuzzy.

David Peterson: I think what Ryan and Tom were saying is on the original version that we sent to them, it only gave us the ability to unilaterally terminate without cause.

Clay Mitchell: Correct. Which if that was the case, then it would make a ton of sense to have all sorts of protections and reimbursements and whatever. Obviously, you'd want the party that was at risk to be protected.

David Peterson: Short of the removal of A, Ryan, is there something that you would be more comfortable with if the first sentence-- I'm just trying to make sure the first sentence didn't change.

Ryan Russell: If the first sentence was the only sentence, we'd be fine with that.

David Peterson: Mihaela, are you comfortable if we just leave the first sentence? I know that we're manipulating the state's template, but if we're all in agreement, are we okay to do that?

Mihaela Negros: You have the discretion to modify the template.

David Peterson: Any comments to that?

Stephanie Hicks: Can I just propose--

David Peterson: Yes, go ahead.

Stephanie Hicks: --one addition to that? In the original language, the last sentence said, "If this contract is unilaterally terminated by the Commission," but if we instead change that to, if this contract is mutually terminated, VTRR shall use its best efforts to minimize cost to the Commission and VTRR-- I was trying to make that more mutual. We would do our best to minimize any cost to VTRR and likewise, VTRR would do the same for us.

David Peterson: Go ahead, Ryan.

Ryan Russell: The wisdom, I think, in just limiting it to the first sentence as it requires mutual consent, and mutual consent would contain all of those provisions.

Mihaela Negros: I agree.

David Peterson: Okay. Are we comfortable everybody with the first sentence only? Okay, because it looks like you guys did not change the first sentence.

Mihaela Negros: No.

David Peterson: Because it looks identical.

Mihaela Negros: It was something we proposed. It was in our template.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 12

David Peterson: Okay. The blue with the red is going to go away from the version we're looking at on the screen, right? In seven A it'll just be--

Mihaela Negros: In seven A, we will be keeping the first sentence and everything else will go away. Subsection A will be just the first sentence.

David Peterson: Was that both of you? Because I know we're trying to figure out the color coating, but Tom, you must have put some of that in, and then Ryan, you added to it or Ryan you put something in, and then Tom-- Okay.

Ryan Russell: Tom gave us his notes and we tried to lower them down a little bit.

[laughter]

Mihaela Negros: The next proposed change is the addition of subsection C, termination by VTRR for incapacity. The continuation of this contract is subject and contingent upon VTRR having adequate staffing and equipment. [silence]

Tom Gray: The reason that's in there is because you need to tell me how long I'm going to be fluid here, [chuckles] and so for me to go like, "I don't want to fail or I don't want to be a burden on the company or to Ryan or you guys." That's why the last time I wanted a three-year contract, "Oh, yes, okay. I'm still healthy enough," or whatever. You wanted a five-year contract, so that was just put in there to help protect our company, but also, it's a collateral with the termination by Commission for non-appropriation. I can't go to a bank with this contract, and say, "I need to borrow \$250,000 to buy X Y, Z, to perform this." They'd go, "It's only good for--" That's all that was in there for.

Ryan Russell: As you guys know, railroad folk are becoming a rare breed. It's just a fact of the industry, so having the ability to actually staff and operate has to be a condition precedent.

David Peterson: Go ahead.

Clay Mitchell: Would it be prudent for us to put some reference to what happens if the determination is made that there's inadequate staffing or equipment? Basically, it says it's subject to and contingent on, but there's no real-- is that a termination by mutual consent situation?

Ryan Russell: It would be one of two things, one, if the V&T went to you guys and said, "We do not have the staffing to continue this," you could work out the termination by mutual consent, or V&T could, or you guys could either terminate for cause based on the inability to perform. [silence]

David Peterson: Hey do you see where that--? it's in a light blue.

Clay Mitchell: I do, section C.

David Peterson: C?

Clay Mitchell: Yes. I haven't really read through the termination for cause stuff. It seems like typically termination for cause indicates that someone has not performed under the contract. This seems more of a condition that's not necessarily due to the action or inaction of any one party to the contract. I don't want anyone to be punished, for example, to put it in layman's terms.

Ryan Russell: It's the difference between a failure to perform and an inability to perform.

David Peterson: What you're saying, Ryan, is if you don't have somebody to run the locomotive or hook up the cars you're down staff. What you're concerned about is not actually having the human capital to be able to run the train for us.

Tom Gray: Even the condition of our railroad, we have some big washouts right now. I'm going like, "Do you want us to run in April?" I was like, "Oh no, [chuckles] there's a lot of stuff we got to-- there's things that are out of my control." The main thing is if our management disappears, that's the hard part I think for everybody.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 13

Ryan Russell: If you disappear

Clay Mitchell: [chuckles] I think that's what he was saying. [laughs]

Tom Gray: For me to go like, "Okay, five years, what's realistic?"

Clay Mitchell: That makes good sense and I guess maybe there's two different scenarios here and one is because this item is titled termination because of incapacity. That's a very different situation than some sort of reprieve from the duties of the contract because you don't have staff. Those are two very different situations. If you don't have staff, then we figure out how do we somehow make it run. Contract's still in place, but you're not tied down because you don't have the staff. This is a very different situation. This is, "Hey, we can't keep going with the contract. We don't have what's needed to move forward." I don't know if the first situation is captured somewhere in here. I certainly think we probably want to look forward to what if staffing isn't available or how do we handle that? We don't want to micromanage it in the contract, but we at least want to have some provision for it. Anyway, to me, it feels very open-ended. It's like I agree with the concept. The concept is proper, but it doesn't necessarily say, "Here's what we do if this is the situation." That feels like we're unprepared.

Ryan Russell: It's very much meant to be like a key man provision. I'll pick on lawyers. If you have a contract for legal services and the lawyer is no longer there, you can't get legal services anymore and, in our situation, if we don't have people that are qualified to operate and repair the trains, then we're not going to be able to perform.

Mihaela Negros: I understand the staffing, but what about the equipment, is this something that is uncertain, I guess for the next five years whether or not you're going to have the equipment? I know that staffing always seems to be an issue these days, especially in this type of work.

Ryan Russell: I think they go hand in hand for what it's worth, if you don't have the staffing to work on the equipment, it's going to not operate to the extent we're talking about. Steam trains, they are fickle. Tom's actually taken me inside the boiler of the number 18. I don't understand it, [laughter] for what it's worth and so the equipment I think is key and we're talking about very specific and unique equipment. I think it's probably unlikely to Mihaela's point that we wouldn't have the equipment, but I think it's a protection that needs to be in there.

Tom Gray: We had that situation with the 18 where it needed those repairs and then more repairs and then it was a lot of-- and the only thing available is the 29. If that disappeared, we took it out of service on our weekend trains to put it in for you guys. We were lucky to have it. [chuckles] 29 goes out of service in June, so that's it. [chuckles] It's up to the 18.

Clay Mitchell: I don't want to get off topic, but did I see later some provision for backup equipment, something along those lines, or was that taken out?

Tom Gray: It's still there.

David Peterson: I think it's still there.

Clay Mitchell: I don't think the intention is to try to squeeze and say, "You have to run," but I also don't want it to be wide open where something that potentially isn't as important could potentially be used to say, "Oh, we're not going to run."

Ryan Russell: Is the word adequate in that provision what's maybe giving you trouble, the interpretation of what is adequate staffing and equipment?

David Peterson: About key.

Ryan Russell: Key staff?

David Peterson: Clay, did you hear [crosstalk]

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 14

Clay Mitchell: I did. To be honest, my issue is not necessarily with the wording. Mihaela brought up the equipment as a part of it. I'm more or less ambivalent to that particular aspect of it. My concern was more with what if this clause is implemented. Maybe we should have some sort of notice period or something with the termination without cause if that is potentially the route that we have to go if something like this happens. I don't know. That's by mutual consent so I guess whenever you reach consent is when you go ahead with the agreement.

David Peterson: Clay, would you be open to something like having the necessary staffing and equipment to maintain V&T Railways operations or something like that where it's specifically tied to what is needed in order to handle our schedule trains for the year?

Clay Mitchell: No, I'm less concerned about the specifics of the wording in here. I'm more about what happens if we actually use this clause because to me it's not clear. Maybe that's just my lack of understanding, but this would not fall under termination with cause or should not because no one broke the contract. No one's not performing and that's laid out what happens if someone feels there's a breach.

Ryan Russell: We could include the language that was removed from paragraph eight to provide something to the extent that in the event that provision is implemented, the parties will work mutually to minimize the cost of the other.

Clay Mitchell: Sure. I think that's fine.

David Peterson: Ryan, is that what you suggest then the last I guess two sentences from up top?

Ryan Russell: I think just the sentence that says, "If this contract is terminated for incapacity, that the party shall work cooperatively to minimize the cost of wrapping up or something like that."

Clay Mitchell: It'd be an adaptation of the last sentence in there.

David Peterson: That seems fair. Mihaela, are you comfortable-- will you just say that Ryan? Will you just reiterate what you would recommend for that sentence that would follow in taking the sentence from A which sentence? Then that would be the second sentence of C, right?

Ryan Russell: If this contract is terminated as a result of incapacity, the party shall utilize their best efforts to minimize the cost to the other party.

Mihaela Negros: Minimize the costs of--

David Peterson: Cost to either party.

Mihaela Negros: To either party.

Ryan Russell: I might even change the word cost to financial impact, so there's no confusion.

David Peterson: Sure.

[pause 00:49:43]

Clay, you're comfortable with-

Clay Mitchell: Yes, I feel good about it. Thank you. -the second sentence being added? Just for the record then, Mihaela can you read what 7C would be?

Mihaela Negros: If this contract is terminated as a result of incapacity, the VTRR will use its best efforts to minimize the financial impact to the Commission.

Clay Mitchell: I think it's mutual.

David Peterson: Mutual.

Clay Mitchell: Both.

Mihaela Negros: Incapacity, and that only applies to VTRR. Right? It's termination by VTRR for incapacity?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 15

Ryan Russell: Yes, but if there's incapacity that we have to invoke this provision, I think that the onus would be on both parties to work mutually to minimize the impacts of winding up the contract.

Mihaela Negros: Okay.

David Peterson: I think that's fair, all things considered. We don't want it to get to this point, obviously. [chuckles]

Ryan Russell: Nobody's wishing Tom any ill.

David Peterson: No, I know. I should have been a lawyer. Gosh, darn it.

Ryan Russell: I'll make sure to tell my kids they shouldn't.

David Peterson: [laughs]

[pause 00:51:19]

Stephanie Hicks: Mihaela, I hate to ask, but could you read the sentence one more time for the recording, please? Thank you.

Mihaela Negros: Yes, I'll try. If this contract is terminated for incapacity, each party will use its best efforts to minimize the financial impact of the other party.

Ryan Russell: Right.

David Peterson: I heard a right from Ryan.

Ryan Russell: Not to be nitpicky, I think it'd be to the other party.

Mihaela Negros: Oh, to the other party. There we go. Financial impact to the other party.

[pause 00:52:16]

Mihaela Negros: Should I move on to the next proposal?

David Peterson: Yes, that would be great. Thank you.

Mihaela Negros: Under subsection D, I wanted if you could please go to-- it's actually so because we added subsection C, which is termination for incapacity, then our proposed C became D, termination with cause for breach. Then we have the following subsection is time to correct. VTRR actually proposed to delete subparagraph formally D which is now E, time to correct. If you agree to remove time to correct, then we will have to make some changes to the second sentence under termination with cause for breach. I think that is something that we-- Ryan, I don't think you caught is a notice of breach and termination shall specify the date of termination of the contract, which shall not be sooner than the expiration of the time to correct if applicable allowed under subsection D. One of the questions for the commission then will be, are you in agreement to not have a time to correct provision? In case there is a breach, before we can declare a breach, you would have to write a letter to VTRR stating that we believe that you are under breach, and you have that 15 calendar days to correct before we move to terminate the contract with breach.

Clay Mitchell: Do we have some context on why it's proposed to remove the time to correct paragraph?

Mihaela Negros: Again, this is in our template contracts.

Clay Mitchell: Understood.

Mihaela Negros: That's why it's here.

Clay Mitchell: Understood.

Ryan Russell: Frankly, that's not a really big deal to us either way. If you guys want to leave the time to correct in there, it's fine.

Clay Mitchell: Where's the one-click wonder?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 16

David Peterson: I think there's a little hiccup. Mihaela, sorry because I got distracted trying to figure out what was going on with the webcast.

Allyson Bolton: I had to go to the original one that we submitted and find the time to correct the clause that we are referencing. It just took me a second to find the original.

Ryan Russell: Will you give me the paragraph and the number? Sorry.

Mihaela Negros: Yes.

Ryan Russell: Which one are we on though now? Are we back to our original one?

Clay Mitchell: The original because it's not in the proposed change.

Allyson Bolton: Correct, so I had to pull up the original.

Mihaela Negros: Oh, okay. If you'd like to look then at Paragraph D, time to correct. This is the one that I was asking that we remove, and if we do remove it, we'll have to make some changes then to termination with cause for breach just to confirm it to that change.

Clay Mitchell: Because it's referenced elsewhere.

Mihaela Negros: Yes, in the second sentence. [silence]

David Peterson: How do you guys want to handle this particular one?

Clay Mitchell: Wow, that's a tough one.

David Peterson: You guys are comfortable to leave it?

Ryan Russell: I don't have an issue leaving it. It's up to you though.

[background conversation]

Tom Gray: He says fine.

Ryan Russell: With the protections we have [inaudible 00:57:19]

David Peterson: We'll just leave this.

Ryan Russell: Seems like it's [inaudible 00:57:23]

Mihaela Negros: Sometimes this gives you an opportunity to discuss and sometimes they're very helpful.

Clay Mitchell: That's the main thing.

Ryan Russell: What it really might do is lead to a mutual termination working out the terms. It's fine to leave it in there or reinsert it.

David Peterson: It's just going to go back to being its own paragraph basically. Right?

