

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

Monday, February 6, 2006 - 3:00 p.m.

NACO Building - 201 South Roop Street – SECOND FLOOR CONFERENCE ROOM
Carson City, Nevada 89701

MEETING MINUTES

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

3:00 P.M. CALL TO ORDER

Chairman Hadfield called the meeting of the Commission for the Reconstruction of the V&T Railway to order at 3:00 pm. He welcomed everyone present and then called for the roll.

1. ROLL CALL

Kevin Ray called the roll.

PRESENT:

Commissioner Robert Hadfield
Commissioner John Flanagan
Commissioner Ron Allen
Commissioner Janice Ayres
Commissioner Marv Teixeira
Commissioner Bonnie Weber (joined later)
Commissioner Jim Baushke

ABSENT:

Commissioner John Tyson
Commissioner Chet Hillyard

Also Present:

Michael Rowe, Legal Counsel
Kevin Ray, Project Coordinator

It was 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 Chairman asked that item number 14 be heard after item number 5. Counsel Rowe stated that he would like to combine items 8 & 9. Ken Dorr expressed he would assist in presenting Item 8. Chairman called for the approval of the agenda as amended. Commissioner Baushke made the motion to approve the adjusted agenda and Commissioner Allen seconded it. The Chairman called the question, the motion carried and was so ordered.

3. ACTION TO APPROVE THE MINUTES OF DECEMBER 5, 2005 AND JANUARY 13, 2006

Chairman Hadfield called for changes or discussion on the minutes of December 5, 2005. Counsel gave corrections in writing to Kevin and Brenda will correct. Commissioner Allen made the motion to accept both sets of minutes as amended. The motion was seconded by Commissioner Baushke. The Chairman called the question, the motion carried and was so ordered.

4. **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 comments on non-agendized items and there were none stated.

5. **COMMISSIONERS CONSENT AGENDA:** *ALL MATTERS LISTED UNDER THE CONSENT AGENDA ARE CONSIDERED ROUTINE AND MAY BE ACTED UPON BY THE COMMISSION WITH ONE ACTION AND WITHOUT AN EXTENSIVE HEARING. ANY MEMBER OF THE COMMISSION OR ANY CITIZEN MAY REQUEST THAT AN ITEM BE TAKEN FROM THE CONSENT AGENDA, DISCUSSED AND ACTED UPON SEPARATELY DURING THIS MEETING.*

5.1. ACTION TO RATIFY THE PAYMENT OF BILLS SUBMITTED

Chairman reviewed the consent agenda with the bills submitted totaling \$105,362.55. He asked

Kevin if it was a complete list, to which Kevin said yes. Commissioner Ayres made the motion to ratify the payment of bills submitted and it was seconded by Commissioner Baushke. The Chairman called the question, the motion carried and was so ordered.

****END OF CONSENT AGENDA****

14. **OPERATING COMMITTEE REPORT INCLUDING DISCUSSION AND POSSIBLE ACTION TO APPROVE FUNDING TO MOVE AND RESTORE ROLLING STOCK - RON ALLEN**

Commissioner Allen discussed the five Southern Pacific cars they purchased from the Golden Gate Railroad Museum in San Francisco. They purchased all five cars for \$25,500. He explained that the cars needed to be moved by February 15th. They are working on a deal with Portola Railroad Museum and Union Pacific Railroad so Portola Railroad Museum can run what is called a "Hospital Train" from San Francisco to Portola. The cars would have to meet some standards in order to run them on the tracks. The Portola Railroad Museum is the ones they contracted with to move the cars and they will have to prep and get the cars to ready for the move. Commissioner Allen stated that this item has two parts. (1) Is an agreement to do all work in regards to servicing and readying the cars for moving at a cost of approximately \$3,000 - \$4,000. (2) Is an agreement to move the cars at \$5,000 per car. He stated that he didn't have the agreements at this time. Commissioner Allen discussed the description and the usage of the cars and the costs of prepping and moving the cars to Carson City and the steps that needed to be taken in getting the cars ready for transport. After explaining the facts, Commissioner Allen asked for approval and for Chairman Hadfield's signature on the agreement to prep and move the cars to Portola for up to \$4,000. Commissioner Teixeira clarified that they had \$25,000 to purchase the cars, \$4,000 to get them ready to move and were looking at another \$25,000 to get them to Portola. He then asked how much it would be to get them from Portola to Carson. Commissioner Allen said he didn't have those figures but based on moves he has been involved with in the past he guessed about \$1,000 per car. Commissioner Teixeira then made a motion to approve the agreement for approximately \$4,000 to do the prep work on the 5 cars and to get them ready for transport from San Francisco to Portola. Counsel Rowe asked if that included the authorization for Chairman Hadfield to sign the agreement. Commissioner Teixeira said yes. Commissioner Baushke seconded the motion. The Chairman called the question, the motion carried and was so ordered. Commissioner Allen then went to the second part of approving the Chairman to sign

