

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

Monday, May 1, 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 Nevada Commission for the Reconstruction of the V&T Railway to order at 3:00 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
Commissioner Teixeira

ALSO PRESENT:

Counsel Michael Rowe
Kevin Ray, Project Coordinator

ABSENT:

Commissioner Hillyard

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.

Chairman Hadfield called for changes to the agenda and none were stated. Commissioner Allen made a motion to accept the agenda as presented. The motion was seconded by Commissioner Baushke. The Chairman called the question and the motion carried and was so ordered.

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

The minutes to be approved were for April 3, 2006 instead of March 6, 2006. The Chairman called for corrections or additions to the minutes and none were stated. Commissioner Baushke made the motion to accept the minutes as presented. Commissioner Tyson seconded the motion. Chairman called the question and 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.
There were no public comments.

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****

The Chairman asked for comments on the Consent Agenda, and none were stated. Commissioner Baushke made the motion to accept the Consent Agenda as presented. Commissioner Tyson seconded the motion. The Chairmen called for discussion on the motion and the motion carried and was so ordered.

6. **1DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE THE CHAIRMAN TO ISSUE A REQUEST LETTER TO THE CARSON CITY CONVENTION AND VISITORS BUREAU (“CCCVB”) REQUESTING CCCVB RELEASE ALL REMAINING LOCAL MATCHED FUNDS AND/OR BOND SALE PROCEEDS, PLUS INTEREST, TO THE CARSON CITY FINANCE DEPARTMENT, AND FURTHER RELIEVING CCCVB OF ANY FUTURE RESPONSIBILITY TO MAKE PAYMENTS TO NDOT FOR CERTIFIED PROJECT COSTS; PROVIDED, HOWEVER, THAT CCCVB APPROVES OF THE RELEASE OF SUCH REMAINING FUNDS, PLUS INTEREST, TO CARSON CITY FINANCE DEPARTMENT AT ITS MAY 8, 2006, BOARD MEETING.**

NOTE: SHOULD THE COMMISSION AND THE CCCVB BOTH AUTHORIZE THE RELEASE OF THESE FUNDS TO THE CARSON CITY FINANCE DEPARTMENT THE INTERLOCAL AGREEMENT ENTERED INTO SEPTEMBER 13, 2004, WITH CCCVB WILL BE CANCELLED AS BEING MOOT. THE COMMISSION WILL BE ASKED TO CANCEL THE INTERLOCAL AGREEMENT AT ITS JUNE MEETING ASSUMING ALL FUNDS ARE RELEASED.

Michael Rowe stated that Candy Duncan from the CCCVB had written a memo to Tom Minton on April 11, in regards to the Interlocal Agreement entered into September 13, 2004 between the Commission and CCCVB. She said the CCCVB was asking for a statement signed by someone from the Commission or the City or both, for CCCVB to be released from any further payments from the bond proceeds plus interest. Providing the CCCVB approves the release of funds plus interest at their May 8th meeting. After their Board meeting the check would be delivered directly to Tom Minton at the Carson City Finance Department. With the approval of the Commission on this item, it would render the Interlocal Agreement of September 13, 2004 between the Commission and CCCVB moot. Therefore, there will be an item on the Commission’s June agenda asking the Commission to terminate the Interlocal Agreement with CCCVB. In doing this, CCCVB will transfer all Commission funds into one fund under Tom Minton at the City. The amount was uncertain. Commissioner Teixeira said that in taking action it would put all financial responsibilities for the Commission under Tom Minton and the CCCVB would no longer be writing checks for the Commission. Mike asked Marv if he knew the amount they were talking about and it was thought to be about \$1.8 million. Mike recommended that a motion be made to authorize the Chairman to sign a request to the CCCVB for them to transfer all the Commission’s remaining proceeds plus interest to Tom Minton at the Carson City Financial Department. And to also put in proviso

their board approves the transfer of funds at their May 8th meeting. And add a note, that at the Commission's June meeting they will take up the termination of the Interlocal Agreement between the Commission and the CCCVB. Commissioner Teixeira made a motion to do as Mike stated. Commissioner Allen seconded the motion. The Chairman called the question on the motion and it carried and was so ordered. Mike told Bob he would have the letter ready for his signature in a couple of days. When Bob signs it Mike will deliver it to Candy Duncan at CCCVB.