Mihaela Negros: Yes.

Ryan Russell: It'll be 7E.

David Peterson: Oh, okay, so it'd be 7E?

Mihaela Negros: That would be 7E and then we don't need to make any changes to paragraph D, termination with class for breach. We'll just leave it as is.

David Peterson: Allyson and Leah, you guys are okay there. It's going to be 7E.

Mihaela Negros: Moving on to the next change would be under section 9, limited liability.

These were just basically changes to make both parties rather than just the Commission have the same liability protections.

David Peterson: Do we need to just wordsmith a little bit in there?

Mihaela Negros: The proposed edits that were made by VTRR should be right there under nine and I don't necessarily have an issue with them.

David Peterson: Mihaela, what I meant was it says damages for ants. Are we able to just wordsmith that a little bit?

Clay Mitchell: I think when we make the motion, we'll make it with the ability to correct grammatical stuff.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 17

David Peterson: Is that okay with you, guys? We'll just [crosstalk]

Ryan Russell: I caught that too.

Clay Mitchell: For example, in 10, we probably want to drop the S off in the very first sentence there because it--

David Peterson: Stephanie, it just occurred to her this is not the ant Commission. Let that be on the record. Thank you, Stephanie, for noticing that. I think there were a couple of little ones like that, Ann, ant, and--

Ryan Russell: I think the way you can cover it when you approve it is in a final form acceptable to your counsel. That way she can make all the edits that need to be made.

David Peterson: Thank you, guys.

Mihaela Negros: Can I move on then?

David Peterson: Sure. Yes.

Mihaela Negros: Under section 11, indemnification and defense. Again, propose changes instead of VTRR both parties.

David Peterson: We're comfortable with it being mutual?

Clay Mitchell: Yes. We'll be best legal buddies.

David Peterson: There's no such thing. [laughter]

Clay Mitchell: On a sliding scale, we're toward that end of things.

David Peterson: Comfortable with 11 as--

Mihaela Negros: Same with number 16 would be the next one. Ownership of proprietary information. I believe that that is the last proposed change on the master contract. Then we would be moving on to the attachments. I don't want to rush you, but just.

David Peterson: Oh no, that's just another mutual one you're saying we both each keep our stuff. Okay.

Clay Mitchell: Can I ask just about effective date which makes sense is of course changing the starting effective date. This is right up at the top and number one. I'm just wondering if, because this has taken us a little longer than we originally anticipated, does this put us at a rough time of year to be renegotiating coming up against budgets and operation plans and what have you in March? Does it make sense to run it through January or through the end of December of the previous year, something, or does that put us crossways if we don't use full years?

David Peterson: That's a good question to end it [crosstalk]

Clay Mitchell: Tom will be here. He'll be good in five years. We've already decided that.

David Peterson: Yes, it's already in the contract.

Tom Gray: Doing it in March gives you, you get through your busy Christmas season and then it gives you a few months, but it overlaps for when the trains are shut down to figure it out again.

Clay Mitchell: Yes, totally understand but if we run over at all, then we run into budgets that have to be submitted and then plans of operation and so it squeezes on the backend and so end of January, sometime in February feels a little better to me. Gives us sometime after, like you said, the busy Christmas season, but also doesn't bump us up against the other requirements that we have coming into the new year. I don't feel strongly and it's not a-- if everyone thinks we can make it work, we just got to, we can't rest on our laurels come January. We got to get on it so that we're ready to button it up by March.

David Peterson: Yes. Especially if we have to have the cost schedule approved before March 1st as we have it in the current. Unless that changed, but I think that was the same just so we can start afresh with each year as we go through FF.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 18

Clay Mitchell: [crosstalk] if March 1st is the deadline, we'd be renegotiating the contract and deciding on what the cost is for that year [unintelligible 01:03:03] come and through the same time.

Tom Gray: You do the cost rate every year.

David Peterson: You want a clean break though Clay, because then if say this one were to end in January, we'll already be working on hopefully a new multi-year agreement at that point so there's just [unintelligible 01:03:24]--

Tom Gray: [unintelligible 01:03:25] that situation now with the 18, we've had a lot of times that there's no contract, we're not running trains. What do I do with the 18? Well, I just keep doing what I normally do. That's why I had you come up last week, say, okay, we've been working six weeks on this. Do you want me to continue on? The 18 like keeps going on whether we're running trains and so that's the only reason why, but I understand having to have your numbers submitted ahead of time.

Clay Mitchell: Yes, if we think we can do it, it's fine. This is just coming from Mr. Perpetually late here, so that's my frame of reference.

David Peterson: Yes, I think it's possible because obviously we would be working on a new multi-year agreement ahead of that but then the question is, our next agreement couldn't start until this one expired too though. We can't have two agreements at the same time.

Clay Mitchell: We could approve it ahead of time with a start date as of.

David Peterson: One day later or like April 1st. Would that work for you [unintelligible 01:04:28]?

Clay Mitchell: Just kidding.

David Peterson: Not that we're putting you on the record, but I don't know. Anybody have a concern about doing it that way?

Allyson Bolton: My only question is, can we have a specific date in March? If we're looking at March 1st, then essentially, we'd be approving at the February meeting, which in theory would be enough time for budgeting and for the scheduling with our retreat, et cetera because our retreat would happen before that meeting. I think I'd be comfortable with a March 1st as opposed to a March 31st.

David Peterson: Tom, would you be comfortable with that to allow us a little bit of latitude for budget purposes then we say 3/1/2028?

Tom Gray: Remember I'll be older then and slower. [crosstalk]

Allyson: Actually, do we need to do anything retroactive knowing that our other contract did expire in December? If this is all agreeable, can we say retroactive to January 1st because we've been out of contract? Should we? I don't know.

Ryan Russell: I think what you could do to stay within your agenda, and I'm not giving you guys legal advice, but I think what you could do is just in approving the contract with an effective date of today and ratifying all contractual matters between the party through today covers any gap that was before. I don't know what you think of that [unintelligible 01:06:05].

Mihaela Negros: To satisfy the notice requirements of open meeting [crosstalk] focus on the agenda.

Ryan Russell: I don't know if you're comfortable with the board just saying they're ratifying all matters that occurred prior to the execution of the contract between the parties.

David Peterson: Post 12/31/2022. January, February through today is what we were just discussing.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 19

Clay Mitchell: Because when we talk about real impact, there's been no operations in that period, but there's been repair work [crosstalk].

David Peterson: 18's been torn down yes, we saw last week those things. Okay. Sounds good. Did we agree then we'll use 3/1/2028 as the expiration allowing us-- Okay. Thank you.

Clay Mitchell: [unintelligible 01:07:00] I'm sorry for taking us backwards there.

David Peterson: No, that's good.

Mihaela Negros: Moving on to attachment AA there are no proposed changes, same with B, which is the insurance schedule. The next one if you'd like to move your attention to attachment CC charter services agreement. The first proposed change is under the Commission shall, number one, it's the addition of lubrication and my question to that was, if you look at subsection 4, it says provide regular track lubrication. I don't know if there's a difference between those two. If it's repetitive, I would just propose to remove number 4, but I don't understand exactly what it means.

Ryan Russell: Are you covered with four?

David Peterson: Maybe we could just take the comma out in one, provide the required regular track lubrication, take the comma out between track and lubrication and then remove four. Are we saying the-- would that work?

Ryan Russell: I think it's covered in number four. I'd just cross it out.

Clay Mitchell: I just take lubrication out of number one.

David Peterson: We're going to take out lubrication in number one manual--

Mihaela Negros: Okay, and have it as standalone number four?

Clay Mitchell: Can we still take out a comma, maybe after required?

Mihaela Negros: We should take the comma yes, we take comma out anyway.

Clay Mitchell: [unintelligible 01:08:39] I'm all about slimming it down. However, I can. [crosstalk]

David Peterson: One comma at a time.

Mihaela Negros: This is, I can-- I don't know if it was something that Ryan proposed, or I did, because we have the Commission shall on top. Then paragraph two should start with ensure instead of the Commission is required to ensure. It may be just the confirming change that I made, or it might have come from you. Then there is the addition of by VTRR or the person or entity with whom the Commission contracts. Again, I'm not sure if this is something that we proposed or Ryan, you did?

Ryan Russell: No, [crosstalk]. How did you want to change it?

Clay Mitchell: I think that's probably a good idea because is this looking at-- there may be other contractors that are going to file the reports potentially or be responsible for filing reports. It doesn't necessarily all fall to you, Tom but it leaves it open. Whereas if it makes sense for you to just file it, then Tom can file it and if it's going to be someone else filing the reports [crosstalk] you've got that option.

Mihaela Negros: Then we-

Clay Mitchell: As long as the reports get filed, I don't really care. He does it what reports.

Mihaela: Then we discussed number four, there were no changes to three and then 5 through 15 were all proposed changes by Tom. The only one that I wanted to suggest was to replace a Board member with point of contact or Commissioner.

David Peterson: That makes sense.

Mihaela Negros: I think we used point of contact in the past.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 20

David Peterson: Instead of saying Board members say provide one point of contact?

Mihaela Negros: Yes.

David Peterson: Just in case it's not [crosstalk] one of us per se.

Clay Mitchell: It'd be nice to be able to communicate with the Commissioner directly on an issue. Not to overwhelm them. Once in a blue moon, "Hey, this is a situation with this, or this could be the situation or look at this. Can you come up and look at this? What do you think?"

David Peterson: Maybe we could, can we say Commissioner/point of contact on the off chance that if one of us isn't available, then you're not stuck waiting, you could talk to Allyson or whoever.

Clay Mitchell: I think you could clarify each one of those by just putting the words at least in front of one.

David Peterson: Sure. I think that's fair. I don't think Tom's precluded from talking to any one of you if you want.

Clay Mitchell: No, yes, exactly.

David Peterson: He shouldn't invite all of us up at once.

Clay Mitchell: One of the things that I'm a little cautious about is as a Board, one of us, maybe with the exception of the Chair and certain issues as we've given him authority to make decisions, no one of us really is authorized to make decisions for a body as a whole. I want to be clear that for discussion for understanding makes total sense. I just want to make sure that we're not muddying those waters where it feels like permission can be given to make a decision or something by one board member who's designated as a contact.

David Peterson: I think Tom's concern has been historically wanting to make sure that the Commissioners are as educated on what's going on up there as possible so that when we come for these kind of meetings, everybody's speaking the same language. Am I right about that, Tom?

Tom Gray: Yes. Denny and Clay live up there, and so sometimes there was just something with the 18, can you come by and take a look at this? It's not like you got to drive up Carson, make a special deal to understand that. Then he could explain it to you other guys when it came up whether something that David needs to learn about the rail bike thing or something new as a Treasurer, hey who are you as his, whatever you're going to do the historic part of it. It would be easier for me. Allyson and Leah are both there all the time, Ken, Gabe but yes, I think it'd be easier. The more you know about it, the better you can make a decision.

Ryan Russell: One of the first things I ever did for the V&T was a litigation related to an engine that we were renting from a California railroad. Until I literally went up there and climbed in the boiler and had Tom point everything out, I wasn't speaking the same language. It was what it's worth.

David Peterson: No, and I appreciate that. That's right. We do need to be careful because we can only ever operate in groups of two. We just have to be super careful about how we relay that but I also appreciate, Tom, when you're able to come to our meetings too and do your update as well, because then it's great if people can go up individually or groups of two, but then all five of us do get to hear your update as well. I think providing for both experiences is going up and then also when you're at our meeting and we all hear at the same time, which is great because then if we ask questions, it's on the record. I know we tried to do this at the retreat. We tried to break some things up and we walk through that point of contact concept. You're just including that in here. Yes. Ken, go ahead.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 21

Ken Dorr: This is probably a question for Tom. You added the term lubrication in as a Commission responsibility. As background on, Tom I'm sure has explained this to you, but basically you're worried about friction between the rail and the wheels of the rolling stock and locomotives. Tom previously has been doing that by sending his guy down once a week or whatnot, or once every two weeks and doing a little light oiling around some of the curves. Now according to this, now the Commission is going to take over that expense and the responsibility. That's the way I'm reading this. Was what you were thinking, Tom?

Tom Gray: The onus is on you, but I would keep on doing it because that's the only thing we can do. We have a trackside lubricator, that's how we oil our flanges. To lubricate the rail, we found a machine. Well, you can either buy trackside lubricators, three or four of them. Now they have them solar powered and they squirt a little shot of grease between the flange and the rails. The flanges take it down the rails for a half-mile, and everything works good. You don't tend to derail because whenever you go around the curves, the wheels are straight. They tend to climb up over. That's where we derail. The two things that prevents rail wear, derailment issues and wheel wear and we don't have so many wheels on these cars. Once they're up, then I can't provide that car anymore until I can find the wheels, which are almost unattainable with our vintage cars. We've been doing it and every once in a while, I'll add some money to charge for the grease that we do for that but sometimes it gets to be a lot, and this is one of the things that falls between the cracks. Who does this? It was like, okay, I've figured it out here, I'll just go do it, but we were running a lot of trains back then. As we run fewer trains, I can't absorb all those costs but now we have the machinery built up and rebuilt. That's kind of-

David Peterson: It's an expense that's going to be passed on to the Commission.

Tom Gray: That yes, can be passed on to the Commission.

David Peterson: Can we actually add this in our draft to Tom? They didn't add it. We had actually put that in.

Ken Dorr: I don't have a problem, whatever the Commission wants to do, but recognize this is something that if we're going to take over those responsibility or, gosh forbid, start putting in curve oilers every couple miles down the track. Those are not inexpensive and they're a maintenance hassle. Tom's got one or two of them I think, but they're isolated where you don't have people shooting holes in them either.

Tom Gray: They never work right either.

Ken Dorr: The most effective way of doing it is the way Tom has been doing with manual application with a broom, one of his hands on a motor car.

Tom Gray: We have a machine that we use now, we can drag along, but for Polar, we actually would go out and just take a paintbrush. It was huge.

