

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

FRIDAY, OCTOBER 13, 2017 2:00 p.m.

**Carson City Community Center – SIERRA ROOM
851 East William Street (Highway 50 and South Roop Street) Carson City, Nevada 89701**

AGENDA

2:00 P.M. CALL TO ORDER

1. ROLL CALL

2. FOR POSSIBLE ACTION: ELECTION OF OFFICERS

A. CHAIR B. VICE CHAIR C. TREASURER

2. APPROVAL OF THE AGENDA

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

3. PUBLIC COMMENT ON NON-AGENDIZED ITEMS

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

4. FOR POSSIBLE ACTION: APPROVE THE MINUTES OF AUGUST 17, 2017

5. FOR POSSIBLE ACTION: APPOINTMENT OF AUTHORIZED SIGNER(S) FOR ACCOUNTS PAYABLE

6. FOR POSSIBLE ACTION: APPROVE THE TREASURER'S REPORT & BALANCE SHEET – BOB ROBINSON

7. FOR POSSIBLE ACTION: MARKETING REPORT- CANDY DUNCAN

8. FOR POSSIBLE ACTION: POLAR EXPRESS UPDATE

9. FOR POSSIBLE ACTION: VIRGINIA AND TRUCKEE RAILROAD CO. REPORT INCLUDING REPAIRS TO ENGINE #18 – TOM GRAY

10. FOR POSSIBLE ACTION: ENGINEERING REPORT – KEN DORR

11. POSSIBLE ACTION: TRACK MAINTENANCE CONTRACT – KEN DORR

Amend Gabriel Willaman railroad construction's contract to begin clearing trackside ditches of debris obstructing drainage flows and related work as a result of the January 2017 storm event

12. FOR POSSIBLE ACTION: ATTORNEY'S REPORT- MICHAEL SMILEY ROWE

13. FOR POSSIBLE ACTION: SET NEXT MEETING DATE(S)

14. COMMISSIONER COMMENTS

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

16. FOR POSSIBLE ACTION: ADJOURNMENT OF COMMISSION BOARD MEETING

TITLES OF AGENDA ITEMS ARE INTENDED TO IDENTIFY SPECIFIC MATTERS. IF YOU DESIRE DETAILED INFORMATION CONCERNING ANY SUBJECT MATTER ITEMIZED WITHIN THIS AGENDA, YOU ARE ENCOURAGED TO CALL THE COMMISSION'S OFFICE AT 775-291-0208. "NOTICE TO PERSONS WITH DISABILITIES: MEMBERS OF THE PUBLIC WHO ARE DISABLED AND REQUIRE SPECIAL ASSISTANCE OR ACCOMMODATIONS AT THE MEETING ARE REQUESTED TO NOTIFY THE COMMISSION'S OFFICE AT 1900 SOUTH CARSON STREET, SUITE 100, OR BY CALLING 775-291-0208 AT LEAST 24 HOURS IN ADVANCE." NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY RECOGNIZES THE NEEDS AND CIVIL RIGHTS OF ALL PERSONS REGARDLESS OF RACE, COLOR, RELIGION, SEX, DISABILITY, FAMILY STATUS OR ORIGIN. NOTICE: THIS NOTICE IS POSTED PURSUANT TO NRS 241 AT THE FOLLOWING LOCATIONS: STOREY COUNTY COURTHOUSE, 26 SOUTH B STREET, VIRGINIA CITY, NEVADA, CARSON CITY EXECUTIVE OFFICES, 201 N. CARSON ST. CARSON CITY, NEVADA, CARSON CITY VISITORS' BUREAU 201 NORTH CARSON STREET, CARSON CITY, NEVADA, DOUGLAS COUNTY EXECUTIVE OFFICES, 1616 8TH STREET, MINDEN, NEVADA, LYON COUNTY COURTHOUSE, 31 SOUTH MAIN STREET, YERINGTON, NEVADA, WASHOE COUNTY ADMINISTRATION BUILDING 1001 EAST 9TH STREET, RENO, NEVADA, CARSON CITY COMMUNITY CENTER, 851 EAST WILLIAM STREET, CARSON CITY, NEVADA, WWW.VTCOMMISSION.COM, [HTTPS://NOTICE.NV.GOV](https://NOTICE.NV.GOV)

Certificate of Posting

I, **Cory Y Wood, Administrative Assistant III for the Virginia City Tourism Commission**, do hereby certify that I posted, or caused to be posted, a copy of this agenda at the following locations on or before Monday, October 2, 2017:

- Storey County Courthouse, 26 South B Street, Virginia City, Nevada

By: _____ **Cory Y Wood**

Certificate of Posting

I, **Candy Duncan, Project Coordinator for the Nevada Commission for the Reconstruction of the V&T Railway**, do hereby certify that I posted, or caused to be posted, a copy of this agenda at the following locations on or before Monday, October 2, 2017:

- Carson City Executive Offices, 201 N. Carson St. Carson City, Nevada
- Carson City Visitors' Bureau 201 North Carson Street, Carson City, Nevada
- Douglas County Executive Offices, 1616 8th Street, Minden, Nevada
- Lyon County Courthouse, 31 South Main Street, Yerington, Nevada
- Washoe County Administration Building 1001 East 9th Street, Reno, Nevada
- Carson City Community Center, 851 East William Street, Carson City, Nevada
- WWW.VTCOMMISSION.COM,
- [HTTPS://NOTICE.NV.GOV](https://NOTICE.NV.GOV)

By: _____ **Candy Duncan**

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

Thursday, August 17, 2017 2:00 p.m.

Carson City Community Center - BONANZA ROOM

851 East William Street (Highway 50 and South Roop Street) Carson City, Nevada 89701

MEETING MINUTES

Notice: Items on the agenda may be taken out of order; two or more agenda items may be combined for consideration; and items may be removed from the agenda or discussion relating thereto delayed at any time. This is the tentative schedule for the meeting. The Commission reserves the right to take items in a different order to accomplish business in the most efficient manner.

The following minutes are a summarized explanation of the topics discussed. A taped recording of these proceedings will be kept for review. A copy has been e-mailed to the Project Coordinator.

2:00 P.M. CALL TO ORDER

Chairman Millard called the meeting of the Nevada Commission for the Reconstruction of the V&T Railway to order at 2:00 p.m. and called for the roll.

1. ROLL CALL

Candy Duncan called roll.

PRESENT

Dwight Millard, President
Bob Crowell, Commissioner
Jack McGuffey, Vice Chairman
Ron Allen, Treasurer
Stephen Lincoln, Commissioner
Candy Duncan, Project Coordinator
Bob Robinson, Accountant

ABSENT

Dave Nelson, Commissioner
Delsye Mills, Commissioner
Jack Hastings, Commissioner

OTHERS:

Ken Dorr, Engineer
Michael Smiley Rowe, Legal Counsel
Hugh Gallagher, Virginia City Treasurer
Kim Fegert
Nicole Barde
Candy noted there was a quorum present.

2. APPROVAL OF THE AGENDA

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

Chairman called for a motion to approve the agenda. Commissioner McGuffey made the motion to approve the agenda. Commissioner Lincoln seconded the motion. Chairman called for discussion with none noted he called the question. The motion carried and was so ordered.

3. PUBLIC COMMENT ON NON-AGENDIZED ITEMS: *Discussion may be limited to three minutes per person at the discretion of the Chairman. No action may be taken on a matter raised under this portion of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.*

Chairman called for public comment. Kim Fegert said the last time he was here Candy had provided him with tapes from 2015 but he has nothing from 2016 and when he asked Candy she didn't have them nor did she know anything about them. He referred to the

Freedom of Information Act. If those records have not been kept anyone asking for them could have a law suit. Kim said he asked over a year ago for an accounting of the money being spent. Kim said he was leaving it for the record that that information is under request.

Chairman called for discussion on Kim's comments. Bob Robinson said in the last meeting he recalled that the Mayor said the printed minutes were all that was required and nothing more. Candy said the minutes for 2016 are all on the website. Candy thought she gave Kim the tapes for 2016 and he hadn't contacted her so she didn't know he was missing them. Candy said she will check for the tapes but the minutes are on the website. Kim implied that the minutes were not complete as the tapes. Dwight said he didn't think the tapes were required but if they have them they will be made available. Kim said he would also like to see the contracts on the railroad. Dwight said he would have to think on the #18 because he thought that agreement was for time and materials for the operator.

4. FOR POSSIBLE ACTION – APPROVE THE MINUTES OF MAY 24, 2017

Chairman called for approval of the minutes of May 24, 2017. Commissioner Allen noted an error on those minutes. Ron said that under who was there and not he was left out of both places on the May and June minutes but he was not here. Commissioner Lincoln made the motion to approve the minutes of May 24, 2017 as corrected. Commissioner McGuffey seconded the motion. Chairman called for discussion with none noted he called the question. The motion carried and was so ordered.

