

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

Monday, April 3, 2006 - 3:00 p.m.

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

MEETING

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.

Commissioner Weber called in on speaker phone.

3:00 P.M.

CALL TO ORDER

Chairman Hadfield called the meeting of the Nevada Commission for the Reconstruction of the V&T Railway to order at 3:07 p.m. He asked Kevin Ray to call the roll.

1. ROLL CALL

PRESENT:

Chairman Robert Hadfield
Vice-Chairman John Flanagan
Commissioner Tyson
Commissioner Ron Allen
Commissioner Bonnie Weber (via phone)
Commissioner Ayres
Commissioner Baushke

ABSENT:

Commissioner Teixeira
Commissioner Hillyard

ALSO PRESENT:

Counsel Michael Rowe
Kevin Ray, Project Coordinator

It was noted that there was a quorum

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 for additions and/or corrections to the agenda. With none stated the Chairman asked for approval of the Agenda. Commissioner Allen made the motion to accept and approve the Agenda, which was seconded by Commissioner Weber. The Chairman called the question and the motion carried and was so ordered.

Commissioner Tyson joined the meeting.

3. ACTION TO APPROVE THE MINUTES OF MARCH 6, 2006

The Chairman asked for any additions, changes or corrections to the Minutes of March 6, 2006. With none stated, the Chairman then called for approval of the minutes. Commissioner Allen made the motion to accept and approve the minutes March 6, 2006. Commissioner Ayres seconded the motion. The Chairman called the question and the motion carried and was so ordered.

Commissioner Baushke joined the meeting.

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.

There were no public comments on non-agendized items.

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

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

Chairman noted he had two bills to be added. One in the amount of \$53.55 for the purchase of train whistles that were bought for the Reception for Senator Reid and one for the amount of \$1800.+ for the Chinese Connection function. Kevin noted they were listed in the packet, but they were not listed under the consent agenda. There was a discussion on the method of paying Commission and Foundation bills. It was noted that the dinner for the Chinese connection was paid for by the Foundation but it was a Commission bill and the Foundation would be reimbursed. The Chairman then asked if there was any other discussion on the bills submitted under the Consent Agenda. Commissioner Allen made a motion to accept the Consent Agenda as presented. This motion was seconded by Commissioner Weber. Chairman Hadfield called the question and the motion carried and was so ordered. Commissioner Allen then made a motion that the bills for the whistles and the reimbursement to the Foundation for the dinner be tabled until the next meeting for action. This motion was seconded by Commissioner Weber. Chairman Hadfield called the question and the motion carried and was so ordered.

6. **DISCUSSION AND POSSIBLE ACTION TO ACCEPT THE BALLAST FROM GRANITE.**

Chairman Hadfield called for discussion and action on the Ballast that Granite wanted to donate. It was concluded the ballast was good, free of environmental problems and it met specs. Commissioner Tyson made a motion that they accept the donated ballast from Granite. Commissioner Baushke seconded the motion. The Chairman called the question, the motion carried and was so ordered.

7. **DISCUSSION AND POSSIBLE ACTION TO HIRE KAFOURY, ARMSTRONG & CO. FOR AUDITING SERVICES – TOM MINTON**

Tom Minton was not present and this item was skipped until he arrived or if he did not attend the meeting it would be held until the next meeting.

8. **DISCUSSION AND POSSIBLE ACTION ON CONTRACT WITH VIRGINIA & TRUCKEE RAILROAD COMPANY TO OPERATE ON PHASE 1 TRACK AND POSSIBLE ACTION TO HAVE STONE CONSULTING REVIEW VIRGINIA & TRUCKEE RAILROAD COMPANY CONTRACT.**