Ken Dorr: I agree, friction management is a big issue for both, again, rolling stock and the longevity of the rail. Coming up with system of work, that's fine. I just need to know that. Do we need to budget for it? Do we need to organize that or is that something the Commission reimburses Tom for his expenses on that, which he's got the system down? I like the idea of just [crosstalk] just reimbursing him.

David Peterson: Tom, are you comfortable with that then?

Tom Gray: Yes.

David Peterson: Okay, but you're right, we need to account for that, Stephanie, when we're working on the budget. Can you help us with that, Tom, as far as budgeting for that for next fiscal year?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 22

Tom Gray: Sure.

David Peterson: I don't know it's a monthly cost or how you could help us make sure we include that, that would be great. Then back to the language, are we still okay with at least a Commissioner or point of contact or we're comfortable with that for those last five. Is that fine? Just in case it's not a Commissioner. Then we just need to put a period on 15.

Allyson Bolton: Well, I think just to what Commissioner Mitchell was saying, it says here, provide one Board member for access and inclusion to certain issues. Do you want to maybe change the language of what access and inclusion means? I don't know, for updates or education? I don't know.

David Peterson: Coordination.

Allyson Bolton: Coordination.

David Peterson: Coordination is a good word.

Tom Gray: What should I charge you to use this car?

Allyson Bolton: Would that work for you?

David Peterson: For you guys, 11 through 15, if we said for coordination in lieu of access and inclusion, just for coordination, so we're careful about exactly what-- That's fine. Sounds good.

Allyson Bolton: I do have two questions, one on five and one on six. The question on five is actually very similar to Ken's question on track lubrication. For five, we conduct regular fire prevention practices and provide fire patrol during the summer months. Currently, we do work with Gabe on fire prevention. Additionally, we do work with the local fire agencies for fire prevention. For the fire patrol, current operations, again, and I don't know if this was before me, but at least for the last two years, we provided the schedule to Tom, and Tom coordinated with Ken Marty to do the fire patrol services. Tom, I know you additionally have, I think, attender. Is that the correct word for fire patrol? My question is, with this language, does that then put it on operations to then coordinate fire patrol?

Tom Gray: No, I don't think so.

Allyson Gray: No. Okay. My concern is if Ken Marty is no longer there and willing to donate his time and resources to do fire patrol, does then the Commission need to budget for that?

Tom Gray: Might have to.

David Peterson: Allyson, we didn't put that in your scope of work?

Allyson Bolton: My son would love to drive a motor car [laughs] the 18. Again, I just want to be conscious of what responsibilities we're taking on. The second question is on six. I think I'm just looking for, I don't know if we need to add additional clarity. Again, just referencing current operations, provide security for trains left overnight at Eastgate Station and provide security for trains left at Eastgate for the performance of Polar Express trains or other special trains. My question is the definition of security. Currently, we have the cameras on site that do point to the train. In most cases, we can see I get alerted at all points of the evening if there's a coyote or a person walking by. Additionally, during the Polar Express, we do patrol services with a security company. Staffing the last two years did not allow us to have someone that was actually stationed at Eastgate to watch the train overnight. We hired security services that would do patrol. They would stop, drive through, walk about a few times in the evening. My question is, does that meet the definition of security here? Are we looking at adding patrol services for the general season when the train is left overnight? Did the cameras suffice that? Just clarity there.

Tom Gray: I think we're making it easier and easier by just having the cameras, but they don't point every place. It depends. We've had people live right below the depot, so it depends on the

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 23

situation. It might be a lot of times to have overkill to actually have somebody stay there overnight. That's a remote area. There's a lot of things happening down there. A mile away in that river is an outlaw land. This year, when it's so cold like that out, it's pretty safe thing and it's hard to get around for anybody. A lot of times there's a lot of people around that I think those cameras don't ever pick up. They're not faced on the train, they're more faced on the parking lot. You can't see all parts of the train. We secure it. We try to secure it and we try to secure it for sabotage. If somebody would know how to make it roll away, we do certain things to prevent that from happening. That's my biggest fear. The vandalism or the copper things are another thing. It's maybe having somebody stay there all the time overnight is overkill, but a camera might be under kill. It's in between that area. It's got to be secure. Up on our end of the track, there's certain times of the year where we don't have to do much, but there's other times that we're there. There's people all over the place.

David Peterson: The way it's written for what it's worth, I think it's up to the Commission to decide what is adequate security. It's an onus that's put on the Commission. I understand everything Tom's saying. I think the point of the provision is you guys have to decide what reasonable security is and make that provision. Maybe we add those two words, adequate and reasonable or pick one and provide reasonable security for trains left overnight. Tom, are you thinking the first part of that is Saturday? The Saturday nights when we're running? Yes, okay.

Tom Gray: Or the Friday nights order. It could be Friday when we're down there. Yes, if you had to come down.

David Peterson: We just add the word reasonable or adequate, one of the two words. Before the word security, both security references in there. That seem fine? You pick one, Mihaela, then.

Mihaela Negros: Adequate, that's what I picked.

David Peterson: Any other concerns, questions on-

Clay Mitchell: In number 3, do we need to specify? Is there anything special about the electric or water service capacities that need to be-

Tom Gray: Yes, the electrics we need for the-- we heat the locomotives at night and that's almost a 50-amp circuit. This new one takes less current, and then we need to charge the batteries on the trains. That's what we have right now to do.

Clay Mitchell: It's all 110 stuff?

Tom Gray: 220 and 110.

Clay Mitchell: 220 and 110.

Tom Gray: Then also the workforce with us because if the circuit breakers pop and the engine goes out, we'll have a hard time with it. We couldn't find any keys. I don't know. We have permission to cut the lock and it's just a cheap lock. We did get a satellite monitoring system for the temperatures of the engine to keep them to startup. That would be tough not to start up.

Allyson Bolton: Based on the current breaker situation, my guess is that keys probably predate Elaine several years as well. I don't think a key exists. We did give permission to Tom to just cut that lock should it pop. It didn't pop this last year. It hasn't popped since we've been involved, but they have that permission to do so. We do currently have the infrastructure in place to provide the electric to Tom.

Tom Gray: Yes, because we just spent a lot of money to redo all this.

David Peterson: That was for the hot chocolate room.

Allyson Bolton: That was for the hot chocolate room.

Clay Mitchell: It's just the hot chocolate?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 24

Tom Gray: Yes.

Clay Mitchell: Oh, we forgot about the train.

David Peterson: Sorry, Tom. Hot chocolates got to take precedence.

Clay Mitchell: Hot chocolate is lovely.

Allyson Bolton: We'll keep talking through that.

Clay Mitchell: Priorities, people.

Allyson Bolton: There's been a few times that Tom and I have played a little bit of wiggling around the electric. That's the technical term. [laughter] I do believe we do have the current infrastructure.

Clay Mitchell: Good.

Allyson Bolton: Then Dave and Stephanie, we will have to budget for that additional security because we haven't been doing that for the general line.

David Peterson: We just electrify things. [laughter]

Clay Mitchell: Electrify the track.

Allyson Bolton: We can add that to my scope of work.

David Peterson: No, just do it. [silence]

Mihaela Negros: Should we move on to [unintelligible 01:28:58] shall?

David Peterson: What are we moving on to? Sorry.

Mihaela Negros: Yes, we go down the page. Paragraph 3 was removed. VTR shall ensure that any person or entity operating a tourist excursion train pursuant to this contract shall promptly notify the Commission of any OSHA reportable injuries occurring to any person during VTRR's use of the Commission's track pursuant to this contract. Here? Right.

David Peterson: Mihaela, where did we originally have this? I'm sorry.

Mihaela Negros: This was paragraph--

Clay Mitchell: It's a different number three in VTRR shall, so the section is VTRR shall.

Allyson Bolton: I've pulled up the original contract because it's not in the one--

Clay Mitchell: Yes. It's been removed from the update. Under use. Is that from the original one.

Mihaela Negros: The original one is paragraph three?

David Peterson: No, we're basically the same section attachment CC. The first section is the Commission shall, second section, the VTRR shall.

Allyson Bolton: Yes, it's not going to be in the packet that you have.

David Peterson: Could you guys just speak to that in terms of was that just an accident? No. Okay.

Clay Mitchell: The question is number three, should it stay or go?

Allyson Bolton: Right.

Ken Dorr: It should go. We're under the FRA, federal regulations on reporting requirements. It wouldn't be accurate to say.

Tom Gray: Is that covered under a different section?

Ken Dorr: For report FRA reportable injuries. Yes, there's a dollar amount XY. A monthly report. We make a monthly report. I should tell you what reports we do make.

Tom Gray: What's now number three in the agreement.

Ken Dorr: Just to clarify, the safety reports, the VTRR, and the Commission have to make monthly safety reports and basically that's how many people you have on the track and then you have reportable injuries. Leah is taking care of that on a regular basis, so she's got that down to a science. Tom has to do independent reports for the VTRR. My question mark would be if we

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 25

have an accident that, as Tom mentioned, is reportable either be an injury or certain amount of damages is exceeded, then a report has to be filed. Now, it sounds to me the intent is that Tom is going to fill out those reports not only if the accident occurs on the VTRR track, but on the Commission's track. I'm not sure if that is totally understood. That's the way I think it happened. I think we did have an incident here a few years back and, Tom, that's exactly what happened. Tom filed the necessary FRA report on behalf of the Commission for an incident that happened on Commission's track. I was just trying to clarify is that what everybody understands? Who's responsible for what? Because that is a big deal, you can't miss those reports.

David Peterson: Well, I think this paragraph specifically just requires Tom to notify the Commission if there's a reportable accident and maybe the reference to OSHA is inaccurate, but basically it says if there's an accident, an injury occurring, that the Commission will be notified.

Clay Mitchell: You should change that to FRA instead of United States, that's more state.

David Peterson: It's easy enough. Yes, because I think--

Clay Mitchell: You can leave any reportable injury.

David Peterson: Yes. Because I think paragraph four, which the new one became I think paragraph three, requires that the reports happen. This one is simply that the Commission's notified if there's an accident. I don't see any problem changing that to FRA to make sure that it's accurate.

Clay Mitchell: Tom, is that your understanding then? Yes, I agree with Tom's comment. OSHA shouldn't be in the FRA.

Tom Gray: Yes, we operate the train.

David Peterson: Which makes sense.

Clay Mitchell: You're okay putting the paragraph back in, though, if we change it from OSHA to FRA, makes sense to me.

Tom Gray: Yes. You're going to know about it, I think. I don't know what the actual form has, what has me is the operator and depends where it happened, what track it happens on. Then I put that location on whether it's VT Commission or us.

David Peterson: Well, as I read it, something happens on your track, you don't necessarily need to-- if it's not operating our trains you don't need to notify the Commission about it. If it is something that has to do with operating--

Ken Dorr: The grey area and hopefully the FRA wouldn't pick at needles here, if you will, but our safety reporting officer is Leah.

Tom Gray: Every month I give her where you ran extra trains. She gets on me, too, if I don't get it right away, which she should be, so does my sister, but employee hours and all that. She knows the mileage that they've run their trains, but she doesn't know the extra trains or work trains, so we tell her that. Or if anybody got hurt, she doesn't know that either, but by me every month.

David Peterson: We're okay. We're going to replace OSHA, US OSHA with Federal Railroad Administration and what was three?

Allyson Bolton: Yes.

Ryan Russell: Yes. Better. Put it back in.

David Peterson: We're going back in. Okay. Because on the version I'm looking at, it doesn't-- three is four.

Clay Mitchell: Correct. It was removed.

David Peterson: Okay.

Ryan Russell: Three will become four again.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 26

David Peterson: Three will become four? No, don't you mean four is four?

Clay Mitchell: You're just going to reinsert the old three and the numbering will follow.

David Peterson: You guys removed it completely. This is where I'm-- okay, I'm sorry. I'm looking at it. It doesn't have it crossed out on here. I don't have my glasses, guys. I'm looking at three different-- the screen, these two things. All right, great. This is lovely.

Mihaela Negros: The following paragraph, ADA was removed. In our version, we had Federal Railroad Administration, Nevada State Public Utilities Commission, and ADA. The proposed change is to remove ADA and move the end, to end the Nevada State Public Utilities Commission.

David Peterson: Any concerns about that? I think we're good.

Mihaela Negros: I don't see any other changes on this page. The next edit that I see is under paragraph 14 that starts with, ensure that the appropriate--

Allyson Bolton: Mihaela, I think we did have changes to number seven.

Mihaela Negros: Thank you.

Allyson Bolton: It looks like some language was removed and some language was replaced on what's posted as six, but our original seven, so the new seven, if you will.

Mihaela Negros: Will you read it?

Allyson Bolton: Yes. I'm going to actually switch back over to the original since I'm here. The new seven says, set up dispatch, radio, block key, et cetera, or other train traffic control system to ensure collision accidents do not occur on track between VTRR trains and other equipment using track and provide the Commission a copy of these requirements to allow the Commission to communicate these operating requirements to its maintenance forces. VTRR is not responsible for collision accidents by and between equipment not belonging to it. Now, the original seven was much longer. I'm going to pull it up. Would you like me to read this paragraph?

[pause 01:38:28]

David Peterson: That's not what I have. They left all that out. They left all that out, which is coming as six on the new-- it will be seven again, but-- Just so I'm clear then. Where we have both the Commission, VTRR recognize the exposure from property damage, blah, blah, blah. You guys added that in?

Ryan Russell: No. I don't think that was our change.

David Peterson: Was that from our meeting in November? Where I have red, yours is a little different, but mine's in red. You're saying that didn't come from you guys?

Tom Gray: Which part, the removal, all the extra stuff?

David Peterson: It was six. There's a whole paragraph in red that is after the set-up, the dispatch and the block, key block. We added that. You guys took that back out from seven.

Ryan Russell: If seven was split up. It looks like on the copy that I have. I have immediately notify the Commission, the first part up to V&T's act of negligence when using Commission's track was one paragraph.