5. FOR POSSIBLE ACTION – APPROVE THE MINUTES OF JUNE 6, 2017

Chairman called for approval of the minutes of June 6, 2017. Commissioner Allen noted the same comment. Commissioner McGuffey made the motion to approve the minutes of June 6, 2017 as corrected. Commissioner Lincoln seconded the motion. Chairman called for discussion with none noted he called the question. The motion carried and was so ordered.

6. FOR POSSIBLE ACTION – APPROVE THE TREASURER'S REPORT – RON ALLEN

Chairman called for the Treasurer's report. Commissioner Allen asked Bob Robinson for the report. Bob started with the Enterprise Fund Profit and Loss for June 2017. For the month of June 2017 the ticket sales came to \$50,753.74. Then with partnerships, miscellaneous income, sales, merchandise the total income for June 2017 was \$58,947.01. The expenses for June came to \$95,301.34. So we had an operational loss of \$36,354.33 for the month of June. With grants we come in with a net income of a negative \$31,736.70 for the month of June. Calendar year to date the standard season ticket sales through June came in at \$83,360.02 and we had a total income of \$93,827.03. The expenses for the year so far through June are \$227,731.52 leaving us with an ordinary income from operations with a loss of \$133,904.49. Then with Commission funding of \$50,000 and grants in the amount of \$12,347 and coffee donation and interest income our loss for the year to date is a negative \$71,405.92. Dwight asked if they had more income interest. Bob said this was enterprise not general. On the Balance Sheet as of June 30, 2017 we had in the bank \$52,783.06 in the Enterprise Fund. On Accounts Payable as of June 30, 2017 there were payables of \$25,987.89 for the Enterprise Fund. Moving on to Accounts Receivable as June 30, 2017 there was \$12,847. Bob then went on to the fiscal year for the Enterprise Fund. The tentative fiscal year (July 1, 2016-June 30, 2017) the year end tentative figures are; Polar ticket sales of \$747,430.12 and standard ticket sales of \$302,461.75. The total ticket sales for fiscal year of \$1,049,891.87, then if you add in hotel partnerships of \$1500, Polar revenue, Polar photo revenue of \$11,440 and miscellaneous income of \$7,895.40, sales of merchandise of \$59,109.29 less the cost of goods and merchandise. There was a Total Gross Income for the fiscal year for the

Enterprise Fund of \$1,101,363.69. Commissioner Allen asked if the \$7,895.40 in miscellaneous income was donations. Bob said that is the rebate they get from Polar. On the expense side we had a total \$1,252,299.22. Ordinary income from operations, before Commission funding and grant funding, was a loss of \$150,935.53. Bob went through the sub categorized figures for Polar. On the next page, after \$50,000 from the Commission, Depot coffee donations of \$239.00, interest income of \$374.56, and grants in the amount of \$12,347.00 we have a net loss of \$87,974.97 for the fiscal year for the Enterprise Fund. Chairman asked if there were any Commissioner questions. Something was said and Bob said expenses were exceeding revenues and it is the summer season. Dwight said, go back to the July through June and take the \$1,252,299.22 and deduct \$519,940.88 and that should give the total expenses for the regular standard season which is \$732,358. Dwight said that is what it cost to run the summer season. We are spending more than double what we are taking in. Candy said because of the smaller engine #29 they were only able to use two passenger cars which holds 144 passengers. For the last six run days that train has been sold out and they have had to turn people away. Candy said with engine #18 under repair they can't use three cars. A lot of the loss is made up during the Polar season. Bob discussed the overall finances of operations. Nicole Barde asked something about the trend and Bob said it was down. Candy said sales for season is down because most people have ridden the regular line and they want something different so that is why the special event train sales are increasing. The marketing was discussed. Bob went back to his report saying, in the 2017/2018 budget they budgeted in a fifth car for Polar but that may not happen now and they may have to pull that out that \$119,000. Bob said that per the interlocal agreement the tax money collected by Storey County, that money was for augmenting the difference between income and ticket sales on a monthly bases. They will be requesting from Storey County the difference between income and operating expenses on monthly bases to get that \$119,000 back in the budget. He went over the request letter asking for a total of \$137,758. Further discussion was held regarding the report and budget.

Bob continued on with the Commission/General Fund report for Fiscal year ending June 30, 2017. The Commission's total revenues of \$367,362.88 and operating expenses of \$275,155.17. There was one item that is not operational of \$5,500 which was the work done at the Depot. With the \$5,500 it leaves a total of expenses of \$280,655.17. The net earnings is \$86,707.71. There was a footnote: "The City has not yet closed the fiscal year as it is required to stay open in order to cap payable and receivables for sixty days. We will close the Commission's fiscal year around September 15th."

With that Bob ended the report. Dwight said it looks like the Commission is in the black and holding its own. Nicole Barde asked if they have money in the Commission's fund to pull from. Dwight said the Commission's ending fund balance is \$180,667. Bob said some of that is held for the work to be done on Engine 18. Chairman called for other questions on the report and then a motion. Commissioner Lincoln made the motion to approve the Treasurer's report as presented. Commissioner McGuffey seconded the motion. Chairman called for discussion with none noted he called the question. The motion carried and was so ordered.

7. FOR POSSIBLE ACTION - RATIFY THE PAYMENT OF COMMISSION AND ENTERPRISE FUND BILLS

Chairman called for Bob to discuss bills. For the Enterprise Fund the total of the bill check list is \$343,860.55. Dwight said they are always approving in the arrears. For the Commission General Fund the total of the bill check list is \$44,404.16 this is from May 25th through August 17. Dwight said those are checks issued by the City on behalf of the Commission. Someone asked who Brenda Frank was and Candy explained she transcribes the minutes. Then they asked who Ingalls LLC was and Bob said it was the insurance. Chairman called for other questions on the report and then a motion.

Commissioner Lincoln made the motion to approve the ratification of payment of bills from the check lists for the Commission and Enterprise Funds from May 25th through August 17th. Commissioner McGuffey seconded the motion. Chairman called for discussion with none noted he called the question. The motion carried and was so ordered.

8. FOR DISCUSSION AND POSSIBLE ACTION -2017/18 BUDGET REVIEW TO INCLUDE POSSIBLE SOLUTIONS TO BUDGET SHORTFALL

Chairman said when they did the budget. Bob said it was for the General fund budget. Dwight said the Enterprise Budget was also submitted to the State and when we submitted that we included a fifth car which made it \$250,000 and expenses of \$130,000 leaving us with a net of \$119,000. It is apparent that the car is not going to be on line. They have come up with new budget for the Enterprise Fund which will be short \$119,000 for the year. Dwight said if he remembered right they deleted \$75,000 from Carson City and \$75,000 from Storey County and we added the car to make it balance. Now with the car out we are not in compliance with the budget. After discussion Dwight said now that we know we are running a deficit what do we do. Hugh Gallagher said budgets are basically a map that tells Taxation what we think we are going to do for a period of time. Hugh said it will be referenced in the annual audit and we will have to send to Taxation the reasons why and if those are accepted that pretty much it. Hugh said they have an augmentation process that is a tool. You can get loans to help or draw from other sources. Dwight said they are only in the second month of the year and it could be that Carson City will give us a grant but as of today we made ourselves negative. If we are in the same situation in April then it will be difficult. Dwight said they are pretty much wound up in December. Hugh said they would have to look at things then and Dwight said then they may have to augment the budget. Dwight asked if there were any question because he wanted it brought up so everyone knew the situation. Some asked if it were possible to bring in a car for Polar from another railroad that is closed for the season. Ron Allen said we would have to pay for the shipping and he didn't know if they would be able to afford it. Another car was discussed.

9. DISCUSSION AND POSSIBLE ACTION TO IDENTIFY INTERIM FINANCING IN THE AMOUNT OF \$322, 771.00 TO PAY FOR THE STORM DAMAGE REPAIR WORK FOR "BID NO. 006 – V&T RAILWAY (VTRW) STORM DAMAGE REPAIRS – PROJECT #1," FOR CONSTRUCTION MANAGEMENT SERVICES FOR THIS PROJECT, AND FOR THE TUNNEL #2 REPAIR WORK IN CONSIDERATION THAT UP TO 75% OF THESE COSTS ARE ELIGIBLE FOR REIMBURSEMENT BY FEMA UNDER THE FEDERAL STORM DISASTER EMERGENCY DECLARATION FEMA-4303-DR-NV.