At the previous March meeting, Tom Gray of the V&T Railroad of Virginia City submitted a proposal to allow his company to run an engine on the 1.4 miles of new track built by the V&T Railway Commission. Counsel Rowe said the proposal to do so, would not only test the track but it would be in compliance to the FHWA guidelines to use the track in accordance with the stipulations of the ISTEA funds. Mr. Gray explained his contract and it was discussed with and among the Commissioners. It was decided that it would be good to run an engine on the track for testing the Overman extension of the track. Mr. Gray noted it would not only be a good test of the new track but as tourists come to this region this summer, hear about it and ride the train from Virginia City to Gold Hill and the 1.4 mile farther it would be good advertisement. It was decided that in order for Mr. Gray to run a train on the track, his company would have to meet the training criteria and qualify to operate under the FRA regulations. Commissioner Tyson discussed the process and what they would have to do to qualify under FRA regulations. Counsel Rowe said he saw it as a two step proposal. (1.) To run the equipment as a test of the track. (2.) To find ways to incorporate it into the V&T Railroad's timetable. Insurance was also addressed and it was clarified that both parties would have to notify their carriers and have coverage in place before anything is done. Everyone thought it

a good idea and Commissioner Tyson asked if Mr. Gray could draft a Train Criteria Proposal for the next meeting. Commissioner Tyson said the Nevada Northern Railroad would furnish all the training material if they agreed to abide by the criteria and then come up with a training schedule for those who would be running the train. Once the Commission is satisfied they would sign off and go from there. After further discussion, Commissioner Tyson made a motion to accept the proposal to let the V&T Railroad operate on the 1.4 mile of track providing they follow the following criteria: (a) they follow all FRA guidelines under engineer and conductor qualifications based on uniformed rules set forth by the Nevada Northern Railroad and other Railroads that adhere to the rule. (b) they submit a training schedule and training outline on how they are going to qualify their engineers and conductors (c) once they have met the training criteria, they be tested by an independent FRA qualified inspector. (d) all the insurance criteria be met (e) and once everything has been met and they have been issued their operating cards, go for it. Commissioner Baushke seconded the motion. Chairman Hadfield called for discussion on the motion and the second. The question was called and the motion carried and was so ordered. Counsel Rowe said he will help draw up the draft for Mr. Gray.

Commissioner Tyson addressed Part 2 of this item noting that the contract made with the Gray's 12 years ago has not been addressed. He made a motion that they retain Stone Consultants to review the contract of the V&T Railroad, find out each parties rights and make changes if necessary. Commissioner Allen seconded the motion. Counsel stated that Randy of Stone Consulting who is working on the RFP had asked for a copy of the old contract with the V&T Railroad, so he could advise probable operators as to what is expected of them. Discussion was held as to how to handle the V&T Railroads contract in regards to the selection of an operator for the V&T Railway. After discussion it was decided that there needed to be some revision of the whole process. Commissioner Tyson then rescinded his motion until after Stone has had the opportunity to review the V&T Contract in regards to selecting an operator.

9. **DISCUSSION AND POSSIBLE ACTION TO ACCEPT BWG PROPOSAL TO LEASE PROPERTY FOR 2007.**

Counsel explained the lease between BWG and the Commission on the property purchased by the Commission. BWG is leasing the property for \$1.00 a year until it is needed by the Commission and they want to extend that lease through 2007. All the utilities on the property is to be paid by BWG as stipulated in the lease. Commissioner Baushke made a motion to accept the renewal of the lease through 2007. Commissioner Allen seconded the motion and the motion carried and was so ordered.

10. **DISCUSSION AND POSSIBLE ACTION TO TERMINATE LEASE AGREEMENT WITH ART WILSON PROPERTY FOR TRACK STORAGE.**

Counsel noted that there was no written agreement just a verbal agreement with Art Wilson to store equipment and material on his property. And according to the landlord/tenant law, when paying monthly you have to provide a 30 day notice to terminate an agreement. Commissioner Allen made the motion to give the 30-day notice to terminate the agreement with Art Wilson for the rental of the property. The motion was seconded by Commissioner Baushke. The Chairman called the question and the motion carried and was so ordered.

11. **UPDATE ON CONTRACT WITH GRIFFIN GROUP, LLC – KEN DORR, CAPITAL ENGINEERING**

Joe Hattrup of the Griffin Group reported that they had 37 panels left in American Flats out of a 100. They should be done with the work in American Flats in about a week. He expected to be done in Mound House in about 2 weeks. Chairman Hadfield called for questions regarding the Griffin Group's work. Chairman asked if they had found any track for the Commission and Joe said yes, he was going to a pre job meeting in Tracy and there was some good track there. Other possibilities were discussed.