7. DISCUSSION AND POSSIBLE ACTION ON REPORT BY STONE CONSULTING AND DESIGN (RANDY GUSTAFSON) ("STONE") INCLUDING:

This item will be taken in sections. Randy Gustafson of Stone Consulting will discuss these items.

A. RETENTION OF DIVERSIFIED STEAM SERVICES (SCOTT LINDSEY), OR SOME PERSON OR ENTITY EQUALLY OR BETTER QUALIFIED, TO EXAMINE THE COMMISSION OWNED LOCOMOTIVE AND PROVIDE A REPORT ON ITS CAPABILITIES, WITH SUCH REPORT CERTIFIED TO THE COMMISSION.

Randy Gustafson said the McCloud #18 was about as close as they could have gotten to the best qualified locomotive for running on the V&T Railway and he was very happy that the Commission bought it. He was surprised to see in the original specs that it only had a curvature of 15 degrees. He talked about the curvatures and what possible changes that may have been made since it had been built. The question is, will the locomotive make it all the way up the railroad when they get it here. In order to reconcile that, he suggested they find an individual(s) who can go up and measure the locomotive and all the critical clearance points to determine what type of curve it will go around. And if it can be modified without a great deal of expense to go around a tighter curve and how much and if it can't they need to know it. He suggested Scott Lindsey of Diversified Steam Services to do the evaluation. Randy talked about Scott and what could and would have to be done on the engine. Commissioner Allen noted that in the original Baldwin specs were for flanged wheels on the center drivers, and when McCloud ordered it they ordered it with blind drivers. It now has flanged drivers but it is so blind drivers could be put back on. The drivers were discussed and explained. Commissioner Tyson gave the names of some locals who could also do the work. Dave Griner of the Nevada Northern Railroad; Ed Katzoike of the V&T Railroad and Chris Dewitt of the Railroad Museum. He also noted there is an 18 degree curve in the track that they can't do anything about. Chairman Hadfield asked Counsel what the proper procedure was to hire someone. Counsel said that for Randy to approach an operator for the railroad he need a capacity study to show anyone what type of equipment we have and what its qualifications are. Counsel suggested that since they already had a contract with Stone, to let Stone retain the consultant they choose as a sub-contract. Counsel suggested that the Commission authorize Stone Consultants to retain a qualified person/entity to survey the locomotive and that would be in addition to any fee already set forth in their agreement. Commissioner Teixeira said he hoped that whoever they got to do the survey that their name would carry some weight in finding an operator and at a reasonable rate and time frame. Randy said he liked Scott's approach on how he would go about doing the survey and he explained that. He also assured the Commissioners that the others would also be considered. Commissioner Teixeira made the motion to authorize Randy of Stone Consulting to select a qualified railroad expert to certify the steam engine and get all the specs to be included in the RFP. Commissioner Ayres seconded the motion. The Chairman called the question on the motion and it carried and was so ordered.

B. DETERMINATION OF METHOD OR PROCESS OF SELECTION OF AN OPERATOR

AS RECOMMENDED BY STONE INCLUDING, WITHOUT LIMITATION, A METHOD EMPLOYING A REQUEST FOR QUALIFICATIONS TO BE FOLLOWED BY REQUESTS FOR PROPOSALS FROM INTERESTED PERSONS OR ENTITIES, OR BY THE USE OF A REQUEST FOR PROPOSAL ALONE.

NOTE: WHICHEVER METHOD OR PROCESS IS SELECTED, THE COMMISSION WILL AWARD ONLY THE EXCLUSIVE RIGHT TO NEGOTIATE A CONTRACT. THE CONTRACT WILL RESULT FROM LATER NEGOTIATIONS.