Chairman said that Items 9, 10, 11, 12, and 13 are what primarily brought them together today to identify interim financing. Dwight said the Chair would entertain that Ken would combine them together with an explanation. Ken agreed and Candy asked if she could make a request that anyone making a comment please state their name for the convenience of the transcriber. Ken said the first and the next three are related and the fifth is kind of a separate one. The first item refers to the letter of July 16th that Ken put out summarizes the bids and cost of repairs and what projects have been approved by FEMA. Has a lot of emails and in his e-mail of June 28, Ken asked how much is going to get reimbursed and the projects out to bid are reimbursed up to 75%. His second e-mail was to confirm what was already stated. There are four projects approved by FEMA and are identified as Projects 1, 2, 3, and 4. Project #1 is for the storm damage repairs, for the management services for the project and Project #2 is for Tunnel 2 repairs and it has been approved. Project #3 is the emergency work done back in January and February. These three projects have been approved. What hasn't been approved is Project #4 which are projects that have gone out to bid. The July 16th letter was to get a summary of what kind of cost they were looking at so they would know what 75% would be. The first item they got three bids from Railworks, Koonz and Industrial Railways. Railwork's bid for storm damage repairs was for \$242,924.00. On the second page of the letter he tried to find what

the Commission was going to have to come up with to undertake the contract. FEMA has a rule that since Ken designed the work he couldn't do the inspections so we have to hire a construction manager. They went through bid and proposal process and they received one proposal from Kent Hanford Consulting. Also included is Tunnel #2 that has been approved by FEMA but it was underfunded by FEMA and they have not yet done the work. There is about \$16,000 worth of repairs and inspections. So if we are going to do this work we are looking at about \$322,771.00 we are going to have to come up with plus there will be some administrative costs. So we are looking at probably \$327,000 if we go forward with the contracts as bid. The last paragraph of his letter is a summary of the three projects that have been approved by FEMA which we will be reimbursed at least 75% of the \$344,322. So the big question is where are we going to come up with the \$327,000. Ken talked about some options he sent in an e-mail where; first they can award the contract and the construction manager contract as it is and authorize Tunnel #2 for \$327,000. Another thing is take no action because it has to be done within 60 calendar days of June 27th so there is another week and it goes away. The second is if you don't want to award the contract you can basically direct Ken go out and solicit separate informal proposals and he could set it up so the total contract amount would be less than \$100,000. The \$100,000 limit triggers the Davis Bacon wages. Ken went through the processes they would have to go through. Thirdly they can go with Gabe and do some of the work on a time and material basis up to a certain amount and do what we can but none of that work would be reimbursable. The fourth item is we don't do anything which he doesn't recommend because the only reason he didn't get written up by the State Utilities Inspector was we told him we were going to fix the ditches. Next time he comes and we haven't fixed them we will be written up for the violation. So the decision is, do you want to try and get the \$327,000 do you want to go out for separate project and let that one expire and try to get FEMA money or just forget it. Ron asked how long it would take to get the FEMA money and Ken said the work has to be done within 18 months of the storm. The time it takes for FEMA to pay was discussed along with the process you have to go through. Jack said it could take a while and the money will be out of our pockets until they decide to cut us a check. It was said that it could take years and if you try to do some of the work yourself FEMA could deny you. Ron Allen said maybe they don't even want to think about FEMA and what they might do is go out and see if we can get three bids for under \$100,000 and get the reimbursement on that. Ken said to get the reimbursement they have to follow the guidelines of FEMA. Doing it ourselves there is no reimbursement. Ken said the reason he suggested the \$100,000 was to keep them under the Davis Bacon threshold. Everyone was talking at the same time discussing FEMA and options. Dwight said he went up and visited with Gabe and Tom and rode the track and with exception of Tunnel 2 he thought we should go do the work and it maybe could be done for \$75,000 to \$100,000. After comments Dwight said they should forget FEMA and just do the work. Then we don't have to do it in 18 months, we do what needs to be done now and keep working on it, and say over the next two years we spend \$50,000 a year of money we don't have. That would be better than \$300,000 and may not get the money back. There was discussion and Ken discussed the problem with Tunnel #2 saying the ceiling work that needs to be done on Tunnel #2 needs to be done as soon as possible. Ken said he'd like to see the tunnel done and the rest of the work could be done over time. Ron asked about the money and Ken said they overestimated the cost of the Horseshoe Curve by a factor of three and that money we will get because we agreed to use their cost basis. The Horseshoe Curve work is done. Ken said the emergency repairs done in January and February, Project 3, is reimbursable. Project 2 Tunnel #2 won't be reimbursed unless we do the work. Horseshoe Curve Project 3 had to be done before they started operating and it's good. Discussion was about the work they have to do and what has been approved. Ron asked Jack if it was still possible to get a loan from Storey County as was discussed in a meeting they had a time back. Jack said he didn't say they would but that he would

look into it. Dwight said there were two parts to the issue. One being coming up with the full amount to pay for the project and two is the part that won't be reimbursed. Dwight and Commissioners discussed ways to do this and how. Hugh Gallagher, Virginia City Treasurer, said they could take a look at the situation and bring it before their Commission on September 15 and Chairman Millard may have to give a presentation. Dwight said they had until August 27th to award the contract or it goes away. Options were discussed as to what happens and can they rebid the project, possible loan options and how to make good on the loans. Everyone talking at same time. Dwight asked for comments from Board, Staff or Public, Gabe Willaman made a comment but it was unclear. Ken said something in response about being thrown in jail for a violation. Dwight asked the Board what they wanted to do. Commissioner Allen said they should table it until everyone can get together and discuss it. Dwight said if they table before approving it they could have problems. Dwight suggested they approve it subject to getting a loan from Virginia City or Carson City. If both agree to front the money then the contract will be awarded subject to that approval if it's not approved then it's dead. Bob asked if that was the motion. Dwight said it was a suggestion for a motion. Ken said it would work if they knew about the loan before the 27th. Dwight said it would be Jack and Bob along with both tourism from Carson and Virginia City and anyone else involved. If they want to front the money, take Drako or whatever, they come up with the criteria and they approve it then we can award the contract. If for any reason it is a hang up they can say no and come back for a rebid. Bob said he would get with Jack and come up with something. Ken asked if they were conditionally approving Items 10 and 11. Dwight said yes upon a loan being approved acceptable to both Storey County, Carson City and the Chairman. Commissioner McGuffey said he would make the motion to approve Items 10 and 11 pending potential funding. Counsel Rowe said they would need the same motion to apply to Items, 9, 10 and 11. Commissioner McGuffey agreed and Commissioner Allen seconded the motion. Chairman then called the question and the motion carried and was so ordered.

10. **DISCUSSION AND POSSIBLE ACTION TO AWARD THE CONSTRUCTION CONTRACT ENTITLED "BID NO. 006 – V&T RAILWAY (VTRW) STORM DAMAGE REPAIRS – PROJECT #1" TO RAILWORKS TRACK SYSTEMS, INC., AS THE LOWEST RESPONSIVE AND RESPONSIBLE BIDDER FOR AN AMOUNT OF \$242,924.00 BASED ON BIDS OPENED JUNE 27, 2017 AND TO AUTHORIZE AN EXPENDITURE OF A MAXIMUM 10% CONTINGENCY AMOUNT OF \$24,292.00 AS APPROVED BY THE ENGINEER (TOTAL \$267,216).**
11. **DISCUSSION AND POSSIBLE ACTION TO AWARD THE CONSTRUCTION MANAGEMENT CONTRACT FOR THE "V&T RAILWAY STORM DAMAGE REPAIRS: FEMA-4303-DR-NV CONSTRUCTION MANAGEMENT SUPPORT" TO HANFORD CONSULTING LLC AS THE BEST RESPONSIVE AND RESPONSIBLE PROPOSER FOR A TIME & MATERIALS AMOUNT NOT-TO-EXCEED \$39,555.00 BASED ON THEIR STATEMENT OF QUALIFICATIONS RECEIVED JUNE 19, 2017 AND THEIR SUBSEQUENT PROPOSAL RECEIVED JUNE 27, 2017 (TOTAL \$39,555).**

The above items were discussed under Item 9.

12. **DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE THE ENGINEER TO PROCEED WITH CONTRACTING FOR STORM DAMAGE REPAIRS FOR TUNNEL #2 WITH AN ESTIMATED CONSTRUCTION AND INSPECTION COST OF \$16,000.00 AS PREVIOUSLY AUTHORIZED BY THE LOCAL FEMA JOINT FIELD OFFICE AS PROJECT NEVA-C02 FOR AN AMOUNT OF \$8371.00 AND TO DIRECT THE ENGINEER TO REQUEST ADDITIONAL REIMBURSEMENT FOR COSTS IN EXCESS OF THE \$8371.00 IDENTIFIED BY FEMA (TOTAL \$16,000).**
Dwight said Item 12 is for approval and he thought they should do it so they can sleep at night. Bob said if they approve it they needed to identify a source of money to pay for it and it isn't in the budget. Dwight said they didn't because it is coming from the Commission's ending fund balance and they are only spending \$16,000. There Dwight said there was a motion Commissioner McGuffey made it. Commissioner Lincoln seconded the motion. Chairman then called the question and the motion carried and was

so ordered.

13. DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE THE ENGINEER TO CONTINUE TO SEEK A GRANT OR GRANTS FROM THE NEVADA DIVISION OF EMERGENCY MANAGEMENT (NDEM) UNDER THE STATE DISASTER RELIEF ACCOUNT FOR MITIGATION WORK IN SEVERAL LOCATIONS ON THE RAILROAD.

Ken said all this item was is some of the work they were trying to get under FEMA damages and they said it wasn't damage because it was caused before they received the grants. Ken said all he wanted here was permission to continue the paperwork to obtain a grant. Commissioner McGuffey made the motion to authorize the engineer to continue to seek a grant/grants from the Nevada Division of Emergency Management under the State Disaster Relief Account for mitigation work. Commissioner Lincoln seconded the motion. Chairman called for discussion. Dwight asked if there was a good chance of getting money from them. Ken said as long as he used the terminology as a threat to life there is a good chance. Chairman then called the question and the motion carried and was so ordered.

14. FOR POSSIBLE ACTION- VIRGINIA AND TRUCKEE RAILROAD CO. REPORT INCLUDING REPAIRS TO ENGINE #18 – TOM GRAY

Commissioner Lincoln suggested they move this item to the next meeting as Mr. Gray was not present.

15. FOR POSSIBLE ACTION- ENGINEERING REPORT – KEN DORR

Ken had nothing else to discuss.

16. FOR POSSIBLE ACTION- ATTORNEY'S REPORT- MICHAEL SMILEY ROWE

Mike said he thought they could consider the Drako note an instrument under UCC Article 3. We can't do anything on it today but they can follow the process under Article 3 to sell the note. Everyone talks at once regarding the Drako parcel. Mike said it was secured by First Deed of Trust. Dwight said it was 5% and it is in the second year of five. Bob said in July the value of Drako note was \$469,881. Mike said otherwise he is just working with Ken on this pile of paperwork.

17. FOR POSSIBLE ACTION – MARKETING REPORT- CANDY DUNCAN

Candy said at the end of June she attended Polar Express camp in Durango, Colorado. It was paid for by Rail Events. They wanted the railroads that did Polar Express, about 55 in the States and 5 in Europe, to hear their new vision for Polar Express. They want to make it standardized so it matches the movie experience. They gave out scripts to use this year and costume ideas. They lost their director, Tammy Shelton, as she wants to pursue her masters but we hired Carla Wilson who has been with them from the beginning and she will be great. Candy said they are working on getting the cast together, doing auditions and are working on a better way to make hot chocolate. All that she learned was about improving the Polar. Everyone is looking forward to the season. Someone asked if they send a person out to observe the operation. Candy said they did every year and out of the 55 we were rated 7. Candy said a lot of the December VIP's are sold out. Bob said they have sold 210,000 tickets as of today.

18. COMMISSION CHAIRMAN REPORT – DWIGHT MILLARD

Chairman said they need to continue to figure out how to get people to ride the train. In order to use Gold Hill Dwight said he asked Candy to look at the possibilities of having a night with the Governor and dinner to raise money. Dwight asked how many more melodramas they had left to do. Candy and Bob both said two. They have three more canyon runs.

19. COMMISSIONER COMMENTS

Chairman called for commissioner comments.

Dwight said it was their intention to finish the engine 18 in June.

- 20. PUBLIC COMMENT ON NON-AGENDIZED ITEMS:** Discussion may be limited to three minutes per person at the discretion of the Chairman. No action may be taken on a matter raised under this portion of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.

There were no public comments.

- 21. FOR POSSIBLE ACTION: Set Next meeting Date**

Chairman said they wouldn't set a date for the next meeting at this time.

- 22. FOR POSSIBLE ACTION: ADJOURNMENT OF COMMISSION BOARD MEETING**

Chairman called for adjournment. Commissioner Lincoln made the motion to adjourn and Commission McGuffey seconded the meeting. The meeting adjourned at 4:30pm

Submitted by:

Brenda Frank

September 8, 2017

11:37 AM

10/10/17

Comm. V&T Enterprise Fund
A/P Aging Summary
As of August 31, 2017

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
Gabriel Willaman Railroad Construction	4,595.00	0.00	0.00	0.00	0.00	4,595.00
Lollipop Productions	-1,198.00	0.00	0.00	0.00	0.00	-1,198.00
Merchant Account Fees	4,424.82	0.00	0.00	0.00	0.00	4,424.82
Nevada Comm. Reconstruction V&T Railway	6,613.71	0.00	0.00	0.00	0.00	6,613.71
Rail Events	0.00	1,812.00	0.00	0.00	0.00	1,812.00
Red's 395 Grill	676.91	0.00	0.00	0.00	0.00	676.91
Smith & Jones, Inc.	22,344.77	6,828.95	0.00	0.00	0.00	29,173.72
Virginia City Tours, Inc.	1,350.00	0.00	0.00	0.00	0.00	1,350.00
Weidinger Public Relations	1,688.10	0.00	0.00	0.00	0.00	1,688.10
TOTAL	<u>40,495.31</u>	<u>8,640.95</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>49,136.26</u>

11:38 AM

10/10/17

Comm. V&T Enterprise Fund
A/R Aging Summary
As of August 31, 2017

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
NCOT - Grants	10,250.00	0.00	0.00	0.00	0.00	10,250.00
Plaza Hotel & Conference Center	0.00	0.00	0.00	0.00	500.00	500.00
TOTAL	<u>10,250.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>500.00</u>	<u>10,750.00</u>

Comm. V&T Enterprise Fund
Balance Sheet
As of August 31, 2017

	<u>Aug 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank of America	127,348.21
Total Checking/Savings	<u>127,348.21</u>
Accounts Receivable	
Advertising Partnerships	500.00
Accounts Receivable-NCOT Grants	10,250.00
Total Accounts Receivable	<u>10,750.00</u>
Total Current Assets	138,098.21
Other Assets	
Inventory	60,519.07
Total Other Assets	<u>60,519.07</u>
TOTAL ASSETS	<u>198,617.28</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	49,136.26
Total Accounts Payable	<u>49,136.26</u>
Other Current Liabilities	
Prepaid Tickets	295,836.74
Total Other Current Liabilities	<u>295,836.74</u>
Total Current Liabilities	<u>344,973.00</u>
Total Liabilities	344,973.00
Equity	
Retained Earnings	24,092.63
Net Income	-170,448.35
Total Equity	<u>-146,355.72</u>
TOTAL LIABILITIES & EQUITY	<u>198,617.28</u>

Comm. V&T Enterprise Fund
Profit & Loss YTD
August 2017

	Aug 17	Jan - Aug 17
Ordinary Income/Expense		
Income		
Ticket Sales		
Standard Season Tickets	67,071.49	210,554.92
Total Ticket Sales	67,071.49	210,554.92
Hotel / Restaurant Partnerships	0.00	1,000.00
Misc. Income	0.00	1,536.00
Sales - Merchandise	3,363.43	9,022.41
-Cost of Goods Sold-Merchandise	-2,018.06	1,579.04
Total Income	68,416.86	223,692.37
Gross Profit	68,416.86	223,692.37
Expense		
Train Service Agreement	58,650.00	210,875.00
Advertising and Promotion	15,344.77	72,855.85
Depot Management / Staffing	8,500.00	48,000.00
Track Maint./ Inspect.	4,595.00	19,639.00
Marketing/ Sales	2,980.00	27,552.00
Merchant Account Fees	4,424.82	13,753.12
Accounting / Finance	2,000.00	16,000.00
Historic Preserv.Fee (to Comm.)	5,330.71	16,681.18
Special Event Exp.(Canyon/M.M.)	3,604.21	7,082.38
Ticketing Site Fee & Updates	7,500.00	11,000.00
Public Relations	1,688.10	6,767.61
Virginia City Partnerships /Bus	1,350.00	4,710.00
Depot Overhead	1,137.53	5,733.44
Utilities	329.42	2,090.15
Telephone & WIFI Expense	268.47	1,537.00
Bank Service Charges	112.57	642.79
Travel and Conference Expense	0.00	771.17
Legal / Professional Services	0.00	425.00
Shipping / Freight/ PO Box	0.00	352.69
Miscellaneous Expense	0.00	500.00
Total Expense	117,815.60	466,968.38
Net Ordinary Income	-49,398.74	-243,276.01
Other Income/Expense		
Other Income		
Commission Funding	0.00	50,000.00
Depot Coffee Donations	15.00	120.00
Interest Income	25.62	111.04
NCOT Grant Funding	0.00	22,596.62
Total Other Income	40.62	72,827.66
Net Other Income	40.62	72,827.66
Net Income	-49,358.12	-170,448.35