Allyson Bolton: The posted six.

Ryan Russell: Then August on the screen dispatch.

Allyson: Is what we sent. I'm relying on the fact that the document says document sent to Ryan and Tom.

David Peterson: Yes.

Ryan Russell: What's that?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting

Page 27

David Peterson: Tom, you wanted, this whole-- I know we're off, I'm still off by a number here, but you want seven to be replaced?

Ryan Russell: No. Well, what we got back, I think was that seven split up into two paragraphs and then we changed the second paragraph set up dispatch radio.

David Peterson: Yes.

Ryan Russell: Between VTRR trains and other equipment using track. Then at the end we added VTRR not responsible for collision accidents by and between equipment not belonging to it.

David Peterson: Ah, it's multiple numbers. Okay.

Clay Mitchell: It's a lot cleaner than the new one.

Allyson Bolton: Okay. One that's included with the packet is clean.

David Peterson: Yes.

Clay Mitchell: Again, as Tom mentioned, paragraphs six and seven are a combination of the previous, whatever, the paragraph number--

David Peterson: Seven. Okay. What happened to-- so when we had eight except as necessary for the provision of the tourist excursion train that goes on. Is that down below? Oh, that's okay. You just wanted to decouple these things then from one another?

Ryan Russell: Just made it cleaner.

David Peterson: Okay. We didn't lose what was six, it's just in four different numbers in terms of what's in the packet. It's in multiple. I guess I'm missing, are we missing something?

Allyson Bolton: It seems like the only thing that is different is the sentence about VTRR is not responsible. Right? Ryan, would you say that that's the only thing that you added? Will you state it again? VTRR is not responsible for what?

Ryan Russell: For collision accidents by and between equipment not belonging to it.

David Peterson: Well, that's fair.

Clay Mitchell: I don't mean to be a stick in the mud, but what if you're operating equipment that belongs to us?

Tom Gray: Well, if 18.

Clay Mitchell: I understand that's not the intent, but--

David Peterson: Mean say excluding the 18?

Tom Gray: No, not all.

David Peterson: Why don't you just say instead of not belonging to it, say not being operated by it?

Clay Mitchell: Are you okay with that, Tom?

Tom Gray: Yes. For the motor car guys, that are at my direction. You bet.

Clay Mitchell: Yes. I'm not trying to jam you up. I just don't want us to overlook something.

David Peterson: Okay. What is not on the screen, but what's seven, which I think will become eight because we added some to that, but we will remove equipment where it says not, and we remove along to it. It'll say not being operated by, it works for me. Are you guys comfortable with that?

Tom Gray: Yes, Allyson's got it back up now.

David Peterson: Sure. You have a question on that one?

Allyson Bolton: Nope.

David Peterson: Okay. Good. I think what's throwing me is that we had things in, so when your change tracker came through, it removed them instead of redlining.

Clay Mitchell: It doesn't show it as a red line deletion, confusing.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 28

David Peterson: Yes. It's in a different number. What's throwing me. Are we good with 9 and 10? Those seem to be small changes there. Those look good just added and volunteers. Then conflicts with its trains. Those seem fair.

Tom Gray: In 12, I think we might have added trailers in there twice.

David Peterson: That's just to make sure we didn't forget about trailers.

Tom Gray: Trailers and trailers.

David Peterson: Then Allyson on, well, unless there's a concern. Sorry, skipped 14. You're good with 14?

Allyson Bolton: We changed the minimum of two hours. Three hours to two hours.

Clay Mitchell: Well, no, at 14 there's a sentence. You guys added this one, right? The provision does not reduce the Commission's tort liability. You're comfortable with that? Go ahead.

Tom Gray: I'm just looking for some context. Does that mean if we give written notice to remove the property, property is not removed. We destroy or otherwise dispose of it. We've committed a tort potentially?

Clay Mitchell: The sentence is a little clunky now that I read it again. Only because your tort liability is limited by statute. [laughs] I'm comfortable with removing that sentence if you are, Tom.

Tom Gray: I'm happy to soften destroy. That seems a little weird to have that be the first line of defense. If we got rail cars on a siding somewhere [laughs] oh, maybe move or otherwise dispose of it.

Clay Mitchell: [laughs] It's unnecessary. I would just take the sentence out.

David Peterson: Okay.

Tom Gray: There is a big washout, and we couldn't remove them.

Clay Mitchell: How do you? That's not fixed by this whatever. Okay. Sell them [laughs] Just take it out.

David Peterson: Not one 15 then, Allyson, are you okay if we have the two hours prior to, for the--

Allyson Bolton: I'm comfortable with this. The context of this is it's more to protect the first night of Polar so that we can get onto the train and check all the sound and ensure that we are ready to go. This would be, if our first train's at 5:00, this would be the train arriving no later than 3:00. For the rest of the season, we did have four o'clock as the time that the train would be up and ready, generators would be going, et cetera. Which is fine. It's tight but it's really that first day that it's crucial that we have the two hours.

David Peterson: Tom, I think what we are saying is this for all of the trains to be there a couple of hours ahead?

Allyson Bolton: No.

David Peterson: Just that first hour?

Allyson Bolton: Just special event trains.

David Peterson: Could we split the difference, give like an extra half an hour maybe just to help with?

Tom Gray: For like all the 20 Polar express trains?

David Peterson: Hang on. Sorry. Are you comfortable with this is only addressing the first one for the two hours. I know you wanted to have a little bit more time, which is why we put that in there.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 29

Allyson Bolton: We make it work with an hour for the rest of the season. Again, it's general line well-oiled machine. We don't need to touch it. It gets there perfectly. Barring any washouts or anything, as Tom mentioned earlier, it's again, the two hours prior for the first night of Polar. 3:00 would be ideal for the first night of Polar, but I think two is mutually agreeable. In my opinion.

David Peterson: Okay.

Tom Gray: We're not a well-oiled machine. [laughter] For real, last year was just getting a brand-new car down there was like all we could do. [laughs] Even this time we fried the wheels on the big car. I understand what is needed. That would be the first night of the event or first night of every week or the first--

Clay Mitchell: This is specifically referring to non-recurring or special event trains in Polar. This is not regular season.

Tom Gray: No, I know that, but I meant on the Polar, is it for every Polar night or is it for just the first night, which is a crazy night?

David Peterson: I think it's just the first night, and I think that's why we put the three hours in there just to help with that. Literally that first night just give these guys some help. I think for first night only.

Allyson Bolton: We could add, ensure that the appropriate locomotive and passenger cars for the first night of non-reoccurring or special event trains, including the Polar Express arrive. I'm okay with that. We just work together for the rest of the--

David Peterson: Tom, are you okay to be really clear there--

Tom Gray: We try to ride by 3:00. That's our goal.

David Peterson: Sure. Mihaela, do you need Allyson to restate that last sentence? I don't even know what number it is.

Allyson Bolton: Posted 15. We're just adding for the first night so it would read, ensure that the appropriate locomotive and passenger cars for adding the first night of-- the rest of the sentence stays the same.

David Peterson: Thank you, Tom, on that one. Thank you. Mihaela, I think on the mutual section, am I mistaken the only change is just the word Linehan--

Mihaela Negros: Yes.

David Peterson: -in lieu of Haywards.

Mihaela Negros: That is the only change that I saw on the Commission and VTRR brief. Do you have any issue with changing the word "Haywards" with--

David Peterson: No.

Mihaela Negros: -Linehan?

David Peterson: Because it's technically correct.

Mihaela Negros: Do you like to move on then to attachment DD? The first proposed change I see is under paragraph 5, cost.

Tom Gray: Just read away.

Mihaela Negros: The word daily was added before maintenance.

David Peterson: Excuse me, Mihaela, if we can just pause for a moment and go back to the-- I don't particularly have a problem with changing Hayward [unintelligible 01:52:28] but I just wanted to make sure that we consider that. In essence, what this paragraph is allowing is for Tom to run his trains on occasion when circumstances permit to come down onto the Commission track. In the past, it's been down a certain way, this would allow him to come further down with

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 30

his own trains. Again, I don't have any particular issue with that. I just want to take a moment to consider if there are any ramifications to that. I don't believe so. It's a fairly occasional thing, it's not--

Clay Mitchell: It makes sense. For one thing, the gravel location we normally get is below Hayward's. Technically, if it wasn't a regular train when he took his work train down there, he wasn't authorized to do that before. Now he will be able to take his work train down to the--

David Peterson: To pick up ballast.

Clay Mitchell: Thank you.

David Peterson: Seems fair. We're just correcting something then that was inaccurate in the prior. Mihaela, we're okay with that, do you want to-- I know you were on--

Mihaela Negros: Attachment [crosstalk] The word "Daily" was inserted under paragraph A, all cost of daily maintenance shall be paid by VTRR was taken out because it's next to cost.

Tom Gray: That's right at the top.

Mihaela Negros: Daily would be the only one. Then under paragraph B, at the end of the operating season was added at the end of the sentence.

Tom Gray: Maybe for context, the daily reference is part of a larger reorganization. We're categorizing these tasks into two buckets, if you will, and calling one bucket daily maintenance and the other is--

David Peterson: Makes it easier for people to understand.

Tom Gray: That's laid out further down but that's why that changes there, because it's helping to delineate what the two different categories of--

David Peterson: These guys go at it they go like [inaudible 01:55:00] Mihaela, Stephanie wants to-- do you want to ask a question?

Stephanie Hicks: Yes, I just wanted to ask a follow-up question. Essentially, it's what you're already doing. You're not adding anything, it's what you're already doing. That falls within I think it was the 20,000 that we used to do some-- For budgeting purposes, is it that same amount of cost that we would need to budget for?

Tom Gray: Yes, it depends. Last year was little. This year is going to be a lot with that front end. I'll talk about the 18 later. That's what that money is for, for repairs to the engine so there's a bucket for that.

Clay Mitchell: We're not necessarily shifting from one to the other in a big way.

Tom Gray: No. The only thing that I think shifting would be the dry layups. If we use the engine, like one month, we have to take it apart and drain it out, so it doesn't corrode. Or if we use it every weekend on a season, or Friday, Saturday, Sunday, then we don't have to worry about the internal corrosion. We've always taken that. At the end of the year, whenever it is, in October, November, we'll winterize the locomotive. When it's still hot, we wash the boiler and get it ready. You pay for the annual inspection costs this year.

David Peterson: Still committed to that.

Mihaela Negros: Under inspections, one sentence was added, the Commission will reimburse VTRR for expenses related to the annual inspection costs for locomotive 18.

David Peterson: Yes, because we did pay for it for the past year, and we committed to covering that cost since--

Tom Gray: It's coming up next week. We do it.

David Peterson: Does that need to just be brought up into that paragraph number 7 or does it need to be its own line item? Can it just be considered a part of 7?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 31

Mihaela Negros: It is part of 7. It was a sentence that was added to paragraph 7.

David Peterson: On mine, it looks like it's its own paragraph on the one that what we're looking at here. I'm just saying, couldn't it just be added after the word "effective"?

Mihaela Negros: That's how it is.

David Peterson: Okay. Good.

Tom Gray: To clarify on the inspections, Nevada PUC may inspect us, which would be the state boiler inspector, but usually they defer to the Federal Railway Administration. We do our daily inspections every day, and then every 30 days, we have to do a monthly inspection. We take the engine out of service, cool off, we take all the boiler plugs, we wash the boiler clean and we do all the small repairs. We hammer test the stables, we clean out the firebox and we do all that. A 30-day inspection means if there's fire or pressure on the boiler. One day we usually have an inspection. If we run on the weekend, that actually counts for three service days, fire-up day. If we fired up on a Thursday, that would be four. Every 10 weekends would be the max, but probably 9. We try to do it in between and then we do a 90-day inspection, which we do more work to it, and then we absorb those costs, and then we take it out of service. If we run it this April, we'll have to take it out of service again, dry it out.

Mihaela Negros: Next, change that I see is under number 13, maintenance and repair. The proposed changes reflect different definitions of daily maintenance.

Tom: Gray I just wrote those so they're more clear.

Mihaela Negros: I believe that when we met last time and we discussed this, you were in agreement that Tom would be better qualified to define repairs as well. My only comment in regards to a paragraph II, it says, repairs and wear and tear components are excluded and defined as-- I thought that was confusing. Excluded from what? Maybe we can do a better job--

David Peterson: In terms that they are excluded from the daily maintenance. Is that what it's referring to?

Tom Gray: That's on you guys and the others on us, basically. I can explain to you what they are, if you'd like.

David Peterson: Tom- [crosstalk].

Tom Gray: Anything like we put on new piping or valves, all that kind of stuff, anything that we have to rebuild the locomotive, so to speak. Bushings and bearings, the air compressors, the wooden beams unless we crash into something if it rots away or something underneath the tender. I don't know how all those timbers are. We've already replaced some of the wheels. We replaced the tires already. Brake shoes, all the stuff we have to rebuild really. On the locomotive injectors, we take those apart, and we clean them and get them serviceable, but they're pretty worn out. If I could find some parts to buy for them, I would. [chuckles]

Mihaela Negros: To make this a little bit more clear, maybe we should say repairs and wear and tear components are excluded from what Tom? Then maybe add another sentence saying, "They are defined as--" Then keep the definitions that you're proposing.

Tom Gray: That's fine. Yes.

Mihaela Negros: Are excluded from--

Tom Gray: It's just to make it clear.

Clay Mitchell: Daily maintenance.

Mihaela Negros: From daily maintenance.

Allyson Bolton: That's what I wrote down as well. Repairs and wear and tear components are excluded as daily maintenance and defined as--

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 32

Mihaela Negros: As daily maintenance.

David Peterson: Tom, where we've got II2, those parts-- Stephanie's question earlier, is that a part of the 20K?

Tom Gray: Yes.

David Peterson: That's where the budgeting comes back to play for number II2.

Clay Mitchell: Daily maintenance is stuff that Tom covers and does, repairs are things that fall to us is that that's where the delineation is. Repairs and wear and tear components.