12. **DISCUSSION AND POSSIBLE ACTION ON REPAIR WORK FOR DAMAGE DONE BY THE NEW YEAR'S STORM - KEN DORR**

Ken Dorr, Gary Luce and Joe Hattrup fielded this report. The work Art Wilson would be doing for them is being delayed by weather. They are also going to take care of the repair of the maintenance access road and a couple of other items but that is about two weeks out. Gary said they were taking advantage of the contract Art Wilson has with Plumb Mining and the work should be done in time to

run on the track. Ken and Gary explained how the sag in the track and settlement of the track would be taken care of. He said worse case, they would have to put some ballast in there to bring the track back up to profile. The work was going good.

13. REPORT ON PHASE 2-4 ENGINEERING WORK - KEN DORR

Ken reported that Tunnel #2 is the biggest item on the agenda. Gary is ready to start work up there and they have all the permits in line, they are just waiting on the weather. They are doing some of the Geotechnical work they just can't get heavy equipment in there. With the weather it is a safety issue and there tentative schedule is 2-4 weeks out. In regards to the EDA work, Ken said they were trying to combine the tunnel work with the next phase. He is working on a letter for signature. The Chairman asked where they were on the closing of Phase 1. Steve Oxoby said the work had been accepted but they were still working on the paperwork. Commissioner Ayres asked if there were many people trying to get into the tunnel and Gary said there was evidence of people being up there. Ken said they were continuing with the preliminary engineering and rights of way work on Phase 2C which is from Frehner Pit down and across Highway 50. They are getting ready to get their environmental and cultural work started for Phase 2A-2B and the depot site. Steve has been working with the NDOT sign people and they had a draft of the proposed sign for the bridge crossing at Highway 50. They talked with Bonnie about maybe getting Washoe County to help out in getting the sign. Commissioner Baushke said that if they needed help with the EDA money to let him know.

14. REPORT ON RIGHT OF WAY AQCQUISITIONS - MICHAEL ROWE

Mike said Stewart Title Company was approximately 75% through the title work and by the middle of next week they would possibly have the final reports on this Phase. By April 30th he hoped to have the last of the reports in hand. He explained the process and letters that have gone out the property owners and he explained how they came up with the prices that were offered to the owners. The process is going faster than in Phase 1. There has been some feedback from the property owners that is all positive. There is a meeting on Tuesday with the open space people from Carson City on Phase 3 about preserving the beauty of the canyon. In order to keep the line of communication open with Virginia City Tourism Board, he and other Commission members will be going up and do a presentation. In order for Randy from Stone Consultants, to finalize the draft RFP, he needs specifics (measurements) on the equipment that will possibly be available to a potential operator. Mike gave a heads up to the Commission, that any number of modifications could have been made to the locomotive by Jeff Forbus and Randy is going to recommend to the Commission that Scott Lindsey of Diversified Steam Services do an inspection of the locomotive to be included in the RFP. They would probably be looking at \$2-3,000 for the report. He will be getting more information for the Commission so it can be put on the agenda as an action item at the next meeting. One concern that came out of Randy's visit here was Randy had asked if the Carson City Tax Free Bonds, the funds to build the railroad, could then result in a for-profit operator. Randy was positive there would be no impediment in a For- Profit operation and the tax free bonds. Mike discussed the sale of the Grand Canyon Railroad and its possible affect or non affect on the pool for our project. This Railroad sale was discussed among the Commissioners. Ken Dorr noted another item with the right of way issue. Steve Oxoby has been putting together an application for the easements needed from BLM. These are easements outside the rights of way Mike is working on and outside of what was previously granted to the Commission and they are temporary.

15. REPORT AND POSSIBLE ACTION ON ROLLING STOCK - RON ALLEN

Ron said he would have the bill for the removal of the cars ready for submission for payment at the next meeting. He noted that the bill for moving each car came in at \$15,000, which was \$10,000 less than originally stated. The bill for prepping the cars came in at \$10,000 which was \$6,000 over what was originally stated. Allen said they were still under budget for moving and over budget for prepping the cars. He is still waiting for a proposal for the feasibility study on the cars from Railroad Services Supply but as soon as he get it, the Operation Committee will look at it and make sure it will be available at the next meeting.