Comm. V&T Enterprise Fund
Check List
August 18 through October 13, 2017

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Account</u>	<u>Amount</u>
Aug 18 - Oct 13, 17				
08/31/2017	2003	AT&T	Bank of America	-84.79
08/31/2017	2004	Carson City Utilities	Bank of America	-99.58
08/31/2017	2005	Greater Nevada Business Solutions, LLC	Bank of America	-4,616.96
08/31/2017	2006	Laura Main Photography	Bank of America	-450.00
08/31/2017	2007	Lollipop Productions	Bank of America	-1,198.00
08/31/2017	2008	Nevada Division of Tourism	Bank of America	-15,000.00
08/31/2017	2009	Norm Luke	Bank of America	-80.00
08/31/2017	2010	NV Energy	Bank of America	-92.72
08/31/2017	2011	Shamrock Site Services, Inc.	Bank of America	-275.00
08/31/2017	2012	Tree By The River	Bank of America	-343.41
08/31/2017	2013	Verizon	Bank of America	-183.68
08/31/2017	2014	Virginia & Truckee Railroad Co.	Bank of America	-40,546.00
08/31/2017	2015	Weidinger Public Relations	Bank of America	-1,666.00
08/31/2017	2016	NV Energy	Bank of America	-103.52
08/31/2017	2017	NV Energy	Bank of America	-33.60
09/06/2017	Merc...	Merchant Account Fees	Bank of America	-4,424.82
09/14/2017	2018	Bobula's Septic Service	Bank of America	-350.00
09/14/2017	2019	Carson City Plaza Hotel Event Center	Bank of America	-1,568.00
09/14/2017	2020	Gabriel Willaman Railroad Construction	Bank of America	-4,595.00
09/14/2017	2021	Greater Nevada Business Solutions, LLC	Bank of America	-7,514.28
09/14/2017	2022	Nevada Comm. Reconstruction V&T R...	Bank of America	-5,330.71
09/14/2017	2023	Nevada Day Inc.	Bank of America	-500.00
09/14/2017	2024	R Line of Work, LLC	Bank of America	-3,750.00
09/14/2017	2025	Rail Events	Bank of America	-1,951.93
09/14/2017	2026	Smith & Jones, Inc.	Bank of America	-3,993.30
09/14/2017	2027	Virginia & Truckee Railroad Co.	Bank of America	-23,087.00
09/14/2017	2028	Virginia City Tours, Inc.	Bank of America	-1,350.00
09/14/2017	2029	Nevada Comm. Reconstruction V&T R...	Bank of America	-1,283.00
09/14/2017	2030	Smith & Jones, Inc.	Bank of America	-9,835.65
09/28/2017	2031	Activity Tickets, LLC	Bank of America	-7,000.00
09/28/2017	2032	All Aboard Railroad Gifts	Bank of America	-324.00
09/28/2017	2033	AT&T	Bank of America	-79.43
09/28/2017	2034	Bobula's Septic Service	Bank of America	-350.00
09/28/2017	2035	Carson City Plaza Hotel Event Center	Bank of America	-1,782.50
09/28/2017	2036	Carson City Utilities	Bank of America	-135.23
09/28/2017	2037	Greater Nevada Business Solutions, LLC	Bank of America	-5,103.21
09/28/2017	2038	Laura Main Photography	Bank of America	-450.00
09/28/2017	2039	Lollipop Productions	Bank of America	-1,199.00
09/28/2017	2040	Norm Luke	Bank of America	-100.00
09/28/2017	2041	NV Energy	Bank of America	-109.54
09/28/2017	2042	Red's 395 Grill	Bank of America	-1,353.82
09/28/2017	2043	Smith & Jones, Inc.	Bank of America	-12,397.34
09/28/2017	2044	Verizon	Bank of America	-139.38
09/28/2017	2045	Virginia & Truckee Railroad Co.	Bank of America	-96.00
09/28/2017	2046	Weidinger Public Relations	Bank of America	-1,688.10
09/28/2017	2047	Jerry Smith	Bank of America	-185.00
09/28/2017	2048	NV Energy	Bank of America	-89.47
09/28/2017	2049	Smith & Jones, Inc.	Bank of America	-2,947.43
09/28/2017	2050	Virginia & Truckee Railroad Co.	Bank of America	-23,087.00
09/28/2017	2051	Virginia & Truckee Railroad Co.	Bank of America	-68.17
Aug 18 - Oct 13, 17				-192,991.57

Commission - Check List

August 18 - October 13, 2017

Payee	Amount
Greater Nevada Business Solutions, LLC	\$750.00
KL Dorr Consulting	\$1,210.00
Steele & Associates, LLC	\$1,349.50
Sierra Nevada Media Group	\$70.36
Sierra Nevada Media Group	\$74.39
Brenda Frank	\$275.00
R Line of Work, LLC	\$1,000.00
Manhard Consulting	\$1,713.75
KL Dorr Consulting	\$594.00
KL Dorr Consulting	\$125.00
Greater Nevada Business Solutions, LLC	\$750.00
Rowe & Hales	\$1,320.00
Rowe & Hales	\$40.00
Rowe & Hales	\$360.00
Rowe & Hales	\$200.00
Rowe & Hales	\$180.00
Steele & Associates, LLC	\$87.50
Manhard Consulting	<u>\$180.00</u>
Total Checks:	\$10,279.50



V&T Summary

Year over Year

Ticket Sales							
	2011	2012	2013	2014	2015	2016	2017
Standard Season							
January	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
February	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
March	\$5,000.00	\$5,450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
April	\$5,499.00	\$0.00	\$5,000.00	\$5,500.00	\$5,500.00	\$11,999.00	\$6,500.00
May	\$15,981.00	\$18,743.00	\$22,223.00	\$28,359.00	\$35,915.00	\$21,724.00	\$26,106.00
June	\$65,698.00	\$70,289.00	\$78,248.00	\$67,514.00	\$56,048.00	\$53,358.00	\$50,754.00
July	\$118,181.00	\$85,712.00	\$82,612.00	\$84,972.00	\$80,740.00	\$71,911.00	\$60,305.00
August	\$84,640.00	\$90,276.00	\$66,034.00	\$87,747.00	\$83,926.00	\$56,403.00	\$67,071.49
September	\$78,644.00	\$75,266.00	\$69,884.00	\$60,717.00	\$59,651.00	\$46,883.00	\$0.00
October	\$65,809.00	\$58,766.00	\$51,357.00	\$51,604.00	\$37,954.00	\$43,905.00	\$0.00
Total Standard:	\$439,452.00	\$404,502.00	\$375,358.00	\$386,413.00	\$359,734.00	\$306,183.00	\$210,736.49
POLAR							
November	\$59,875.00	\$106,973.00	\$138,825.00	\$205,542.00	\$215,916.00	\$203,561.00	
December	\$179,233.00	\$295,138.00	\$382,727.00	\$411,352.00	\$482,770.00	\$543,869.00	
Total Polar:	\$239,108.00	\$402,111.00	\$521,552.00	\$616,894.00	\$698,686.00	\$747,430.00	\$0.00
Total Revenue:	\$678,560.00	\$806,613.00	\$896,910.00	\$1,003,307.00	\$1,058,420.00	\$1,053,613.00	\$210,736.49

Incorrect

STATS & FACTS

YEAR-OVER-YEAR TICKET SALES

Standard	2011	2012	2013	2014	2015	2016	2017
January	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
February	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
March	\$5,000.00	\$5,450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
April	\$5,499.00	\$0.00	\$5,000.00	\$5,500.00	\$5,500.00	\$11,999.00	\$6,500.00
May	\$15,981.00	\$18,743.00	\$22,223.00	\$28,359.00	\$35,915.00	\$21,724.00	\$26,106.00
June	\$65,698.00	\$70,289.00	\$78,248.00	\$67,514.00	\$56,048.00	\$53,358.00	\$50,754.00
July	\$118,181.00	\$85,712.00	\$82,612.00	\$84,972.00	\$80,740.00	\$71,911.00	\$60,305.00
August	\$84,640.00	\$90,276.00	\$66,034.00	\$87,747.00	\$83,926.00	\$56,403.00	\$92,619.00
September	\$78,644.00	\$75,266.00	\$69,884.00	\$60,717.00	\$59,651.00	\$46,883.00	\$0.00
October	\$65,809.00	\$58,766.00	\$51,357.00	\$51,604.00	\$37,954.00	\$43,905.00	\$0.00
Total Standard:	\$439,452.00	\$404,502.00	\$375,358.00	\$386,413.00	\$359,734.00	\$306,183.00	