Mihaela Negros: Then Tom removed as the last sentence of paragraph II2, VTRR at its own cost and expense shall maintain locomotive number 18 the rights used by VTRR. That sentence was removed.

Clay Mitchell: Which I think is fine as long as it's in another place. We delineate that he's handling the daily maintenance stuff which I believe we have.

David Peterson: That's I, right?

Clay Mitchell: It's up in five under cost. All cost of daily maintenance is defining this lease. VTRR is responsible for that.

David Peterson: I think that's okay then.

Mihaela Negros: Under 14A, the word "indoors" was added VTRR shall store locomotive indoors in at least a secure and protected a location as other locomotives in Virginia City.

[pause 02:03:32]

David Peterson: Apologies. Are we okay with that?

Allyson Bolton: I think the definition is it's one or the other. Indoors or/and at least secure and protected locations. The Commission would need to determine whether or not you want to specify indoors or not.

David Peterson: Tom, this is just to give you just from our conversation last week because you're building out the additional shop area, so you just need to be able to move stuff around as far as the space that you have.

Tom Gray: We don't have room indoors for it or anything else so yes.

David Peterson: Once you get the new extension built, then we could be inside the current, or it could be over on the other new section possibly, depending on you having to work on your other locomotives and cars, right?

Tom Gray: It'd be just like I do the 29 or whatever. Once that's out of service then yes.

[chuckles] We have two outside and three inside right now.

Stephanie Hicks: My thought on this, Tom, was when we spoke the other day, we were talking about how the new addition will essentially be enclosed. My thought process is if we are assisting and paying for the building, which I think we should, but our engine should be stored inside of that building.

Tom Gray: That's why I took that out because it's like I don't have room inside. I built that lean to building for extra space in enclosed space, but I built it for the diesel locomotives in the wintertime to keep them warm, not for the 18. Now that we're out of room, 18 takes up half of our shop. That's why I took that off because it's not really a home for the 18. It's more room to put the 18, but right now the 18 takes up half of our existing shop. I won't have an actual home for it until I build another bigger structure. [chuckles]

David Peterson: What Tom is saying there is with the word, or he's removed where we had put in the \$1,400 per month for the additional build-out. I think that's on FF, but he's removed that

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 33

from FFB because you're taking out that 16/8 per year basically, so we wouldn't be paying for that just to tie the two together from a budgeting perspective.

Tom Gray: I don't want there to be a misunderstanding of what's happening. It'll take longer to build a suitable structure for it without that money, but I don't want you to assume that there's something that's different. It'll have the same home that the other operating engines have but yes.

David Peterson: Are we okay with that or those two pieces? Then when we get to FF, you'll see that Tom has removed that as a cost to the Commission.

Tom Gray: Maybe let's deal with this later as things develop, maybe in more understanding of it so that we're better on the same page.

Clay Mitchell: I'm just not sure I understand exactly what the implications-- how they tie together what the plan is.

David Peterson: Tom hasn't built the extension right now. Tom doesn't want to charge us in fairness to us because that doesn't-

Clay Mitchell: But needs the flexibility to be able to move the 18 in and out. We don't want to tie him to having it indoors.

Tom Gray: When Dwight and Ron came up to the shop and said, "We need to move the 18 up here." I said, "Really? Where do you want to put it?" He said, "Let's walk around. There's no place for it." I absolutely have no place for it. We've slowly built our shop tracks out to the east. On the early Commission days, we would spend all day Friday just shoveling the yard around to get the train set that we needed to run for the Commission or ours out of the way. Now we have more stuff, but we've built more track. That's where we're at. Dwight, I remember when he came up, he finally figured it out. He goes, "Oh, you need a lot more stuff up here, tracks to make this work." I said, "Yes, I'm getting him slowly. One dump truck at a time but yes."

Clay Mitchell: Got it. The change that we're making is just releasing the expectation that it will have to be indoors in exchange for not being charged. Is that-

Tom Gray: No, I don't have any obligation. I just have to take care of it like I would do my own locomotive. Whether I put them outside or inside. We shuttle them around all the time. Right now, we have all the tenders apart, so we have the room for the three engines, but we only have one. I had it taking up half of our shop space of the two bays for six years without using it. It's like, "Man, I got to do something with this. I need to get stuff in here. Where do I put this? I can't put it outside." In the summertime, we can, but the wintertime, it's tough on it. That was to help share the cost of building that building. Now I have a different use for that building. The 18 could be in there when we work on the other two locomotives. That gives us three stalls which is better than two but it's not as good as more, which it needs.

Clay Mitchell: The proposed agreement gives you flexibility in how you store it as long as it's the same as the other equipment. That's basically it, right?

Tom Gray: That's what the existing one has, yes.

Clay Mitchell: Great. Thank you.

Mihaela Negro: Number 15, I briefly addressed at the beginning. It's adding and being reimbursed for cost to prepare and transport locomotive 18 for the move not to exceed \$3,500. I know that you are trying to have all the numbers into one schedule, but I don't believe that this will change, so it's up to you if you want to leave it here.

David Peterson: It's okay. It's a doomsday [laughter] scenario.

Mihaela Negro: We move on to attachment EE, Intellectual Property License. We were discussing how we only have a PDF format of the agreement that was previously in place. We're

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 34

hoping to maybe convert this to a format that we can still make some changes. The version that you have posted is not the one that is proposed by Tom. The one that Tom is proposing should be also on the website if you'd like to bring that one up. I think it'll be helpful to explain the changes that I was considering. They're basically at the first paragraph. [whispers] No, that won't be the first paragraph. It'll be at the end where the signature lines have different parties and also the notice right there so obviously to remove the dates. We have a different chairman.

David Peterson: Mihaela, could I just jump in for a second?

Mihaela Negro: Yes.

David Peterson: Ryan and Tom, you guys would prefer not to use what we cobbled together based on-- I don't remember if we had this exact one or not. You would prefer to go back to the version that expired in '17 and just use this one moving forward, right? Is the ask?

Ryan Russell: One, I think the copy you're looking at is in place and effective or beyond the term of the new proposed agreement. It's already been approved and entered by the parties, and Tom's intellectual property attorney has suggested that there be no changes made to it. It's appropriate.

David Peterson: We are not aware of that because the only one that we could find, and this is what we were talking about. We think that the IP agreement lapsed in '17. The only reason I know that is when I came on board, we were up in Denny's shop trying to figure out getting the new one signed. I think this will be new. Not new-new, but as far as today, there's nothing in place between us unless I'm mistaken.

Allyson Bolton: I don't have a signed copy, no, of this. I have this in the file, but I've never identified one that was signed.

David Peterson: That Tom, I think, based on our conversation, that's your thought too is that that one lapsed, and for whatever reason, it was never brought back to the Commission to approve an IP agreement.

Tom Gray: I can't find the signed copy. I didn't look really thoroughly for it. I assume that there was one. I find it hard to believe that there wasn't one, but I can't find one either.

Ryan Russell: Are there minutes from a meeting in April of '18 where it's approved?

David Peterson: No, that's what I'm saying. I went back to try to find that it was ever brought to a Commission meeting, and I couldn't find evidence of anything. It was before my time, but I couldn't find anything myself.

Allyson Bolton: It may have been signed. As David mentioned, we don't have record that it was brought to the Commission.

Clay Mitchell: What if at this point, we were to just do a new agreement that resembles the old agreement but add a line that says supersedes any preceding agreement on this, and then it just makes sure we're clear because that covers us if we can't find an execute a copy of the old one?

Tom Gray: There was a change that was mentioned about changing the exterior appearance, including Pullman Green. I'm fine with that. There was also something on the quality control provisions of naming the cars after-- because there may be a new car in service here naming it after-- instead of a city or an area on the region, something-- That Rancho Camulos would change the name to something. It's nice to honor the communities along the line that we go past, whether it's Dayton, Mound House, Empire or [unintelligible 02:15:56]. It's nice keeping that. I think it's important. Maybe a term wrapping it or [unintelligible 02:16:05], I don't know, some of that would be for everybody to come up with.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 35

David Peterson: Are you comfortable with what the Commissioners are saying of approving an agreement in the substantial form as yours but updating it to provide that it's the current agreement superseding all prior change in the signature pages and getting it signed?

Tom: Gray Yes.

David Peterson: You'd do the same thing with that that you do with the other agreement, and that is ratify operation under the prior agreement through today so that the record would show there was never a lapse.

Clay Mitchell: We just reference back to--

Tom Gray: The intellectual property is something that we've shared for a long time. We did have that battle with it, and I don't know if you know this, but 50 years ago, when previous groups were trying to resurrect the V&T, they were raising money for it, and a lot of that money was stolen. The V&T had a really bad name when my dad started. He couldn't even get credit from any of the fuel companies, so he had to pay everything in cash and build that back, and people started believing in us. That's one thing to have to worry about. I think now we have a pretty good name.

Clay Mitchell: Does it make sense if that's the direction we go to do a new old agreement if you had new old stock to have its effective date match that the rest of this contract, instead of just an arbitrary 10 years, where we just have it so that--

Tom Gray: I think it should just always be there.

Clay Mitchell: Perpetual?

Tom Gray: Whether we operate it or somebody else operates it, I think we've established that name. We filed the corporate papers, and we filed the trademark registrations. We pay for those every five years. The onus is on us to defend that name from other people using it.

Clay Mitchell: Understood. I looked to Mihaela. Does it put us in some tricky position if we have an attachment or schedule to an agreement that outlasts the rest of the agreement? Puts one more little pressure on us to make sure we timely negotiate the extension or renewal.

David Peterson: Could we pull this out and have it be a standalone document separate from the [crosstalk] other services agreement? Would that be better?

Clay Mitchell: The proper way to do it, especially if we wanted to continue on--

David Peterson: Would you be comfortable with that, Tom and Ryan if this is its own agreement separate?

Allyson Bolton: That goes hand in hand with the question that I was going to have because in the EE that we proposed, item 15 says, "In the event attachment CC of the contract charter services agreement is terminated for any reason, VTRR shall continue to allow the Commission to use the VTRR IP on the Commission's track." My concern was losing that statement, but if we pull it out, then--

Clay Mitchell: It's a totally separate agreement.

Allyson Bolton: -it's totally separate, yes.

David Peterson: Are we all comfortable with that approach then to decouple the two? That works for me.

Stephanie Hicks: Will we have to bring it back under another item later, or can we still approve it?

Mihaela Negros: It's up to you. If you'd like to approve it today, it's properly noticed as a standalone document, or we can bring it back in April if you feel like it's necessary.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 36

David Peterson: Well, we're talking about it today. If you're comfortable, let's just get it all done.

Allyson Bolton: If we can do it today, yes, that's great.

Clay Mitchell: It sounds like there are a few changes we'll want to make to it in addition to potentially as far as describing some of the IPs. If we're willing to undertake that work today, I think we're fine today, otherwise, bringing it back would make sense.

David Peterson: Are we okay to just talk through this then? You guys, other things that you noticed you want to talk?

Clay Mitchell: I noticed that Tom mentioned a few things that in relation to naming cars and something about a color Pullman Green. Is that--

Mihaela Negros: Are you comfortable with Tom just making and having Ryan and I review for signature, or does he have to be back in front of the Commission?

David Peterson: If you guys could hammer those things out, I don't think these are-- We need to bring it back again. Good Lord.

Allyson Bolton: I just have one question on it, though, and I flagged it in EE as well. I'm not an attorney, and I could be reading this very wrong. On Section 2, number two, I'm going to jump over to the last sentence, "The Commission shall not use the V&T mark on any trains that do not use V&T tracks, trains that do not come into Virginia City. Does that imply that the train that goes into the canyon or a train that goes to say, the North Pole, [laughter] that we can't use the V&T mark? I could be reading it wrong, but I had just marked that when I was reviewing this last night.

Ryan Russell: I don't think the intention is that you have to rebrand or change the trains. These trains that we're talking about are trains that do go to Virginia City, even if on that certain run, they don't make it all the way up there. I think you can still use them [crosstalk].

Allyson Bolton: If it's going in the opposite direction.

David Peterson: Just because eventually, train has to return to [crosstalk].

Mihaela Negros: The new - is going to be attachment EE. Then the fee schedule?

David Peterson: Before we go to the next one, what's the plan of attack? Mihaela and Ryan, could you guys work on this with Tom over the next couple weeks? Just because we don't have this as a Word document.

Ryan Negros: I can convert it to a Word document. I think for the purposes of today, assuming everything else is okay, you'll approve the independent contractor agreement subject to ratification of operations under the prior agreement through today and on the condition that our current EE be removed and approved as a standalone document in a form acceptable to counsel with ratification of operation under the prior version of the agreement through today.

David Peterson: Thank you. Mihaela now on to what was FF will become EE.

Mihaela: Become EE, fee schedule. Under section four compensation to VTRR, one sentence was added. Compensation may be adjusted for an increase in the consumer price index using bls.gov or mutually agreeable indicator. Any issue with the sentence being added?

David Peterson: No, I don't think so.

Mihaela Negros: Then service day preparation steam fire up \$1,450 per day. One required for each steam weekend is also added.

David Peterson: Tom, will you just take us through the idea there? Will you push it?

Tom Gray: We're much more intermittent use now so that covers our costs for the Thursdays and Fridays or getting it ready for the weekend. I can't absorb it that much anymore.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 37

David Peterson: Seems fair.

Mihaela Negros: Under Section 5, train service, some numbers were removed, or maybe we removed those. I couldn't see where those were actually referenced.

Allyson Bolton: They look the same to me.

Clay Mitchell: I imagine that's referring to different equipment. Is that what those words are?

Mihaela Negros: It's Section 5, train service.

David Peterson: Wait, did we miss four B and C?

Clay Mitchell: No. Oh, yes, they're minor.

David Peterson: Tom, I want to make sure we're going to remove housing of the locomotive number 18 from the table. Can you scroll down just a little bit?

Allyson Bolton: I'm sorry, where are we?