16. REPORT BY GOLD HILL HISTORIC SOCIETY - KIM FEGERT

Kim said that some of what he was going to report on had already been addressed so he would just skim over some of the items.

1st, The sagging of the track; he had passed his information on it to Ken and Ken was taking care of it.

2nd, The salvage operation; with weather and all, it looked like it was getting done.

3rd, The acceptance of the Ballast from Granite; he suggested that Kevin write Granite a letter of acknowledgement.

4th, This issue includes Gold Hill Historical Society and the rail they received from US Distributing. It is to go to the Commission and he had a letter for the Commission to accept or reject it.

5th, Gold Hill Historical Society purchased a computer to read the settlement monitor and to control that device. He thought that the Commission might want to consider purchasing it from them. The software is already installed on it and Kim has handwritten instructions on operating it. Kim explained that they would have to go up and plug it in at the cabinet to read the monitor. He had the invoice for \$789.99 if they decide to buy it.

6th The Gold Hill Historical Society billed the Commission for what they anticipated to be the fair amount of No Trespassing signs they were going to put up. He presented a refund check, for the amount they didn't spend. The check was for the amount of \$338.16 and he had an invoice for what the samples cost.

7th, Kim gave the Commission a key to the de-rail device that keeps equipment from getting away and turning over. Kim explained the reason for this device. It is there for liability reasons. Counsel Rowe was given the key.

8th, Kim noted that at the last meeting he had passed around an estimated cost of Gold Hill sidings which was for \$220,000. Kim said there was enough rail there to put this siding in if they decide to do it.

9th, Gold Hill Historical Society has been working with the State of Nevada on a salvage project on their property. The State has some track in one of their lots but they have to wait until they get the okay to pave that lot before they can remove the track. He said he would be willing to work with whoever took on the project. He asked for questions on his report.

Kim's next issue, was the letter which was given to everyone regarding the Project Assistance and Asset Management. Kim explained some of the reasoning he respectfully declined to offer a new proposal for his services. He did offer to entertain a request for his services in the future if his services were requested and he gave a list contacts for alternatives. Since their contract was terminated at the last meeting he went ahead and obtained another position. Everyone thanked Kim for his services and devotion to the Commission over the past few years.

17. NORTHERN NEVADA RAILWAY FOUNDATION REPORT INCLUDING CHINESE CONNECTION CEREMONY AND DINNER PARTY AT THE ATLANTIS - JANICE AYRES

Janice reported on the success of the March 23rd reception and dinner for the Chinese Ambassador. There were a number of representatives present and they got a lot of reorganization for the V&T Railway and the Chinese Museum. There were gifts that were handed out. She said the Ambassador would relay to the President of the Peoples Republic of China what a wonderful reception they received and the gifts received. Janice has gotten a good number of letters, e-mails, etc. on how great the event was. Chairman Hadfield express his thought on how well it went and told about his conversations with the Ambassador and everyone.

18. REPORT AND POSSIBLE ACTION ON MARKETING ACTIVITIES FOR THE V&T RAILWAY LICENSE PLATE INCLUDING WEBSITE DEVELOPMENT, TELEVISION PROMOTION AND COMMERCIAL AND NEVADA RURAL ROUNDUP - PROJECT COORDINATOR - KEVIN RAY

Kevin went over a listing of license plate sales. He has been keeping track of the V&T plates that were being registered with DMV. Since the Governors Conference, from December through February, there was the biggest bump of sales, 44 plates. He explained how he took the number of plates sold and compared it to the number of registered plates in each county to get a percentage of V&T plates registered. Even though Clark County has the largest number of licenses plates registered, Storey County has the highest percentage of V&T plates. He gave the other percentages for other counties. He presented a proposal on putting together an ad campaign to reach every county promoting the V&T and the plates. They are planning to take John Tyson's footage on the construction of the Railway and edit it to show what all is being done and Lt. Governor will do an ad spot in Las Vegas for the commercials. All the production for the ad will be free. He also gave out a list of 14 television stations throughout the state where they intend to run the commercial. He would