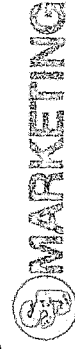
*Should be:
\$67,071.49*

THE POLAR EXPRESS

November	\$59,875.00	\$106,973.00	\$138,825.00	\$205,542.00	\$215,916.00	\$203,561.00
December	\$179,233.00	\$295,138.00	\$382,727.00	\$411,352.00	\$482,770.00	\$543,869.00
YTD						\$106,380.00
Total Polar:	\$239,108.00	\$402,111.00	\$521,552.00	\$616,894.00	\$698,686.00	\$747,430.00

Total Revenue:	\$678,560.00	\$806,613.00	\$896,910.00	\$1,003,307.00	\$1,058,420.00	\$1,053,613.00
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9/13/17



Gabriel Willaman Railroad Construction
2348 Clementine Lane
Reno, Nevada 89521
(775) 815-8756
Nevada Contractor's License #77199
25-Sep-12

PROPOSAL FOR:

VTRW 2013-2015 TRACK MAINTENANCE SERVICES – COST SCHEDULE (Per Calendar Year)

ITEM	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	COST
<u>BASIC SERVICES</u>					
1	Once Weekly On-Track Inspection & Light Maintenance	DAY	21	\$625.00	\$13,125.00
2	Once Weekly On-Track Inspection without Maintenance	DAY	21	\$550.00	\$11,550.00
3	Track Maintenance: 2-Man Maintenance Crew	DAY	5	\$750.00	\$3,750.00
4	Track Maintenance: 3-Man Maintenance Crew	DAY	5	\$1,140.00	\$5,700.00
5	Linehan Road Crossing Signal Inspection & Testing Services	MONTH	12	\$275.00	\$3,300.00
6	Vegetation Control: Application of Pre-Emergent on 12.2 miles of railroad roadbed	LS	1	\$9,000.00	\$9,000.00
SUBTOTAL:					\$46,425.00
<u>SPECIAL SERVICES AS DIRECTED</u>					
7	Additional On-Track Special Inspection Without Maintenance per inspection as directed (Heat or Weather Inspection).	EA	4	\$300.00	\$1,200.00
8	Additional Track Maintenance Day, 2-Man Maintenance Crew per day as directed.	DAY	4	\$750.00	\$3,000.00
9	Additional Track Maintenance Day, 3-Man Maintenance Crew per day as directed.	DAY	4	\$1,140.00	\$4,560.00
10	Additional Track Maintenance Day, 4-Man Maintenance Crew per day as directed (to establish price)	DAY	0	\$1,570.00	\$0.00
11	Rail Welding & Grinding per day as directed	DAY	2	\$850.00	\$1,700.00
SUBTOTAL:					\$10,460.00
TOTAL ESTIMATED COST PER YEAR:					\$56,885.00

Gabriel Willaman Railroad Construction
2348 Clementine Lane
Reno, Nevada 89521
(775) 815-8756

Nevada Contractor's License #77199

September 25, 2012

Dwight C. Millard - Chairman
Nevada Commission for the Reconstruction of the V&T Railway
1900 South Carson Street, Suite #100
Carson City, Nevada 89701

Ref: Virginia & Truckee Railway Reconstruction,
Proposal for 2013-2015 Track Maintenance Services

Dear Dwight:

We are pleased to submit this proposal to the Nevada Commission for Reconstruction of the V&T Railway (Commission) for the extension of the Track Maintenance Services Contract for the Commission's track from Gold Hill to Carson City, including the track to Eureka, for a three (3) year period for calendar years 2013 through 2014.

We are proposing that all the Terms and Conditions included in the 2012 Track Maintenance Contract between the Commission and Mike Willaman Track Construction remain in effect except as modified by this proposal as follows:

SCOPE-OF SERVICES

We are proposing to conduct the BASIC and SPECIAL SERVICES for track inspections and maintenance as identified on the attached COST SCHEDULE for the amounts indicated in support of the train operations on the Commission's Track from Gold Hill to Eureka. Please note that we will only proceed with the Special Services work upon authorization from the Commission or from their designated representative.

Materials, sub-contractors or equipment rental will be charged at cost plus 20% as approved in advance by the Commission or their designated representative. Costs for the Vegetation Control work are subject to change based on material price fluctuations.

We are looking forward to continuing our work on this project and working closely with the Commission to ensure continued successful train operations on the VTRW track. If you have any questions, please don't hesitate to call.

Sincerely,

Gabe Willaman

cc: Mike Rowe – Rowe & Hales

Gabriel Willaman Railroad Construction
PO Box 19067
Reno, Nevada 89511
(775) 815-8756 **Nevada Contractor's License #77199**

December 2, 2015

Dwight C. Millard - Chairman
Nevada Commission for the Reconstruction of the V&T Railway
1900 South Carson Street, Suite #100
Carson City, Nevada 89701

Ref: Virginia & Truckee Railway Reconstruction,
Proposal for ~~2013-2015~~ Track Maintenance Services
2016-2019

Dear Dwight:

We are pleased to submit this proposal to the Nevada Commission for Reconstruction of the V&T Railway (Commission) for the extension of the Track Maintenance Services Contract for the Commission's track from Gold Hill to Carson City, including the track to Eureka, for a three (3) year period for calendar years 2016 through 2019.

We are proposing that all the Terms and Conditions included in the 2015 Track Maintenance Contract between the Commission and Gabriel Willaman Track Construction remain in effect except as modified by this proposal as follows:

SCOPE-OF SERVICES

We are proposing to conduct the BASIC and SPECIAL SERVICES for track inspections and maintenance as identified on the attached COST SCHEDULE for the amounts indicated in support of the train operations on the Commission's Track from Gold Hill to Eureka. Please note that we will only proceed with the Special Services work upon authorization from the Commission or from their designated representative.

Materials, sub-contractors or equipment rental will be charged at cost plus 20% as approved in advance by the Commission or their designated representative. Costs for the Vegetation Control work are subject to change based on material price fluctuations.

We are looking forward to continuing our work on this project and working closely with the Commission to ensure continued successful train operations on the VTRW track. If you have any questions, please don't hesitate to call.

Sincerely,



Gabe Willaman

cc: Mike Rowe – Rowe & Hales

INDEPENDENT TRACK MAINTENANCE SERVICES CONTRACT

This Independent Track Maintenance Services Contract (“Contract”) is made by and between Gabriel Willaman Railroad Construction (“Contractor”) and the Nevada Commission for the Reconstruction of the V&T Railway (“Commission”), effective the 1st day of January, 2013, notwithstanding an earlier or later date of signature by Contractor and Commission.

W I T N E S S E T H

WHEREAS, Contractor owns and operates a business which provides, among other things, railroad track inspection and railroad track and right-of-way maintenance services; and

WHEREAS, the Commission is desirous of retaining Contractor to provide the Track Maintenance Services, Linehan Road Crossing Signal inspection and testing, and vegetation control, as well as the Special Services as directed by the Commission (“Services”), to the Commission for the Commission’s railroad track constructed between Carson City and Gold Hill, Nevada for the 2013, 2014 and 2015 operating seasons; and

WHEREAS, Contractor agrees to perform the Services pursuant to the Description of Work (Scope of Services) set forth in Section 1 of this Contract; and

WHEREAS, Contractor agrees to perform the basic services and vegetation abatement services on the specific authorization by the Commission; and

WHEREAS, on 14 January 2013 the Commission reviewed and approved of Contractor’s Scope of Services, or work to be performed, for the 2013, 2014 and 2015 operating seasons; and

WHEREAS, Contractor agrees to perform the work and services set forth in this Contract, on the specific authorization by the Commission, as hereinafter provided.

NOW, THEREFORE, for and in consideration of the above-stated recitals, each of which is incorporated into this Contract as if set forth in full, and upon the following mutual promises, conditions and covenants to be kept by the Contractor and the Commission, it is agreed by and between the Contractor and the Commission as follows:

Section 1: Description of Work (Scope of Services):

A. Basic and Special Services: Contractor has proposed, and the Commission has accepted Contractor’s proposal, to provide Basic and Special Track Maintenance Services on the Commission’s track between Carson City and Gold Hill, Nevada; Special Services to be provided only on the Commission’s specific request and authorization therefor. The services to be provided are as set forth in Exhibit A to this Contract. Exhibit A consists of Contractor’s “Proposal for 2013-2015 Track Maintenance Services” (Page 1, Exhibit A) and Contractor’s “Cost Schedule (per

calendar year)” (Page 2, Exhibit A).

B. Vegetation Control: Contractor has also proposed and the Commission has accepted the Contractor’s proposal to provide vegetation abatement services on the track and in the railroad right-of-way owned by the Commission. The description of work or scope of services to be provided by Contractor to the Commission for vegetation abatement are as set forth in Exhibit A.

Section 2: Contractor’s Payment:

The payment to the Contractor shall be as set forth in Exhibit A. The Commission has approved of an annual amount for the Basic and Special Services as set forth in Exhibit A to this Contract, or \$46,425.00 per year for Contractor’s Basic Services.