David Peterson: B.

Allyson Bolton: Are we skipping over the proposed costs?

David Peterson: I'm sorry. No. Did I go ahead, I thought we skipped to five.

Stephanie Hicks: My only cost is there's some blanks in there.

Allyson Bolton: These would be the costs that we would go into the season, and there's some changes. I'd like to talk through that.

David Peterson: I heard Section 5. I thought we got ahead of four, but let's go back and do A. Sorry about that.

Allyson Bolton: What I'm seeing is we're adding \$1,450 per weekend for steam and then Tom has added in the costs for the 29 and the 18 for this year. For reference sake, the costs last year went up \$500 per day to a total of \$6,250 per day. We're going up again to \$6,500 per day with an additional \$1,450 per weekend. I'm going to do quick math.

Tom Gray: We took out the fuel escalation clause, which was about \$250 last year.

David Peterson: It's a wash, right?

Tom Gray: That's the same.

Allyson Bolton: Previously, it was \$12,500 for a weekend of steam plus fuel, and we're going to \$1,4450. $\$6500 \times 2 + \$1,450$.

David Peterson: Say those numbers just so [crosstalk].

Allyson Bolton: It's a 19-- just under \$2,000 difference per weekend.

Clay Mitchell: Not counting fuel.

Allyson Bolton: Correct. The question is, was fuel 2,000?

Clay Mitchell: Yes. No, it's a rough--

Tom: If you're on one day, that's \$1,450. If you're on two days or three days or four days, that's still--

Clay Mitchell: Understood. A rough approximation of what the fuel escalation, what that meant in real terms.

Tom Gray: It was \$250 last year.

Clay Mitchell: \$250 a day, you ran.

Tom Gray: Yes. That's where that \$6,500 comes in. That's what we charged last year for that day.

Clay Mitchell: The difference between \$13,000.

Tom Gray: That's what it was at \$1.35 a gallon. If it goes down, then I should take that off, but we took that clause back out. It was better for you to have that clause in there. It's tighter for you.

David Peterson: It would be. It's fuel over five years, really.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 38

Tom Gray: I would have to guess, in a way in March, what the cost of fuel is going to be. The fuel and insurance are the two biggest variables, not this last few years, but those are generally been-- so if you can take that risk out and that's what it costs, it's a lot cheaper for you rather than going, "It's going to be \$2 a gallon." The problem with Polar this year was there was no diesel available. We used to fill up all your light plants down there as part of the North Pole. We'd fuel the engine. You heard it on the news, but then I talked to our fuel supplier. I said, "Yes, this week, you better get everything you need." We filled up every barrel we had, and it turns out we didn't need it. It was unavailable. Same with the steam fuel. If you can't get it, it's the biggest problem. [chuckles]

David Peterson: Tom, you-- Go ahead, sorry.

Allyson Bolton: I was just going to say with the new numbers, with the current schedule that we discussed at the retreat would be approximately \$7,225 per day, which would be 131-- Again, at the current ticket price, 131 adults for a break-even. Our child's price historically, it was \$35, so that is at a 55-adult ticket. Our child price is \$35. We're thinking of bumping that up to \$40 this year, but at the \$55 number for adults, we're looking at 131 with a max capacity of 210.

David Peterson: What was that number before? What was the break-even, do you remember off the top of your head?

Allyson Bolton: With the \$250 per day for fuel-- Oops.

[pause 02:30:27]

118 adults. To recap, last year was 118 at \$55 to break even per day, and we'd go up to 131 adults per day.

Clay Mitchell: Roughly, that's going for 56% to 62% occupancy for break-even on direct costs.

David Peterson: Does that seem unreasonable to think that we can achieve that, do you think?

Allyson Bolton: Part of my biggest concern is the April, May, June, July runs because we haven't been able to go on sale yet. We're looking at going on sale in theory tomorrow.

[chuckles] It's just a short lead time. We can throw advertising at it, which we do have budgeted, which we do have a plan in place, but it is tight.

David Peterson: Tom, that \$1,450, that's basically just covering your costs then to get it fired up for each weekend.

Tom Gray: That's what I want to do, yes.

David Peterson: Okay.

[silence]

David Peterson: How does everybody feel about these proposed adjustments then to the schedule? I know there's somewhere we're missing the cost, but go ahead, Stephanie.

Stephanie Hicks: I just wanted to ask, in our budget, what do we have left for operations to get us through April, May, and June because we should have budgeted that already, right? We should have some--

Allyson Bolton: On the expense side?

Stephanie Hicks: Yes.

Allyson Bolton: That's a great question. Let me look at that. I know the revenue side. [laughs] It would be posted. Can I do that? Can I jump to a budget that's already posted? I do know we have, because we overbudgeted for Tom last year, so that is under train service. We've got 43% left in the budget, I believe. So 98,5. We're going to talk about the schedule in our operations update. I don't know off the top of my head how many days we're running between now and then. If that comes up to 98, I can if you give me a minute to look at it.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 39

David Peterson: Sounds good. On all these costs too, Mihaela, can we put dollar signs and commas, please?

Mihaela Negros: Yes.

David Peterson: Please. Stephanie, you wanted to ask about some of the blanks that are on here too, or do you want to wait for--

Stephanie Hicks: Yes, please.

David Peterson: Okay. All right.

Stephanie Hicks: My thought is if we budgeted for it and we have the money that we can get through at those higher rates, that's one thing. If we don't, that's another.

Clay Mitchell: I could be wrong, but I think we outperformed our occupancy projections for last season. I just don't know how much of that was in this fiscal year and how much of that was in last fiscal year.

Allyson Bolton: I'm counting based on the update I'm going to be giving later with potentially pulling some of the general line April dates so still running the special train in April but due to the short lead time to sell, April.

Stephanie Hicks: Oh, in [unintelligible 02:35:40].

Allyson Bolton: Yes. 16 dates. Again, these are steam numbers. We could transition to diesel, but $16 \times 6,500$ is 104. We've already surpassed without doing the \$1,450 per weekend. We would need to potentially move to diesel, do the math with that, and not run the steam. We have 98 left. How many weekends is that? One, two.

David Peterson: Wait. We have the money based on the budget that we set last year, you're saying, but with these changes, we're already short or--

Clay Mitchell: No. If we run 16 days through the end of the fiscal year, we exceed what we have left on the expense line, but you shouldn't operate based on your expense line if the revenue's exceeding. If you're making the revenue--

David Peterson: We could augment the budget too, but was that with running the 18 or running steam every weekend?

Clay Mitchell: That was running steam [crosstalk].

David Peterson: Feel like we added [crosstalk] dates, though at the retreat that we probably didn't have last year when we set the budget too, right?

Clay Mitchell: That's correct.

David Peterson: I don't think it's running wild but--

Allyson Bolton: We're not though. We discussed at the retreat, but now we're end of March, and we haven't gone on sale yet. I am proposing that we don't run April 22nd, 23rd because I don't think we can sell those trains out. I think that lead time's too short.

Clay Mitchell: Were we going to run those in conjunction with Mark Twain? Was that the deal?

David Peterson: Yes, we were going to open the season for Saturday and Sunday.

Clay Mitchell: If we're steaming it up for the--

David Peterson: For Friday. We've already incurred the cost. Then it started. We can certainly help push that weekend from across the city perspective.

Clay Mitchell: We leverage as best we can across the board.

David Peterson: Just pool our collective resources maybe to make that weekend as successful as it could possibly be.

Clay Mitchell: Backing out to our general stuff. The reality is cost to operate have gone up. it's just the way it is.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 40

Stephanie Hicks: I agree with that. My only concern is that we exceeded some expenditures I think already in other areas. Just looking at that big picture, it worries me a little bit. How much of a buffer did we initially have? It was \$60,000. It wasn't a lot. I just want to make sure we're not committing to something that we might not be able to do.

Clay Mitchell: I'm quite sure we exceeded on the revenue side pretty significantly as well. Our occupancy we used a factor when we were looking at occupancy that was 60 or 65%. If I remember correctly from the workshop, we did better than that.

David Peterson: I'm just going to throw something out at you, Tom because we don't have everything in front of us from a budget perspective. Would you be open to honoring the price that we did with the increase last fall, I think, or summer just to get us through June and then have the new pricing in place, July 1st, just so we don't run into a situation to get us through June? We could just keep the prices.

Tom Gray: Yeah, sure. Need to keep the trains going no matter.

David Peterson: Would you be open to doing that and then the new structure would start July 1st?

Tom Gray: That's a lot of steam in April and May. I think that's way too much. I would [crosstalk] for sure.

David Peterson: Switch some out for diesel?

Tom Gray: I know how important Mark Twain Friday is, so you might as well run that weekend, and give it a shot. The rest of them should be diesel until Memorial Day. That's what I would do, 100%.

David Peterson: That would be great. I think that would alleviate the concerns that we have.

Tom Gray: Mother's Day has always been successful trains with the diesel. Then the hospital train, I like to work with those guys. They're VIPs. I probably shouldn't say this, but we used to work with the [unintelligible 02:40:38] tours from Travel Nevada a lot. We did them for potato chips, but it was a really, really good thing to do. There's trains like that that might come up on an individual basis we should work on.

David Peterson: I'm hoping to figure something out with the impending Australian Mega FAM with Brand USA, but we have to figure out how to make the dates work with the Brand USA folks. We're close in June, but I don't know that we overlap. I agree with you there.

Clay Mitchell: With that notionally as a direction to go, let's pull back into EE or FF or whatever it is that we're dealing with here and see if we can fill in some blanks.

Allyson Bolton: The options, I think, if I'm following is either we or both incorporate diesel and run less steam. If Tom is willing to do the \$6,250 through the end of the fiscal and then July 1 move to the \$6,500, that would at least help us for budgeting purposes.

Tom Gray: The \$6,500 is the same as the \$6,250. It's better for you to have that fuel escalation or de-escalation in there, that \$250 because that's going to-- It's better for you guys.

David Peterson: I think I would agree-

Tom Gray: I will go back to the \$6,250, and then put that fuel in there.

David Peterson: Put the fuel [crosstalk].

Tom gray: It'll probably go up for a while. Who knows what it's going to do? Then it'll come down at some point. That way you don't have to have that.

Allyson Bolton: Then we still have the \$1,450 too on top of the \$250 per day.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 41

David Peterson: Tom is okay to hold the current pricing, right Tom, without the \$1,450 to get us through June 30th, the \$1,450 would come into play for any trains that would run July first forward just because we've got a budget challenge, right?

Clay Mitchell: We'll look at moving off steam somewhat so that's not that much. We'll look to move some of those to diesel, so we're not asking them to support all of that.

David Peterson: I agree. Mihaela, where do we have to put the \$250 back in? Where's the fuel escalation? I don't see that.

Clay Mitchell: I think we'd move to just a flat rate.

David Peterson: Oh, that's right. We just need to grab the language from version that expired in December. Is that fair, Mihaela?

Mihaela Negros: Yes.

David Peterson: Should we just have a short paragraph or something that just indicates we're going to have the \$6,250 plus the \$250 through June 30? Maybe just put a sentence in there. Would you guys be comfortable with that just to get us through June 30th? I know we're talking about it.

Ryan Russell: I'd be a little leery to create language in a five-year contract for two months. My suggestion would be that you approve the agreement and the fee schedule on condition that the fee schedule becomes effective July 1 and again operating under the prior, just-

David Peterson: That ratification-

Ryan Russell: Prior operation or fee schedule through that time.

David Peterson: Tom, you're okay with that proposed change?

Tom Gray: Yes. It's good.

David Peterson: Fair enough.

Allyson Bolton: FF isn't a five-year, right?

Clay Mitchell: Yes, I was going to point out that. The intention, I think is that FF is a year-to-year, but I think it's still a sound approach.

David Peterson: Thank you.

Clay Mitchell: What else do we need to either look at or adjust or fill in on the table?

Allyson Bolton: Getting back to it. [chuckles]

David Peterson: Are you talking about the deadhead section? Is that where you're at now, [unintelligible 02:44:31]?

Clay Mitchell: I believe there was an interest expressed in filling in some blanks or looking at this.

David Peterson: Yes, Stephanie. Sorry.

Clay Mitchell: The deadhead happens, right?

Tom Gray: Yes.

Clay Mitchell: It just happens.

Tom Gray: On the regular round trip, CC to VC would be a deadhead from VC on Saturday or whatever day. Then the return. Those are part of that pricing.

Clay Mitchell: It's built-in.

Tom Gray: Yes. The other contract was confusing, how it was. These would be dependent on if you just wanted a one trip from Carson City to Virginia City, a special one.

Allyson Bolton: Since we don't have any of those planned for this year, would we just remove these or just put NA in the deadhead section since we don't have any deadheads scheduled?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 42

Clay Mitchell: Yes, I think we leave it in there because it's a possibility. It's in the rubric, but if one comes up, we can negotiate it just like we do special event train, right?

Allyson Bolton: That's already in the contract to do so. Mihaela, I just put NA all the way down in that section. Then my question on the canyon run. No, I answered my own question. We've got the canyon run the same as the toast of the canyon. Just no cost on the 29. Is that because the 29 will be out of service?

Tom Gray: Yes, not available.

Allyson Bolton: NA there, too?

Tom Gray: Yes.

David Peterson: Because as Clay mentioned, we'll agree to a new fee schedule prior to March 1st each year. If we could use the 29 or we needed to then for next summer, we'll just throw a number in there, right?

Allyson Bolton: If a weekend pops up and the 18 is not running and Tom is agreeable to run the 29, I think it's good to just have that laid out of what those costs are.

David Peterson: Are you comfortable with that, Tom?

Tom Gray: Yes.

David Peterson: Okay.

Clay Mitchell: We might need to specify that it's subject to running the 29 for the whole weekend. I don't want it to seem like we could say, "Hey, Tom, we're going to need to pull out the 29, and bring it down for Toast of the Canyon for \$950." You know what I mean?

Allyson Bolton: Oh, gosh, no.