the agreement to move the cars at \$5,000 each. The Feather River Rail Society was the one contracting with Portola Railroad Museum to do the move. Commissioner Allen explained who would be on the train and the security of it during the move. Commissioner Baushke asked about the Commission's liability in this move. Counsel Rowe said they could get a rider on the insurance to cover the move. Storage of the cars in Portola was asked about, and discussed. Commissioner Allen said that Portola Railroad Museum would like a contract to restore the cars and if they did, storage would be free. There was discussion on the Realtor's \$50,000 that was earmarked to purchase and/or restore the car(s). Commissioner Baushke asked if the \$50,000 could be used for other than restoration. Steve Lincoln with the Realtor said the \$50,000 from the Realtors was for restoration but it could be used for transport as long as when the cars run on the track, the Realtors have recognition on the cars through advertising. Commissioner Teixeira made the motion to approve giving authorization for the Chairman to sign the contract for approximately \$25,000 to transport the five cars San Francisco to Portola with the provision that the Commission be held harmless for any liability that may happen in transport. Commissioner Ayres seconded the motion. Chairman called the question, the motion carried and was so ordered.

Commissioner Weber arrived and joined the meeting.

Counsel Rowe gave recognition to Steve Lincoln for all the help he has provided them.

6 REVIEW STATUS OF REMAINING RAIL, TIES AND RELATED EQUIPMENT FROM RETRAC PROJECT NOW OWNED AND STORED BY THE COMMISSION, AND DISCUSSION AND POSSIBLE ACTION REGARDING REPORT AND RECOMMENDATIONS FROM THE COMMISSION'S ENGINEER ABOUT THE USEFULNESS OF THE RETRAC MATERIAL FOR THE RECONSTRUCTION PROJECT. THE COMMISSION MAY DECIDE TO SALVAGE THE REMAINING ITEMS, USE PART AND SALVAGE PART, OR RETAIN THE ENTIRE AMOUNT OF THE RETRAC MATERIAL. SHOULD THE COMMISSION DECIDE TO SALVAGE ALL OR PART OF THE RETRAC RAIL AND RELATED EQUIPMENT, THE COMMISSION MAY AUTHORIZE A CONTRACT FOR SUCH WORK WITH GRIFFIN GROUP, LLC ON TERMS ACCEPTABLE TO THE COMMISSION. – KEN DORR, CAPITAL ENGINEERING

Ken Dorr, Capital Engineering and Joe Hattrup, Griffin Group were to make this presentation. Ken Dorr stated that because of Kim Fegert from the Gold Hill Historical Society, and other donations they had material, such as rail and ties, in three locations. American Flats, Gold Hill and Moundhouse on Art Wilson's yard. Some of the material was used in Phase 1, and what is left needs to be gone through and either salvaged, scrapped. The types of material and if they were usable was discussed. The ownership of the materials in the three sites was discussed. The material at American Flats is all the Commission's material and the material at Gold Hill and Moundhouse will have to be inventoried and ownership identified. The option before the Commission is do they want to salvage some of it, scrap all of it, or use a combination of scrapping and salvage. The good and bad percentages of the materials were discussed. Ken Dorr said he would like to work with Joe Hattrup of the Griffin Group to work on a proposal as to what to do and bring it back to the Commission for review. Chairman Hadfield clarified that the Griffin Group was proposing to go through the material, sort it out and save what was good and scrap the rest. The Griffin group would sale the scrap and the Commission would get good material at no cost. Counsel Rowe will take care of t he contract with the Commission's permission. The Griffin Group will donate some of the material back and sell the extra to make a profit for themselves. The options were discussed among all parties. Commissioner Allen made the motion to authorize the Chairman to sign an agreement between the Commission and the Griffin Group to sort, purchase and/or trade the railroad material and pieces, based on the recommendation of the engineer and written by Counsel. Commissioner Weber seconded the motion. Chairman called for public comments and Kim Fegert of Gold Hill Historical

Society commented on the most efficient use of the rail. He thought they would be getting the best value and in exchange would get material they could use. Chairman then called the question on the motion, the motion carried and was so ordered.