The Commission has approved of a budget for Contractor’s Special Services, provided only at the direction of the Commission, as set forth in Exhibit “A” to this Contract, or \$10,460.00 per year for Contractor’s Special Services as directed by the Commission.

Contractor agrees to invoice the Commission on a monthly basis for such services as are provided in the preceding 30 days. Contractor’s services will be paid by the Commission within thirty (30) days of receipt of an invoice from Contractor. The Contractor agrees to invoice the Commission for the basic and special track maintenance services in accordance with the prices delineated on Exhibit A to this Contract. Contractor’s services will be paid by the within thirty (30) days of receipt of an invoice from Contractor.

Section 3: Time of Performance:

Contractor will commence work on or after the parties’ acceptance of and signature on this Contract. Contractor’s Basic Services shall be provided to the Commission through 31 December 2015 at a cost of \$46,425.00 per year. Contractor’s Special Services will be provided to the Commission only on an authorization by the Commission and paid at Contractor’s prices for Special Services set forth on Exhibit A to this Contract not to exceed \$10,460.00 per year.

Section 4: Relationship of the Parties:

The parties to this Contract agree that Contractor is a professional entity, and that the relationship created by this Contract is that of employer-independent contractor. Contractor is not an employee of the Commission, and is not entitled to the benefits provided by the Commission to its employees, including, but not limited to, any benefit which would be provided by a public employer to a public employee within the State of Nevada such as group insurance and public employees’ retirement enrollment. Contractor may practice its profession for others during those periods when Contractor is not performing work under this Contract for the Commission. The Commission may, during the term of this Contract, engage other independent contractors to perform the same work that Contractor performs hereunder. Contractor and Commission agree that for the

necessary administrative and routine oversight issues, this function will be provided to the Contractor by the Commission's project engineer, Manhard Consulting, Ltd.

Section 5: Limitation on Delegation:

The work and services provided for in this Contract shall be performed by Contractor, and no person other than regular associates or employees of Contractor shall be engaged in such work or in performance of such Services except upon written approval of the Commission.

The Commission has approved of a budget for Contractor's Special Services, provided only at the instruction of the Commission, as set forth in Exhibit A to this Contract, or \$10,460.00 for Contractor's Special Services as directed by the Commission.

Section 6: Insurance and Hold Harmless:

The Contractor and Commission agree that the Commission provides no benefit, including any form of insurance, to Contractor. Contractor agrees to maintain such insurance as will fully protect both Contractor and the Commission from any and all claims under any worker's compensation act or employers' liability laws, and from any and all other claims of whatsoever kind or nature for the damage to property or for personal injury, including death, made by any person whomsoever, that may arise from operations carried on under this Contract either by Contractor or any person either directly or indirectly engaged or employed by Contractor.

Contractor agrees to indemnify the Commission and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of this Contract or any occurrence in, upon or at the location(s) where the Commission's railroad track is located during the course of Contractor's work pursuant to this Contract which may be occasioned wholly or in part by any act or omission of Contractor, its agents, contractors, employees, servants, sub-lessees or concessionaires. In case the Commission shall, without fault on its part, be made a party to any litigation commenced by or against Contractor, then Contractor shall hold the Commission harmless and shall pay all costs, expenses and reasonable attorney's fees incurred or paid by the Commission in connection with such litigation. Contractor shall also pay all costs, expenses and reasonable attorney's fees that may be incurred or paid by the Commission in enforcing the covenants and agreements in this Contract.

To the fullest extent of NRS Chapter 41 liability limitations, each party shall indemnify, hold harmless and defend, not excluding the other's right to participate, the other from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorneys' fees and costs, caused by the negligence, errors, omissions, recklessness or intentional misconduct of the party, its officers, employees and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described herein. This indemnification obligation is conditioned upon the performance of the duty of the party seeking indemnification (indemnified

party), to serve the other party (indemnifying party) with written notice of actual or pending claim, within 30 days of the indemnified party's notice of actual or pending claim or cause of action. The indemnifying party shall not be liable for reimbursement of any attorney's fees and costs incurred by the indemnified party due to said party exercising its right to participate with legal counsel.

The parties do not waive and intend to assert available NRS Chapter 41 liability limitations in all cases. Agreement liability of both parties shall not be subject to punitive damages. Actual damages for any Commission breach shall never exceed the amount of funds which have been appropriated for payment under this Contract, but not yet paid.

Prior to this Contract becoming effective, Contractor has supplied to the Commission proof that Contractor has furnished for the calendar year from 31 August 2012 to 31 August 2013 a Certificate of Liability Insurance (Exhibit B hereto). Contractor will maintain throughout the term of this Contract such general liability and property damage insurance as shall protect Contractor and any of Contractor's subcontractors, agents, employees and/or invitees performing work covered by this Contract from claims based upon bodily injury, sickness, disease, death or property damage arising or resulting from Contractor's performance, or the performance by any subcontractor, person, firm, agent, invitee or employee directly or indirectly employed by Contractor. Contractor shall procure insurance in the amount of TWO MILLION DOLLARS (\$2,000,000) combined single limit per occurrence for bodily injury, death and property damage, and provide the Commission with a certificate evidencing such coverages naming the Commission as an additional insured.

The Contractor shall maintain the required insurance coverages throughout the term of this Contract and require that the Contractor's carrier notify the Commission at least thirty (30) days prior to modification or cancellation of such insurance. Any insurance carried by the Commission shall be considered excess insurance and shall not contribute to any loss covered by Contractor's insurance or Contractor's obligations under this Contract.

In addition, Contractor shall purchase and maintain throughout the term of this Contract such worker's compensation insurance as required by the State of Nevada to protect Contractor from claims which may arise out of or result from Contractor's performance of work under this Contract, whether such work is performed by the Contractor or by any subcontractor, agent, invitee, firm or person directly or indirectly employed by Contractor, or employed by anyone else for whose acts any of the Contractor's or Contractor's subcontractors, agents, employees, invitees, firm or employees may be liable. Contractor shall be required to provide evidence of such worker's compensation insurance to the Commission at the time of execution of this Contract. Contractor's worker's compensation insurance carrier shall be required to notify the Commission at least thirty (30) days prior to modification or cancellation of such insurance.

CONTRACTOR AGREES TO RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS COMMISSION FOR, FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, CLAIMS, DEMANDS, ACTIONS, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS AND ATTORNEY'S FEES) (COLLECTIVELY,

"LOSSES") (a) CAUSED BY OR ARISING FROM, IN WHOLE OR IN PART, ANY ACT OR OMISSION OF USE, OR (b) ANY BREACH BY CONTRACTOR OF THIS CONTRACT, OR (c) FOR PERSONAL INJURY TO OR DEATH OF CONTRACTOR'S EMPLOYEES, AGENTS, OR SUBCONTRACTORS OCCURRING WHILE SUCH PERSON IS ON OR ABOUT THE COMMISSION'S TRACK. THE FOREGOING RELEASE AND INDEMNITY SHALL APPLY REGARDLESS OF ANY NEGLIGENCE OR STRICT LIABILITY OF COMMISSION EXCEPT TO THE EXTENT THE LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF COMMISSION.

THE COMMISSION AGREES TO RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS CONTRACTOR FOR, FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, CLAIMS, DEMANDS, ACTIONS, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS AND ATTORNEY'S FEES) (COLLECTIVELY, "LOSSES") (a) CAUSED BY OR ARISING FROM, IN WHOLE OR IN PART, ANY ACT OR OMISSION RELATED TO THE CONSTRUCTION OF THE COMMISSION'S TRACK. THE FOREGOING RELEASE AND INDEMNITY SHALL APPLY REGARDLESS OF ANY NEGLIGENCE OR STRICT LIABILITY OF CONTRACTOR EXCEPT TO THE EXTENT THE LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CONTRACTOR.

Section 7: Anti-Assignment:

Neither this Contract nor any interest herein, or claim hereunder, shall be assigned or transferred by Contractor to any other party or parties without the prior express written content of the Commission.

Section 8: Term:

This Contract shall be in force and effect for a period of time from 1 January 2013 through 31 December 2015, and for such additional time as may be required by Contractor to provide the Special Services requested and authorized by the Commission to, and including, 31 December 2015.

Section 9: Licenses

During the entire term of this Contract, and during any renewed term of this Contract, Contractor shall always maintain, in good standing, the Contractor's contractor's license issued by the Nevada State Contractors Board. Contractor shall also maintain, in good standing, Contractor's Nevada State Business License for the entire term, and any renewed term, of this Contract. Copies of Contractor's contractor's license and Nevada State Business License are attached hereto as Exhibit "C". Upon renewal of either the Contractor's contractor's license or Nevada State Business License, Contractor shall, within 15 days of such renewal, provide copies of the renewed licenses to the Commission.