Tom Gray: That's if the train's [unintelligible 02:47:23]. That's a Saturday night.

Clay Mitchell: Exactly.

Tom Gray: Or whenever night you're there.

Clay Mitchell: Yes. We just want to make sure that future Commissions don't think, "Oh, we could just plug and play this one thing without--"

Tom Gray: They'll think of it.

Clay Mitchell: That's when we make them the liaison for whatever. [laughs] Do we feel good about that section?

Allyson Bolton: I think so. Mihaela, are you good on the July 1 start for the steam?

Mihaela Negros: Yes.

Clay Mitchell: Just the confirmation, steam's going back to \$6,250. [unintelligible 02:48:09] is coming back in.

Allyson Bolton: Without the \$1,450, correct?

David Peterson: Just for this fiscal.

Allyson Bolton: Just for the steam. We do have toasts planned in this fiscal, and these would be the cost.

Clay Mitchell: Sorry, but then going forward, we're sticking with base plus fuel adjustment, right, from July first on?

Tom Gray: It's better for you guys.

Clay Mitchell: That's better.

David Peterson: The only difference is the startup cost. From July 1st, the \$1,450 comes back into play. Very fair.

David Peterson: Do you have a question about [inaudible 02:48:49]?

David Peterson: Do you want to keep going, Mihaela?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 43

Mihaela Negros: Do we go to number B then?

Allyson Bolton: Yes.

Mihaela Negros: The only thing that was added was NA under housing.

David Peterson: Not charging us for that.

Allyson Bolton: Sorry, I have one more question. [chuckles]

David Peterson: Go ahead.

Allyson Bolton: I just noticed on Polar Express, the additional coach at \$2,200. The proposal last year and the numbers that we worked through at our retreat was for \$2,000 for the additional coach. I'd have to rework numbers on the additional, it'd be 200 times the nights were running would be the increase.

David Peterson: Do you still hold the two that we talked about last month?

Tom Gray: I think the \$2,200 is more fair for us.

Allyson Bolton: We need to rework numbers for Polar on that fourth car.

David Peterson: We're comfortable with the extra \$200? Offset Tom's cost.

Clay Mitchell: How many nights were we thinking to use it?

Allyson Bolton: I'm doing the math right now. I think it's 24. Leah is looking.

David Peterson: We're removing Wednesdays, right?

Allyson Bolton: Yes. Then Christmas Eve falls on a different day. I believe it's an increase of \$4800.

Clay Mitchell: About \$5000.

Allyson Bolton: Yes, about \$5000.

Clay Mitchell: Do you recall what the additional revenue was projected?

David Peterson: Always with the revenue. Yes.

Clay Mitchell: I'm trying.

Tom Gray: I think there's 40 table seats and maybe two bench seats. Plus there's a lot of room. It cancels out no matter how you do it. Not for me. How many years do I amortize the cost? That's the whole thing I need to find out. It's like, for 24 days a year, it's a lot of years.

Clay Mitchell: Unfortunately, there's more cost on our side too because of additional actors and whatever else.

Tom Gray: Yes, three more and [unintelligible 02:51:10] or whatever.

David Peterson: Don't forget the hot chocolate.

Clay Mitchell: And the hot chocolate. [unintelligible 02:51:14] hot chocolate.

Tom Gray: Yes, but now it's going to be hot.

Clay Mitchell: A whole other circuit needed. Get the electrician back out there.

David Peterson: 2.40 that, bells.

Clay Mitchell: New sound system.

[pause 02:51:29]

David Peterson: One thing just to clarify, under B, we can still leave housing of locomotive number 18, but we're going to remove the cost associated because we can assess that prior to each March 1st.

Tom Gray: Are those fair for you guys, it's just not--

Mihaela Negros: For this year, they're going to be none.

Clay Mitchell: Yes, you know, [crosstalk] [inaudible 02:52:13]

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 44

Allyson Bolton: Clay, here's the breakdown. From what we worked at the retreat, I have the number proposed at the retreat and then the change here. It's 23 nights. Tom's cost for the one additional car and then our projected expenses below.

[background conversation]

David Peterson: I don't have a problem with the extra \$200 personally, and the grand--

Clay Mitchell: Do you know how much of that revenue is attributable to the extra car? Is that it? Is that the total revenue for that car?

Allyson Bolton: Yes, this is just that car.

Clay Mitchell: Got it.

Allyson Bolton: The green's going to be representative of the revenue.

David Peterson: Yes, like you said, there's more hot chocolate and cookies, but the 4600 helps to generate 187 in [unintelligible 02:53:14], in total revenue?

Clay Mitchell: Yes, and a net of 66. Assuming that was closer to 70, is that a fair assessment that before the additional cost, we were looking at 70 additional and revenue is more like 66 now?

Allyson Bolton: Right. Keep in mind all of these expenses are based on 2022 numbers. All the cost went up, so we are anticipating these to go up some as well.

Clay Mitchell: Yes. Okay, but it's still well worth it.

David Peterson: I think it's fair.

Clay Mitchell: Still well worth it. Okay, that's fine.

David Peterson: Leah or Michelle, you guys, any concerns about that? Okay. So we'll let this ride at 2200. Then there was another question, somebody had a question about or did we already address that with the toast versus the canyon run with the special conditions or what that meant? Is that what the question was?

Allyson Bolton: No, we still need to live on Polar just a little bit. Last year for the three cars it was 5000 and so we're looking at 5750 increase, and for Polar, train expense as well. I can run.

David Peterson: I know Tom stepped out for a second, but Ryan, do you have any inkling on the extra 750 for the diesel? Just assuming we didn't have the fourth car, but that line where it says 370 two 80-foot cars, what that extra 750 was?

Ryan: I don't. No, I'm sorry.

David Peterson: Okay. That's alright.

[pause 02:54:51]

Allyson Bolton: We'll do it this way. It's because you guys are watching me.

David Peterson: No, I'm watching the screen. I wasn't even [inaudible 02:55:23]

Allyson Bolton: I know. Exactly. Made my point. There's the difference.

Clay Mitchell: Just over 17. It's what that works out to in additional cost.

David Peterson: Are we okay with that, team?

Clay Mitchell: Yes.

Mihaela Negros: Moving on to equipment rental number C.

Clay Mitchell: We good on the pricing rubric?

Mihaela Negros: Cost not to exceed.

Allyson Bolton: I have a question. I'm so sorry. Are we paying the 1400 per month for the housing of the 18?

David Peterson: No. So that's being removed.

Mihaela Negros: No, not this. That will be removed.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 45

Allyson Bolton: Okay, so this is being removed.

David Peterson: Correct.

Allyson Bolton: Okay, great.

Clay Mitchell: I think we'll leave the line item but remove the cost.

David Peterson: Just moving the cost. You were too busy calculating things in Excel when we were discussing that.

Allyson Bolton: The pressure guys.

Clay Mitchell: No, you can handle it.

Mihaela Negros: Any comments on the costs for rental?

David Peterson: These are the daily costs, right? Are these weekly or are these daily? Daily? Okay. We might want to add that word in there somewhere.

[pause 02:56:48]

Allyson Bolton: I don't have any comments on the daily cost for the equipment. I don't know enough. I'm not as educated in this side of operations. I would probably look to Ken if this is comparable to what Gabe has been paying.

Ken Dorr : I think the operator word is not to exceed. Tom and I just talked about this and, obviously the equipment's not running, then he's not going to charge us. We just got to work it into our budget and go from there.

David Peterson: Agreed. Tom, you can bill us then directly, right? We don't have to try to fumble through you or Gabe or whatever, you just bill us for what we need. Fair enough.

Mihaela Negros: Well then under section five, the only change was an inter-lineation of, some numbers for the equipment.

David Peterson: You don't want to have it specified because we don't know what could be running for that particular--

Tom Gray: Yes, I don't know what we have.

Clay Mitchell: With current equipments.

Tom Gray: That's from 12 years ago.

David Peterson: Makes sense. Sounds good. We like that one, yes.

Mihaela Negros: Then the last attachment, which will become now FF, there were no issues with it. This is the map.

David Peterson: Oh, do I not have that one? Oh, okay. Just the map, yes. Sounds good.

Allyson Bolton: Mihaela, my only, comment as you and I are working through these changes is on the new EE. If any time a cost is associated if we can just add a dollar sign, on--

Mihaela Negros: I believe David also made that comment.

Stephanie Hicks: Oh, I'm sorry.

David Peterson: You were working on [crosstalk].

Allyson Bolton: I was in the numbers again?

David Peterson: Yes, it's okay. Feelings aren't hurt.

Allyson Bolton: Lack of sleep y'all.

David Peterson: Yes. One ear here, one ear there. Oh, you guys, my goal was to have this done by noon, so this is perfect. Even with a late start, I feel like we still have three minutes to go.

Clay Mitchell: You haven't heard my motion yet.

David Peterson: Is that gonna take 10 minutes to get that out the door?

Clay Mitchell: Well I started taking notes on each of the changes and now I'm just thinking maybe I'll refer to as discussed in the meeting, is that okay? It's all on the record, so.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 46

David Peterson: I just want to say thank you Tom, thank you, Ryan, Mihaela, and then Clay and Stephanie for carrying this, to get us to this point because this is a lot. Holy smokes. Thanks to all of you and Allyson too, and Leah. Thanks, everybody. Any other discussion on this? Anybody want to try and make a motion to encapsulate everything we just talked about for?

Clay Mitchell: I'm almost there.

David Peterson: He's still scribbling to give him some time.

Clay Mitchell: All right.

David Peterson: Okay, here we go.

Clay Mitchell: I'm ready.

David Peterson: Get the water ready.

[laughter]

Allyson Bolton: Let the record show Commissioner Mitchell preparing for his [inaudible

03:00:41]

[laughter]

David Peterson: The face of the V&T Railway Commission is in your hands.

Clay Mitchell: No pressure. All right. I just want to make sure I reference it properly. Contract, FY22-C002. All right, I move to approve contract FY23-C002 with the Virginia and Truckee Railroad or VTRR for train services, lease, maintenance, and storage of locomotive 18, and use of VTRRs intellectual property. The contract effective through March 1st of 2028.

With the changes, as discussed in this meeting allowing for final edits and corrections in a form acceptable to counsel and removal of what is listed as Schedule EE as a separate agreement, also in a form that's acceptable to counsel.

David Peterson: That was easy.

Clay Mitchell: All right.

David Peterson: Ryan.

Ryan Russell: If I may, do you want to include in your motion ratification of operations under the prior agreement through today?

Clay Mitchell: Sure. Further.

[laughter]

I move-- Oh, wait. Stephanie, do you have something?

Stephanie Hicks: I had one more addition also that the fee schedule comes into effect July 1st.

Clay Mitchell: Thank you.

David Peterson: Ryan, the ratification it's going to really be before both right? The operation side but also the IP agreement would go back to whenever that one lapsed and 17. Clays like a master motion maker, I love it.

Ryan Russell: [inaudible 03:02:46]

[pause 03:02:47]

Clay Mitchell: All right. Further, I move that the fee schedule is to become effective as of July 1st of 2023 and I move to ratify both the operations and IP agreement under the previous agreements until the new agreement becomes effective. Does that work?

David Peterson: Yes.

Clay Mitchell: Thank you.

David Peterson: We have an amazing motion, Mihaela. You like that.

Mihaela Negros: I think it works, yes.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 47

David Peterson: Lovely. That is a great vote of confidence. All right. thank you for that motion, Clay. Do I have a second?

Stephanie Hicks: Gladly. Second.

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

All: Aye.

David Peterson: Any opposed? Motion carries unanimously. Thank you. Seriously, everybody. Ryan, thank you. Thanks, you guys. All right. Okay. We're going to go into recess for five minutes. We'll recess for five minutes. Thank you. It's 12:04 PM.

10. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING CONTRACT NO. FY23-C004 WITH HERZOG FOR ULTRASONIC RAIL TESTING SERVICES FOR A NOT TO EXCEED TOTAL AMOUNT OF \$10,000 THROUGH DECEMBER 31, 2025.

David Peterson: We are going to move on to agenda item ten. For possible action, discussion and possible action regarding contract number FY23-C004 with Herzog for ultrasonic rail testing services for not to exceed total amount of \$10,000. Ken, do you want to provide some [crosstalk]?

Ken Dorr: Sure. I'll take that. Thanks, David. Pursuant to the policy we'd adopted here way back, we try to do these ultrasonic tests every four years. To further that goal, I've reached out to Sperry Rail Services as well as Herzog Services Incorporated to get some quotes. Typically, in the last two iterations, we had Sperry do that, but this time I'm recommending we do Herzog by the virtue of the fact that based on their estimate, they are about \$2,000 less, Herzog is than Sperry. Included within the contract is their standard contract form within the agenda item. I didn't really feel it was probably warranted to force them into a Carson City format contract for a relatively one-time operation. It does say 2025 in there, as I discussed with Stephanie earlier, as the date of that contract. The intent there is this is going to be a one-time operation until another four years passes. Tom is also working with Herzog getting an estimate for them. I suspect that he's going to probably want to be doing his at the same time, which makes sense because then there might be a little bit of savings on mobilization. Now, if you look at the numbers on their proposals, they basically, for one day's service and their mobilization comes up to approximately \$7,800. I'm asking for \$10,000 for the off chance that we end up with a difficulty and find a lot of defects, which is not going to happen, but I want to have a little contingency. So, I expect the final bill there, it's going to be right at \$7,800 for just our portion of the track. We'll work it out with Tom. We may go first on the upper track or first on our track, depending on how that works operational-wise with those guys. I don't know when it's going to happen yet. They're going to work it in with other projects when they get into the area. Sometime this summer it looks like.

David Peterson: Thank you, Ken. That sounds great. Any questions on this one for Ken or Tom? Okay. Anybody want to make a motion? Go ahead, Clay.

Clay Mitchell: Sure. I move to approve contract number FY23-C004 with Herzog for ultrasonic rail testing services for a not to exceed total amount of \$10,000 through December 31st, 2025.