7. DISCUSSION AND POSSIBLE ACTION TO RETAIN STONE CONSULTING & DESIGN, INC. TO ASSIST IN THE DRAFTING OF A REQUEST FOR PROPOSAL, IN CONTACTING AT LEAST FIVE QUALIFIED POTENTIAL OPERATORS, AND IN ASSISTING THE COMMISSION IN SELECTING A QUALIFIED OPERATOR OF THE RECONSTRUCTED RAILROAD BETWEEN VIRGINIA CITY AND CARSON CITY.

On November 18, 2005 the Commission was presented with a proposal from Stone Consulting & Design to assist in the drafting of a RFP. At the December 5, 2005 meeting it was requested that Counsel contact North West and on December 9, 2005 he received a letter from North West stating they were not interested in operating the railroad. Counsel was contacted by Great Lakes Railcar and sent them an outlined detail for the consultant position. They were not interested but friends who were. This brought them up the proposal from Virginkar & Associates dated January 3, 2006. There were two proposal received; Stone Consultants and Virginkar.

Stone Consultants fee is \$14,900. The review and recommendation for the top 2 or 3 for interview will be at a cost of \$3,000 and \$500 for each additional. If the Commission request Stone Consultants presents at meetings they will charge \$2,000 a day for on site assistance, which would include travel, housing, meals, etc. If they assist in the development of the actual agreement with an operator they would have fees ranging from \$100 to \$130 an hour depending on the level of service rendered. Virginkar in contrast said they would charge \$110 per hour with direct costs billed in addition. Plus a 10% fee. He went on to discuss the qualifications of both companies. Commissioner Ayres made a motion to engage Stone Consultant's proposal to do the RFP. Commissioner Teixeira asked that she amend her motion to be at a minimum of \$15,000. Counsel agreed on the amount and explained what services the Commission would receive for the \$14,900. Commissioner Ayres amended her motion and the motion was seconded by Commissioner Baushke. Chairman asked for any other commissioner comments. Then he asked for public comments. Peter Barton, NV State Railroad Museum said he hired Stone Consultant to do a major study years ago and they did a great job and thought the Commission couldn't do better in selecting them. Chairman then called the question on the motion and the motion carried and was so ordered.

Counsel Rowe said they had sent the proposal to him, he will contact them and get things going and will the Commission up to date on the progress.

(Items 8 & 9 were discussed together.)

8. REPORT ON RIGHT OF WAY AQCQUISITIONS - MICHAEL ROWE
9. REVIEW AND POSSIBLE ACTION REGARDING AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS; BWG, LTD., A NEVADA LIMITED LIABILITY COMPANY, SELLER. THE COMMISSION WILL CONSIDER AND ACT ON THE PROPOSED COMMISSION PURCHASE OF THAT PROPERTY COMMONLY KNOWN AS CARSON CITY ASSESSOR'S PARCEL NO: 08-521-62; 6343 HWY. 50 EAST, CARSON CITY, NV. SUBJECT TO THE TERMS AND PROVISIONS OF THE PURCHASE AGREEMENT. – MICHAEL ROWE

Counsel said item 9 was a done deal. They closed escrow on Friday afternoon (2/6). The Commission now owns the land and buildings on Parcel No. 08-521-62 at 6343 Highway 50 East in Carson City. Ken Dorr, Gary Luce and Jim McKew joined in for the Right of Way Acquisitions report. Counsel stated that all four of them and others on the engineering team attended a meeting on January 31st with NDOT Acquisition department. They were told at that meeting they could begin the acquisition process. Counsel has drafted a letter to all property