Randy said that during this process they were awarding the right to negotiate a contract. He noted there were two ways to go. One is to do a Request for Proposals (RFP) and have it done. The Commission will be asking a lot of their operator by requiring an investment of their funds and everyone participating in the process will be asked to invest a lot of time in preparing documents for the proposal. That he said could scare people off. He went on to explain what would and could possibly happen in this process. Then he suggested breaking it in a two part process with a Request for Qualifications (RFQ) and an RFP. With an RFQ, they would ask for qualifications and background and from those responses edit out those who would be asked to submit a RFP. The time frame for doing an RFQ and putting it out and getting responses, could be about 30 days. What was going to be included in the RFQ was discussed. The things that the Commission would be looking for in the responses were also discussed. After a lengthy discussion among everyone, Commissioner Teixeira made the motion to do the two step process and start immediately in preparing an RFQ. Commissioner Allen seconded the motion. There was some discussion on the motion and Randy assured the Commission they would get more takers by doing the RFQ first. He felt that doing just an RFP they would lose many prospects. The Chairman called the question on the motion and the motion carried and was so ordered.

C. DETERMINE A METHOD OF FORMALLY RATING OR SCORING THE RESPONSES TO AN RFQ/RFP, OR RFP ALONE, INCLUDING, WITHOUT LIMITATION, THE ADOPTION OF A POINT SYSTEM TO TAKE INTO ACCOUNT VARIOUS COMMISSION ESTABLISHED PRIORITIES.

It was clarified that they would be doing the RFQ only now. Mike noted that he would get to everyone a rough draft of the point system Randy had prepared and whatever else they come up with will be added to it. Randy explained that it would be a point system by which each section would have a percentage towards the overall rate. Some of the items that would be asked in the RFQ were discussed. He thought number one should be worldwide marketing. Others were relationship to community, experience as an operator, insurance, financial, safety and others. There was discussion on issues they could put in the RFQ. The draft he would be presenting would have those questions and any others the Commission would like to add and each would have a percent rating. The insurance issue was discussed as to what an individual/company would need. All suggestions will be included in the draft of the RFQ and when it is completed and approved it will be put out for responses. From the responses of the RFQ they would rate each response and choose those who would be asked to give an RFP.

Commissioner Bonnie Weber joined the meeting via phone at 3:55.

The discussion continued among everyone. It was decided that the draft be distributed to each of the Commissioners, they would look it over and put in their suggestions. Ken Dorr asked what the time frame would be and it was decided that at the June 5th meeting they could approve the RFQ and then get it out.

D. DETERMINE THE MAKEUP OF THE EVALUATING BODY TO SCORE OR RATE RESPONSES RECEIVED BY STONE AND THE COMMISSION.

NOTE: THE EVALUATING BODY WILL NOT SELECT THE PERSON OR ENTITY TO NEGOTIATE A CONTRACT; A RECOMMENDATION WILL BE MADE TO THE FULL

COMMISSION FOR ITS DETERMINATION.

The Commissioners discussed who and how many should be in the evaluating body. It was determined that the full commission should be involved in evaluating responders. The ways of evaluating each application was discussed. Chairman Hadfield suggested that the Consultant (Randy) review the responders to make sure they have answered all the important questions before giving them to the committee to evaluate. Commissioner Teixeira made the motion that the full Commission be on the evaluating committee. The motion was seconded by Commissioner Allen. The Chairman called the question on the motion and the motion carried and was so ordered. Commissioner Teixeira then suggested the Chairman direct Randy to review the applications from the RFQ before giving them to the committee to evaluate and the references would be checked by Randy. Randy asked if their financials was something that would be a must for each application. The Commission agreed that each applicant would have to disclose their financial records and the Commission be allowed to inspect/visit their operation.

The municipal bond issue was discussed by Tom Minton, Commissioner Teixeira and everyone in regards to the operators. Also the contribution/investment required by the future operator for the project was discussed.