like a budget to buy spots on prime time, such as news casts along with the other channels. The Chairman noted that it was a proposal before the Commission to do this. The cost and prospect of the proposal for advertising was discussed. Kevin said he was hoping to get a budget to do this and he also said they could have a website promoting the Railway and the commercials letting people know how to contact them and how to get the license plates. The second proposal he presented was to create the website. There was a proposal from Smith & Jones to create the website. They could have a front page with Commission information and links to the Foundation and others. They really need a website to work with, one they could update weekly, monthly. To go forward they really need to do this. The approximate cost to create the website would be \$5-6,000. The Chairman said they could look at it two ways, first do they want to promote the Railway statewide or just ask for a donation and in regards to the website, they are either in business or not. Commissioner Tyson stated that advertising does work and most large companies spend 10% on advertising. There is no guarantee with anything but he thought it was a good deal. Commissioner Allen said that the CCCVB has a budget for advertising and asked if they would be possible dip into that. Kevin said that he thought the advertising would be done by the Commission and if they retain Smith & Jones to do the website, he was going to approach the CCCVB for funding on that. If they have a website, they would be able to post all fundraisers and would also be required to post the meeting agendas and the meeting minutes on it.

Commissioner Weber stated that she had to leave the meeting.

Kevin said he would like to see the Commission approve \$9,000 and his suggestion was to take items B&D from the list given out. He also said, they would need the website up and running before the TV ads were aired. There was discussion among the Commissioners on how, when and where would be the best. Kevin discussed what would be included to develop a website. Commissioner Allen made a motion to adopt a figure not to exceed \$7500 for the creation of the website through Smith and Jones. Commissioner Baushke seconded the motion. The chairman called for discussion on the motion, then called the question and the motion carried and was so ordered. There was discussion as to when they should do the production of the commercials. Kevin said he would like to get the production done and he would not spend any money on advertising until the website is up and running. He said the production was free and they just needed a commitment of \$3,000 to pay for the ad spots.

Commissioner Allen made a motion to authorize Kevin to start the production of the TV commercials with the understanding that the website will be up and running prior to running of the commercials on a regular basis. Commissioner Tyson seconded the motion. Counsel Rowe noted that they needed the amount of \$3,000 in the motion. Commissioner Allen amended his motion to include the \$3,000. Commissioner Tyson also seconded the amendment. Chairman called the question and the motion carried and was so ordered. The Chairman then asked Kevin to come back next month with a schedule for the Commission which he said he would.

Second item in Kevin's report was Wednesday the Rural Roundup was coming to town and 2500 marketing people from Nevada pick a rural area and Carson was picked this year. From Wednesday through Friday there will be 2500 marketing people here in Carson City. They are pushing the V&T to those 2500 and the Carson City Convention and Visitor Bureau is hosting the event. The event is put on by the Nevada Commission on Tourism. Wednesday night is the reception at the Nevada State Railroad Museum at 6 o'clock. There will be a steam up with the trains, which is being paid for by the Commission on Tourism. CCCVB will co host and they will be promoting it with the Commission and they will pay for everything. The only request they have for the Commission is that the Commission approve \$350 for the Round Up to purchase half (200) of the train whistles that will say V&T Railway Carson City NV. Everything else is free. He just ask that they approve the \$350 to purchase whistles to give away. Commissioner Baushke made a motion that they authorize \$350 for the purchase of 200 train whistles for the Round Up. Commissioner Flanagan seconded the motion. The chairman called the question and the motion carried and was so ordered.

19. COMMISSION CHAIRMAN REPORT - ROBERT HADFIELD

Chairman Hadfield stated everything he was going to address was already discussed and had nothing further.

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

There was nothing to report on this item.

21. **COMMISSIONER COMMENTS**

Commissioner Ayres said that Steve Lincoln had come across a restored Cadillac that they are going to put it on E-bay. It didn't cost them anything but they may be able make something on it.

22. **ACTION ON THE NEXT COMMISSION MEETING**

The next meeting for the Commission for the Reconstruction of the V&T Railway was set for Monday, May 1, 2006. The location will be at the NACO Building, 201 South Roop Street and the time at 3:00 p.m.

17. **ADJOURNMENT**

The meeting of the Commission for the Reconstruction of the V&T Railway was adjourned at 5:55 pm.