owners in Phase 2 and 2B. Ken Dorr stated that as part of the Shaw acquisition, the Commission authorized the preparation of a Phase 1 Environmental and GeoTechnical report to be done. They have those reports and he then asked Gary Luce to talk about them. Gary said there was nothing unexpected, there is some earthwork that needs to be done but there are no concerns from an environmental perspective. From the GeoTechnical perspective it is also very good. Ken then discussed the feasibility for the use of the Shaw building as a depot/roundhouse. Counsel said the appraisal on the property came back \$1,425,000.00 not \$1.5 million. He got the estimated settlement sheet and they paid with closing cost, \$1,433,000. Ken Dorr then went to item 8. They circulated two copies of the Right of Way Acquisition drawings Jim McKew prepared. He discussed those and then asked Jim to discuss them. Jim said they were working with 14 property owners who own 25 of the parcels. They have acquired 6 so far. They consist of 40 permanent right of way/access parcels, 21 temporary access, 34 slope easements, 4.8 miles of right of way and 2.8 miles of access roads. Commissioner Teixeira asked if they had a guesstimate on the acquisition cost to go forward. Ken said they guessed at \$600,000. Commissioner Teixeira asked them to consider acquiring the necessary parcels for putting up the bridge because that would be the best way to advertise and the best selling point to let the public know the railroad is going forward. Ken said they already have it covered. Discussion was held on what could or should be done in order to get a train moving. Michael Rowe explained the process they needed to follow and what they had so far. Ken Dorr explained what had to be done to get the plans done. He said their contract states they have to do a 60% design plan of Phase 2A and 2B which would take them to the Frehner Pit. When that was done, they would immediately go into the 60% design for the Right of Way for the remainder of Phase 2C which will take them down to the Parker parcel. The 60% plans and the right of ways will be done in about four months. He went on to explain the procedures which they hoped would be done and ready for bid sometime in October. Counsel Rowe discussed some items regarding Tunnel 2. He said there are a lot of things going on that have required his attention and they are moving forward.

10. REPORT ON PHASE 2-4 ENGINEERING WORK - KEN DORR - CAPITAL ENGINEERING

Ken Dorr said he covered most of this report already. He discussed the environmental and culture clearance item they have to deal with. Gary Luce said the Phase 2A & 2B falls within the original Fonzy and there shouldn't be any delays with the environmental process. He discussed his process for 2A, 2B and 2C. Gary said he was hoping that the process for him would be done about December of this year. Commissioner Teixeira asked for an approximate time frame. Gary said about two years max. Ken Dorr said that Phase 2A and 2B should be ready for bid in October if they get all the right of ways. Commissioner Allen asked where 2C ended at. Ken said at the Parker parcel. There was discussion on the tunnel and the time frame on it. Chairman called for public comments. Dr. Parker agreed that to get the bridge across the highway would be the best billboard for advertisement. He also expressed his hope for a temporary terminal at Highway 50. There was discussion on possibility of getting a sign put up. They would need the permission from property owners or from the NDOT to use their right of way. Steve Oxoby will check with NDOT.

11. REVIEW MEMORANDUM AND SUMMARY OF CLAIMS FOR CALENDAR YEAR 2005 WITH COMMISSION ACTION TO ACCEPT THE SUMMARY.

Counsel Rowe said there were no claims and that is what they want to see. Commissioner Allen made the motion to accept the Summary of Claims for Calendar Year 2005 and it was seconded by Commissioner Flanagan. Chairman called the question and the motion carried and was so ordered.

12. ACTION TO ADOPT A RESOLUTION TO AUGMENT AND AMEND THE COMMISSION FOR THE RECONSTRUCTION OF THE V & T RAILWAY FY 2005-06 BUDGET IN THE AMOUNT OF \$17,340,000.00. THE AUGMENTATION AND REVISION IS PRIMARILY DUE TO PROCEEDS OF LOCAL GOVERNMENT AND FEDERAL GRANTS MADE TO THE COMMISSION.

Tom Minton with Carson City discussed the revised budget. He said page one was the budget as filed. He divided it into a general fund and a capital projects fund. There were a number of adjustments that needed to be made. He went over some of the figures in the General Fund and explained them and discussed them with the Commissioners. He suggested they hold off on doing the formal augmentation until the June meeting after they get in most of the annual expenses. He suggested the Commission create a Capital Project fund and he explained and discussed this with the Commissioners. There was further discussion between the Commissioners on the budget. No action was needed on this item at this time.