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

Tom Minton stated that Kafoury, Armstrong & Co. does the audits for the City and since the books and records for the Commission are kept at and within the Carson City Finance Office it would be most efficient to have Kafoury, Armstrong prepare the Commission's Audit at the same time they do the City's. With the amount of Federal Grants, Taxation Commission may require a single audit. Kafoury, Armstrong & Co. does most of the audits for the cities, counties along with the State. They are experts at doing governmental and single audits. Their quote was \$4,000 to \$6,000 and if a single audit is required that may be another \$4,000. Chairman Hadfield noted he was at the Department of Taxation and was questioned on the status of the Commission's current audit and asked Tom if it had gone in yet. Tom said not to his knowledge. Commissioner Teixeira asked why. Chairman Hadfield said to his understanding, it was because a number of events came up and before they could be taken care of, it was tax season and the auditors hadn't gotten to it. So the Commission will be getting a ding from Taxation. Commissioner Allen made a motion to hire Kafoury, Armstrong & Co. to do the Commission's audit and to not exceed the amount of \$10,000. Commissioner Tyson seconded the motion. The Chairman called the question and the motion carried and was so ordered.

9. DISCUSSION AND POSSIBLE ACTION TO EXCHANGE MATERIAL CURRENTLY OWNED BY THE COMMISSION WITHIN THE CONTRACT WITH GRIFFIN GROUP, LLC – JOE HATTRUP

Joe Hatrup stated that they had trucked off a lot of material. 10 truck loads of rail, 7 loads of steel materials, and 21 truck loads of railroad ties had been hauled off. All the panels at American Flats have been disassembled. They had 1 ½ trucks of rail left to be shipped, 1 truck of OTM's to be shipped and 5 trucks of rail ties to be shipped. They have to move some rail from American Flats to Gold Hill. American Flats will be shut down at this point. In Mound House there are 27 track crossings left to disassemble. That will equal 4 ½ trucks loads of rail, 3 loads of OTM's and 3 loads of ties to be shipped. All of this should transpire within the next 2 ½ weeks. It was discussed as to what was left and what would be shipped in and what they would look to do in the near future. There was discussion on an exchange of 85# rail for 90# rail. Commissioner Baushke made a motion to approve the exchange of 85# rail for 90# rail. The motion was seconded by Commissioner Allen. The Chairman called the question and the motion carried and was so ordered.

- 10. REPORT ON REPORT ON PHASE 2-4 ENGINEERING WORK INCLUDING UPDATE ON REPAIR WORK FOR DAMAGE DONE BY THE NEW YEAR'S STORM - KEN DORR**

Ken Dorr reported that on Phase 2 engineering they were finishing up with the preliminary design. He had a rough set of drawings for viewing. Ken is now working on the vertical and cross section designs. Information needed for the rights of way will come from them. Once they get the rights of way needs done they will be finalizing the rights of way documents for the 5 miles included in Phase 2C. Gary Luce reported on the repair work in Phase 1. On the 11th they expect to start the repair work at American Flats which will take about 3 to 4 days. After those repairs are done they plan to move directly to the tunnel and expect to be there about the 16th. They will be working to get the east portal of the tunnel open. Chairman Hadfield asked when would they be able to completely end Phase 1 to which Ken said he would find out. Commissioner Tyson asked how they were going to deal with patrol of the area since Kim was no longer doing it. The possibilities on this were discussed by Ken Dorr. The access road issue and the erosion problem is being taken care of. The sag at the Overman Pit is being worked out. Gary is working on the cultural and environmental issues in Phase 2A & B and working on the Depot site. They should have the documents on Phase 2A & B within a month and should be ready for approval in August. On the new assignment and depot site they are looking at 4 months for the documents. Commissioner Baushke asked if the bid to be put out in October was for the tunnel. Ken said yes it was. They discussed the money aspect of the bid.
- 11. REPORT ON RIGHT OF WAY ACQUISITIONS - MICHAEL ROWE**