Section 10: Option to Renew:

The Commission and Contractor agree that at the conclusion of the Commission's 2015 train operations, and provided that the Commission or its designee intends to conduct train operations on the Commission's track in 2016, Contractor shall have the option to renew this Contract for an additional three years through 31 December 2018.

The Contractor and the Commission agree that this Contract may be cancelled by the Commission if Contractor is notified by the Commission in writing, 30 days before the end of any year of the term of this Contract, that the Commission has not generated sufficient revenues to pay for all of the Commission's responsibilities for train operations, including track maintenance, for the ensuing year.

Contractor's option to renew this Contract may be exercised only when Contractor is notified by the Commission, in writing, 30 days before the end of the year 2015, that the Commission has generated sufficient revenues to pay for all of the Commission's responsibilities for train operations, including track maintenance, for the first year of the renewed term of this Contract, or for the year 2016.

For all years of the option or renewed term, the Commission shall notify Contractor within 30 days before the end of any year of a term of this Contract, or any renewed term, that the Commission has, or has not, generated sufficient revenues to pay for all of the Commission's responsibilities for train operations, including track maintenance.

Contractor and Commission agree that if, at the end of any year of the term, or renewed term, of this Contract the Commission has determined that operational losses have been sustained from the preceding year's operating season, the Commission may, on 30 day written notice to Contractor, reduce the number of Basic and/or Special Services provided by Contractor to the Commission in the following year.

Provided, however, that the Commission may, after any year's operating season, provide 30 days written notice to Contractor that it intends to cancel the Contract for the remaining portion of the term, or renewed term, of the Contract, but only if the Commission suffers operational losses or it is otherwise unable to maintain train operations. In the event that the Commission notifies Contractor on 30 days notice that the Commission will cease all excursion train operations on the Commission's track, Contractor and Commission agree that Commission may cancel or terminate this Contract or any renewed term (any option year) of this Contract.

Section 11: Place of Work:

It is agreed by Contractor and Commission that Contractor's services will be rendered at or around the Commission's railroad track extending from Gold Hill to Carson City, Nevada. Contractor and the Commission agree that Contractor may, on request, be required to perform

services at such other places as designated by the Commission.

Section 12: Notices

Any notice required to be provided by this Contract to the parties shall be deemed given when mailed by U.S. Mail, certified mail return receipt requested, or personally delivered.

Gabriel Willaman Railroad Const.
Attn: Gabriel Willaman
2348 Clementine Lane
Reno, NV 89521

Kenneth L. Dorr, PE
Manhard Consulting, Ltd.
3476 Executive Pointe Way, Ste. 12
Carson City, NV 89706

With Copy to:

Michael Smiley Rowe, Esq.
Rowe Hales Yturbide, LLP
1638 Esmeralda Avenue
Minden, NV 89423

Section 13: Miscellaneous

- A. The Contractor and the Commission represent to each other that each has separately read this Contract, has had it fully explained to them by counsel or advisors of their own choosing, each is fully aware of the contents of this document, and each has independently verified all of the data in the exhibit to this Contract.
- B. Contractor and the Commission agree to make, sign, seal, execute and deliver any and all documents or instruments necessary to carry into full force and effect this Contract.
- C. If any portion of this Contract shall be void, voidable or unenforceable, the balance of this Contract shall be deemed severed therefrom and enforceable.
- D. This Contract contains the entire agreement between Contractor and the Commission and the terms of this Contract are contractual and not mere recitals. This Contract shall be binding upon the Contractor and the Commission, and each, every and all of their agents, servants, representatives, attorneys, successors, assigns, executors, administrators, heirs and next of kin. This Contract supercedes any and all prior written or oral agreement between the parties. There are no representations or warranties by either of the parties hereto other than those expressly set forth in this Contract.
- E. This Contract shall be governed and construed in accordance with the laws

of the State of Nevada as they exist from time to time. Venue of any proceedings regarding this Contract shall be in Carson City, Nevada.

- F. No modification or waiver of any of the terms of this Contract shall be valid unless it is in writing and signed by both the Contractor and the Commission. No waiver of any breach of or default under this Contract shall be deemed a waiver of any subsequent breach or default of the same or similar nature.
- G. In the event that either party hereto shall fail to comply with any of the terms, conditions or covenants herein contained, the aggrieved party hereto shall be entitled to utilize any and all remedies at law and in equity the aggrieved party shall have against the defaulting/breaching party.
- H. In the event that suit is brought to enforce the provisions of this Contract or to collect damages for any breach of this Contract, the prevailing party shall be entitled to recover their litigation costs, including reasonable attorney's fees. Such shall include appeal.
- I. This Contract may be executed in any number of counterparts, facsimile or electronic signatures are accepted as executions of the original, each of which shall be deemed an original but all of which shall constitute one and the same instrument; but in making proof of this Contract, it shall not be necessary to produce or account for more than one such counterpart. It is not necessary that each party hereto execute the same counterpart so long as identical counterparts are executed by all parties.

Dated this ____ day of _____, 2013.

Dated this 25 day of March, 2013.

Gabriel Willaman Railroad Construction

Nevada Commission for the Reconstruction of
the Virginia & Truckee Railroad

by: _____
GABRIEL WILLAMAN

by: 
DWIGHT MILLARD, Chairman

Gabriel Willaman Railroad Construction
2348 Clementine Lane
Reno, Nevada 89521
(775) 815-8756

Nevada Contractor's License #77199

September 25, 2012

Dwight C. Millard - Chairman
Nevada Commission for the Reconstruction of the V&T Railway
1900 South Carson Street, Suite #100
Carson City, Nevada 89701

Ref: Virginia & Truckee Railway Reconstruction,
Proposal for 2013-2015 Track Maintenance Services

Dear Dwight:

We are pleased to submit this proposal to the Nevada Commission for Reconstruction of the V&T Railway (Commission) for the extension of the Track Maintenance Services Contract for the Commission's track from Gold Hill to Carson City, including the track to Eureka, for a three (3) year period for calendar years 2013 through 2014.

We are proposing that all the Terms and Conditions included in the 2012 Track Maintenance Contract between the Commission and Mike Willaman Track Construction remain in effect except as modified by this proposal as follows:

SCOPE-OF SERVICES

We are proposing to conduct the BASIC and SPECIAL SERVICES for track inspections and maintenance as identified on the attached COST SCHEDULE for the amounts indicated in support of the train operations on the Commission's Track from Gold Hill to Eureka. Please note that we will only proceed with the Special Services work upon authorization from the Commission or from their designated representative.

Materials, sub-contractors or equipment rental will be charged at cost plus 20% as approved in advance by the Commission or their designated representative. Costs for the Vegetation Control work are subject to change based on material price fluctuations.

We are looking forward to continuing our work on this project and working closely with the Commission to ensure continued successful train operations on the VTRW track. If you have any questions, please don't hesitate to call.

Sincerely,

Gabe Willaman

cc: Mike Rowe – Rowe & Hales

Gabriel Willaman Railroad Construction
 2348 Clementine Lane
 Reno, Nevada 89521
 (775) 815-8756
 Nevada Contractor's License #77199
 25-Sep-12

PROPOSAL FOR:
VTRW 2013-2015 TRACK MAINTENANCE SERVICES – COST SCHEDULE (Per Calendar Year)

ITEM	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	COST
BASIC SERVICES					
1	Once Weekly On-Track Inspection & Light Maintenance	DAY	21	\$625.00	\$13,125.00
2	Once Weekly On-Track Inspection without Maintenance	DAY	21	\$550.00	\$11,550.00
3	Track Maintenance: 2-Man Maintenance Crew	DAY	5	\$750.00	\$3,750.00
4	Track Maintenance: 3-Man Maintenance Crew	DAY	5	\$1,140.00	\$5,700.00
5	Linehan Road Crossing Signal Inspection & Testing Services	MONTH	12	\$275.00	\$3,300.00
6	Vegetation Control: Application of Pre-Emergent on 12.2 miles of railroad roadbed	LS	1	\$9,000.00	\$9,000.00
SUBTOTAL:					\$46,425.00
SPECIAL SERVICES AS DIRECTED					
7	Additional On-Track Special Inspection Without Maintenance per inspection as directed (Heat or Weather Inspection).	EA	4	\$300.00	\$1,200.00
8	Additional Track Maintenance Day, 2-Man Maintenance Crew per day as directed.	DAY	4	\$750.00	\$3,000.00
9	Additional Track Maintenance Day, 3-Man Maintenance Crew per day as directed.	DAY	4	\$1,140.00	\$4,560.00
10	Additional Track Maintenance Day, 4-Man Maintenance Crew per day as directed (to establish price)	DAY	0	\$1,570.00	\$0.00
11	Rail Welding & Grinding per day as directed	DAY	2	\$850.00	\$1,700.00
SUBTOTAL:					\$10,460.00
TOTAL ESTIMATED COST PER YEAR:					\$56,885.00