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

Leah Kruse: I second.

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

All: Aye.

David Peterson: Any opposed? Motion carries unanimously. Thank you. Thank you again for helping. Tom, appreciate you being willing to partner with us on this as well, so thank you.

11. FOR DISCUSSION ONLY:

MONTHLY NON-ACTION ITEMS:

A. OPERATIONS REPORT – ALLYON BOLTON, ATYPICAL CONSULTING AND EVENTS

David Peterson: We'll go ahead and move on to number 11, discussion only. These are monthly non-action items. 11A, operations report. Allyson Bolton.

Allyson Bolton: Thank you David. We do not have a formal operations report in lieu that we knew that this meeting would be rather long. We've rebranded Mother's Day, we've rebranded Toast of the Canyon. We have pretty much everything set, ready, loaded, and ticketing. Just need to get that signed contract and we will hit go on all the things. One piece that we won't make a decision on, but we will consider as we are launching is the Mark Twain Days, April 22nd and 23rd. Originally my thought was with the short lead time in us going on sale, would it be worth us trying? That is the one date that's in limbo right now in relation to the schedule that we discussed at our retreat. Other than that, we are planning to go on sale with all other dates discussed.

David Peterson: I think we want to push the 22nd and 23rd when we were talking about that under 9. Leah and I will get together and figure out from the DMO perspective how we can support that Saturday and Sunday. We'll be back to the original messaging that we were going to have for our Mark Twain Day's crowd for those, because obviously we've got some comps and staff and some other folks, but 180 tickets is what we're selling I believe on that Friday train. We'll have messaging out, "Hey, if you didn't get a chance to ride on the Mark Twain Cocktail Train, you can still take the long line on Saturday or Sunday." We're going to have messaging going around that as well. I think with a couple thousand people coming in, we hope for this event, I hope that will impact the occupancy on the Saturday and Sunday. Go ahead. Sorry.

Clay Mitchell: I was just going to say as well, I think we can message it out a little bit as a special early season opportunity. It's unique. We don't normally start trains till Memorial Day, we'll just forget about Mother's Day. We don't start our regular season till Memorial Day usually, so this is a really unique opportunity to get a sneak peek, get out there, whatever.

Leah Kruse: That's exactly what I was about to say. We can combine it with the Twain feeling up in Virginia City is huge, plus it being a special train. I think we'll be good.

Allyson Bolton: Great. We will plan to do so.

David Peterson: The success of the Saturday and Sunday is dependent upon the great efforts of Virginia City is what I just heard.

Leah Cruz: As long as it's not me. That's all I care.

David Peterson: That's lovely.

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 49

Allyson Bolton: The Tahoe Auxiliary has reached out for May 6, so we are potentially looking at a private booking on May 6. Then, we do have a meeting before our Mother's Day, but we are revamping things a little bit as I mentioned, so I can further update you at the April meeting, but one of the biggest things that we're excited about is historically we've always handed one red rose as the mothers, as they walked off the train, we're actually doing an interactive flower bar this year.

So, they'll be able to pick their stem and make it more of an interactive experience. Additionally, Leann with our team is working with several vendors to have vendors there on site as people arrive, shopping, and food trucks, et cetera. I'm trying to create a little bit more of an immersive experience, so we are pleased with that. Then with toast, we are getting some traction as discussed at our retreat to each weekend being something different and then doing a roundup ticket where you can buy one for the entirety of the Toast of the Canyon Series, if you will. Really the big upcoming things in the next month are Leah and I need to go down and do some intensive inventory for Polar Express in retail because our numbers shockingly are already due for us to purchase the retail for this year's Polar Express, and then just cleaning up the depot and getting it ready for that, the Mark Twain weekend. We'll be spending several days on site getting that prepped and ready to go. Then all of our mug order was due to Rail Events this last month as well, so we've got that submitted in to them. Does not impact with the fourth car since they do not get a mug on the fourth car. That didn't impact mug numbers.

David Peterson: Thank you. Any questions for Allyson?

Allyson Bolton: One last note as an update. We have reached out to Roy Street for his monthly payment and his reminder that he has missed the 15th and that he has done a late fee. No response from Roy Street. Just an update to the Commission.

David Peterson: Just for the record, that's for the March payment.

Allyson: For the March payment, yes. We have not received March payment.

David Peterson: If we all recall, he prepaid but didn't I think based on when the check was issued through February but now, we're behind again.

Allyson: It got it current. March is now late.

David Peterson: Thank you for that. Any other questions for Allyson? Michelle, go ahead.

Michelle Schmitter: I had a question. The auxiliary is Carson Tahoe Auxiliary, has the Incline Village Community Hospital Auxiliary participated?

Allyson: Not that I know of but this one's an interesting setup. Tom gives us a discounted rate to run this train. We're able to extend a discounted rate to them to do a complete buyout of the train and then they actually independently sell tickets to the train and so they handle all of the manifests and everything, so I'm not really on the ticketing side for them. If there's any partnership, I'm not quite sure. It's pretty independent.

Michelle Schmitter: I worked at Carson Tahoe, so I'm aware of that, but I know that Incline Hospital has a very active auxiliary, so it might be something they would be interested in.

David Peterson: As a separate potential special event train. Could you provide Ally--

Michelle Schmitter: I will.

David Peterson: Okay. Awesome. Then you'll take a 10% commission. It's normally 20%, but you are new, so we have to split it with the chair. It's just the way the rules and the bylaws work here [inaudible 03:27:06]

Allyson Bolton: Tom does give us a very great rate for that specific group. Normally it is a \$10,000 buyout for the train. Of course, we work with each group independently based on their

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 50

needs, how many cars, how much of our staff time et cetera. But for this particular group, it is significantly less than that due to the lower cost from Tom. Each one is independently negotiated.

David Peterson: Awesome. Thank you. We'll move on to 11B, train operations report. Tom, take it away.

B. TRAIN OPERATIONS REPORT – THOMAS GRAY, VTRR

Tom Gray: Nothing going on now except for the 18s [unintelligible 03:27:46] the pit. We've been rebuilding the front guide truck, extensive work to it. We're putting it back together or about ready to put it back together after machining all the parts. That'll be a big deal to get that done. We're going to install a new burner in the locomotive. We have a lot of problems with it and I can't figure it out, so that's our next step and we have a new one that's been cast up. Then we also were taking out the yield fusible plugs and we welded up this weekend some adapters so we can put a more modern off-the-shelf plug on there. Fusible plugs, what it does is if the sheets get too hot, it'll melt out, the tin will melt out, and then extinguish the fire, at least give indication that there's an overheating problem. We're getting ready to finish the annual inspection. Inspectors come out next week, next Tuesday, Wednesday. We'll fill it up with water probably Thursday, heat it up, and then pressure test it. We pressure test it to 1.25 times boiler pressure which is 180 pounds, so we go up to 235 pounds. Then we hammer test all the stables. We replaced a broken stable from last year. The stables hold the boiler sheets together and they break. There's a little hole right in the middle of them so the steam or water will come out to tell you that it's leaking. We also hammer test them. There's about 1200 of them we have to hit each month, and we have to inspect the inside of the tenders. That's what we got to do.

David Peterson: Thank you, Tom. Thank you for taking the time too. Stephanie and I had a great visit up there to see the parts laying all over the place it was--

Tom: We'll do all this work to it and put it together and hope the heck it works for you on Friday.

David Peterson: You know what? I have one of those stables left over. Do you? Thank you, Tom. I appreciate that. Any questions for Tom? My apologies. Thank you.

C. ENGINEER'S REPORT – KEN DORR

David Peterson: We'll go ahead and move on to 11C, engineer's report, Mr. Dorr.

Ken Dorr: Thanks, David. One thing I have been working with Tom back and forth on ballast. We've got basically four carloads, 240 tons ordered to be delivered to the North Pole, and then we've got another four on order but they're on hold to decide where we're going to need them. In other words, we could bring them into the North Pole, or we could have them trucked up to Gold Hill, if need be, depending if we need ballast up on the Overman. That's in process. Probably not going to see any for another month or so but talked to Danny Coons and he's waiting for things to dry out a little bit. Yes, I did harass him about the dirty ballast. We laughed about that. Hopefully, we won't have any this time. One of the things I want to do probably in the next week or so when we can get up on the track and do a little more thorough assessment as to what we've sustained damage-wise. Knock on wood, I think we're not too bad off. We've obviously got some erosion, but so far, the snow appears to be melting relatively slowly, so hopefully aren't going to

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY

Minutes of the Monday, March 20, 2023 Regular Meeting

Page 51

have any major washouts. I know it looks like we do have one slope blowout at Hayward's, but it's on the uphill side of the track and just going to be a matter of cleanout. I have not seen that personally, but Gabe showed me some pictures of it. That's a heavily historically mined area, so gosh knows what's underneath it, but I don't anticipate that as a big problem. We will be doing some work up there and utilizing Tom's tracked high-rail excavator as well as we may have to supplement that. We'll make a list and see what things are and where we need to go. Did take a quick ride through the parking lot at East Gate, and yes, we had a little more winter this year, so we're starting to develop some little bit of potholes out there in that very thin surface.

Hopefully, that can last up until we can get something done with that this summer per our previous discussion as far as getting some surfacing done there. I don't know about the Overman, that a lot of moisture, but how much settlement we're going to have. Probably not going to be able to know that till a little later in the spring and we actually get some traffic top that. That one is a big question mark. We'll see where things are on that. NDOT is doing their every other year inspection on the US 50 bridge on the 29th of April. Kent Hanford, or my associate if you will, is going to get with them and try to accompany them on that inspection to take a look at a couple of things we had some questions on. Again, NDOT has to inspect the bridge every two years. In the wisdom of Congress, we get to inspect the bridge every year. That's just the way it is. I think that was about it. That's all I've got for now. Let's hear any questions?

David Peterson: Thank you, Ken. Go ahead, Stephanie.

Stephanie Hicks: Just for discussion with the Commission, in regard to the parking lot, I know we're budgeting that for next fiscal year. Is there something that we should be doing now to get somebody on contract for that so that once we funded it, we're ready to go?

Kennedy Dore: I was going to discuss that with David, but yes, basically we need to put a bid package together because the estimate is going to be over \$100,000. Similarly, we go with the plan with the chip seal and then the fog seal and restriping over that. My thought there was I was going to get a hold of Public Works, get their latest bid package documentation, and just change the names to protect the innocent. They're usually up to speed on the current NRS standards as far as what has to go on that. I will have some questions with Mihaela as far as project limits and whatnot because some of those regs may have changed since the last time we bid a public project. Putting that package together is not very difficult. We've already got a base map done and just literally a matter of putting the boilerplate hard docs together and technical specifications is all referenced to the orange book. That's real simple. My thinking was we get that so we could possibly go out for a bid in June, if you will, and then award the contract. Construction starts sometime after July 1.

David Peterson: Yes, because what I thought was Ken, this is obviously his area of expertise, but if he brings back the recommended bidder, I guess, then we could approve that at a future meeting. I didn't think any of us needed-- Stephanie, you could probably review these bids, but I certainly wouldn't know what to do.

Stephanie Hicks: Yes, I think that's fine. That's probably how-- I mean, we have to go with lowest anyway, don't we?

Ken Dorr: That's correct.

Stephanie Hicks: That's simple enough to get the request out there, get proposals in, and then you would bring that forward to us for approval.

Ken Dorr: It's going to be a formal bid process, which we've done before. That sounds complicated, it's not. You just need to go through the steps. The idea there, and you'll have a firm

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 52

price. There's always the caveat in that boilerplate that if you don't have money, sorry, guys, thanks for the bid, see you later.

David Peterson: Just speaking of the money. I think what we are going to do as Visit Carson City, talking to Stephanie is we're going to put \$150,000 into our budget. That way, in case something goes over, then now we have these potholes, it's probably separate from chip sealing and slurry sealing and everything, but at least we could cover those additional increases, right? Ken, you would have to come in front of my board to make the requisition for the money once we [crosstalk]-

Ken Dorr: I have no problem doing that.

David Peterson: -really cost. Yes, we can just follow that same process.

Stephanie Hicks: That's right. David brought up a good point. We were talking about we know we can't redo that whole road, we know that cost is really high, but maybe there could be an add alternate to that bid of just doing some pothole repair, so parking lot and then just fill those potholes on the road or whatever that is.

Ken Dorr: Good idea. I actually thought the same thing this morning as I was sitting in the shower. We need to do something with that too. It's got some potholes also. Public Works has always helped us out in a pinch, but if we can put it in a contract, that's better. I have sufficient budget left in my contract for the year to put that package out.

David Peterson: Yes, that would be great. Do you feel comfortable with the 150 knowing-

Ken Dorr: Yes.

David Peterson: -we'd like to do some--? Okay, the pothole work. Okay, great. Any other questions for Ken? All right.

D. UPCOMING MEETINGS

1. COMMISSION MEETING ON APRIL 26, 2023, @ 9 AM.

David Peterson: We'll move on to 11D, upcoming meetings. Our next meeting is right here in this room, Wednesday, April 26th, 2023, at 9:00 A.M. Is everybody okay for that? Lovely.

12. COMMISSIONER COMMENTS, ANNOUNCEMENTS, AND REQUESTS FOR INFORMATION

David Peterson: We'll move on to 12, Commissioner comments or announcements and requests for information. Any commissioner comments?

13. PUBLIC COMMENT

David Peterson: Being none, we will move on to agenda item 13, public comment. Again, public is invited at this time to comment on any matter that is not specifically included on the agenda as an action item. No action may be taken on a matter raised under this item of the agenda. Any public comment?

14. FOR POSSIBLE ACTION: TO ADJOURN

David Peterson: Seeing none, can I get a motion to adjourn? Anybody?

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Monday, March 20, 2023 Regular Meeting
Page 53

Clay Mitchell: So moved.

David Peterson: There we are, we're adjourned. Thank you, everybody.