13. DISCUSSION AND POSSIBLE ACTION ON STRATEGIES TO MORE EFFECTIVELY DIRECT FUNDS TOWARD CONSTRUCTION AND REDUCE NON CONSTRUCTION RELATED EXPENSES. – BOB HADFIELD

Chairman Hadfield stated that by the action early on the rail and ties being turned into money was an example of this item. He wanted a discussion among the Commissioners on the need to cut costs. Counsel said they would know the cost of Phase 2A and 2B soon. He expected receipt of the appraisal reports in 90 – 120 days. Chairman opened up a discussion by saying maybe they need to take a look at contracts and possibly start paying by task done. Kim Fegert discussed with the Commission his contract and what he does. He asked that his contract proposal be put on the March agenda.

15. NORTHERN NEVADA RAILWAY FOUNDATION REPORT - JANICE AYRES

Commissioner Ayres discussed the “Chinese Connection” event the Foundation was putting together. She updated everyone on the invitations and notification and order of the event. The event is scheduled for March 23, 2:00pm at the Railroad Museum. There will be a dinner at the Atlantis at 7:00p.m. She requested input from anyone by the end of the week. She then passed out a copy of the Newsletter put out by the Northern Nevada Railway Foundation.

16. GOLD HILL HISTORIC SOCIETY REPORT - KIM FEGERT

Kim Fegert reported that Granite Construction has about a \$6,000 gravel donation that is at Gold Hill. The gravel can be used to repair damage done by trespassers. There are also some boulders that can be used on the drainage problem. The Commission will have to make the decision to accept or decline both the gravel and boulders it at the next meeting. They have a trespasser problem, where some damage is being done. What is being proposed is, besides the gate already okayed at the crossing at Gold Hill, they would like to put up four more along the track. They discussed the locations on a map provided by Kim and what would have to be done to do that and how it would affect the property owners. They decided to hold off on putting up gates at this time until they had time to look into what can be done. The Commission instructed Kim not to put up gates until they had time to look into the issue. In regards to the trespassing signs the Kim discussed this with the Commission and Kim said he had contacted the Harold Swafford of Storey County, in regards to putting up signs. He discussed with him what type of signs they needed and he showed the Commission some samples of signs they could use. After a lengthily discussion, Kim was instructed to get all information to Counsel Rowe who will pursue the options they have. Ken Dorr said that Union Pacific handled this type of problem as a maintenance problem. Kim went ahead and reported on the quality control and said that the structure was sound. There was some erosion and settlement and because of all the moisture there is a culvert with

issues. He was told that the General Contractor will come up and fix that and they will be inspecting the whole structure as soon as they can schedule it.

17. STAFF REPORT - KEVIN RAY

Commissioner Weber had asked the Commission do a presentation to Washoe County Commission. Kevin, Chairman Hadfield and Commissioner Tyson did that and they presented an invoice requesting the \$25,000 and it has been received and deposited in the Commission's account.

18. COMMISSION CHAIRMAN REPORT - ROBERT HADFIELD

Chairman had nothing further to report.

19. FEDERAL AND STATE AGENCY COORDINATION - KEN DORR & STEVE OXOBY WITH POSSIBLE PRESENTATIONS FROM INVOLVED AGENCIES

There was nothing to report.

20. COMMISSIONER COMMENTS

Commissioner Baushke stated how amazed he was at how much had been accomplished since their last meeting and commended everyone for all their work.

Commissioner Teixeira had nothing.

Commissioner Weber thanked the staff for the presentation to the Washoe County Commission. She noted she had other commitments and would miss the March and April meetings.

Commissioner Allen thanked the Commission for all their support on the purchase of the cars and for getting them transported.

Commissioner Flanagan had nothing.

Commissioner Ayers discussed the reorganization of the Foundation and their plans upon getting their audit.

Commissioner Weber stated that the National Associations of Counties would be having their conference in August of 2010 in Reno.

21. PUBLIC COMMENTS: *Discussion may be limited to three minutes per person at the discretion of the chairman.*

Clyde Lippencott commented possibly looking into what they could do for publicity on Nevada Day.

22. ACTION ON THE NEXT COMMISSION MEETING

The next meeting of the Commission for the Reconstruction of the V&T Railway was confirmed for Monday, March 6, 2006 at 3:00 p.m. at the NACO Building.

23. ADJOURNMENT

This meeting of the Commission for the Reconstruction of the V&T Railway adjourned at 6:30 p.m.