Things are starting to come in from the appraisal aspect. Friday he received the first three appraisal reports. Mike explained the process from now until they get the rights of way. He expects to have the rest of the appraisal reports on Phase 2 properties in a couple of weeks. Couple of items from last meeting, Del White said he went down and paid the utility bills and he has the accounts in BWG's name now. Mike also filed the Commission's request to be exempt from Carson City taxes. The land to store the spoils from Tunnel #2; that land belongs to a Nye family trust. He talked with Mr. Nye about storing the materials from Tunnel #2 on his land and he said no, but he would consider selling the 21 acres for \$20,000. It seemed like a good deal if the price wasn't a typo. If they didn't use federal funds to purchase the land they wouldn't have to go through the appraisal process. He will get more information on this and then they can contact Mr. Nye. He went on to discuss this location and what they would need to do.
- 12. DISCUSSION AND POSSIBLE ACTION TO ADOPT PROPOSAL FOR REHABILITATION OF PASSENGER CARS – COMMISSIONER RON ALLEN**

Commissioner Allen said he would like to table this item until after the RFQ is completed. Then they would have a better idea of what is happening.
- 13. NORTHERN NEVADA RAILWAY FOUNDATION REPORT – COMMISSIONER JANICE AYRES**

Commissioner Ayres reported on the 1977 Cadillac they have and are planning to put it up for sale on E-Bay. They hope to get about \$5,000-\$7,000 for it. She discussed having a carnival in Douglas County as a fund raiser for the Commission. It would be a way for Douglas County to participate in fund raising. It is tentatively set for September 8-9-10th at Lampe Park. Commissioner Baushke said it would have to go before the Douglas County Commission Board and he would work with Janice in setting it up and getting the permits and fees waived.

Janice dismissed herself at this time.

14. **REPORT ON MARKETING ACTIVITIES FOR THE V&T RAILWAY LICENSE PLATE INCLUDING WEBSITE DEVELOPMENT AND COMMERCIAL - PROJECT COORDINATOR - KEVIN RAY**

Kevin reported on the Nevada Commission on Tourism's Rural Roundup which was held April 5-7 here in Carson City. He passed out an article from a Chinese newspaper on the event honoring the Chinese workers. He discussed the presentation given to the Reno Rotary Club to get their support. He discussed the website being worked on by Smith & Jones. He passed out an example of the design for the website and will have a working site at the June meeting. The Nevada Passage is a marketing event put on by the Commission on Tourism where different teams compete at different things. It is next week and the final leg will be in Virginia City and the teams will be using hand carts in a race. He asked how to promote the Commission there and they are going to put the V&T license plates on each of the carts. This event will be filmed so it will give some good publicity for the Commission. He also has been working with a Ms. Doyle who is the Communications Manager for the National Association on Developmental Organizations in Washington D.C. There will be a mobile workshop in Virginia City on August 27-29 where the attendees will learn about the history and economical impact of the site. In regards to the commercial with Lt. Governor Hunt, on Thursday Kevin received a call expressing concerns about Ms Hunt doing the commercial, because of her position and her running for Governor. Ms. Hunt didn't want to do anything to jeopardize the V&T Project. Kevin said he will be calling or ask Janice to make the call to the Governor to see if he would do the spot. There was discussion on the importance of how things are perceived when business is conducted with individuals who are running for an office. Kevin also said he would look into maybe contacting some big name local entertainers from Las Vegas for a spot.

15. **COMMISSION CHAIRMAN REPORT - ROBERT HADFIELD**

Chairman Hadfield had nothing more to report.

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

There was no action on this item.

17. **COMMISSIONER COMMENTS**

Commissioners Flanagan, Allen had no comments. Commissioner Baushke stated he was excited about the progress of the RFQ. Commissioner Tyson noted he was pleased with Randy's work on the RFQ and RFP. Commission Teixeira also noted he was pleased with the progress of things.

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

There will be a meeting on Thursday, May 18, 2006 on the Budget. There was discussion on who would be able to be present at the meeting, and some were unable. It was decided that there would be a teleconference. Those who couldn't be present could call in. It was confirmed that with call ins, there would be a quorum.

The next regular meeting of the Commission for the Reconstruction of the V&T Railway will be on Monday, June 5, 2006. The time and place will be the same.

19. **ADJOURNMENT**

Commissioner Teixeira made a motion to adjourn the meeting and it was seconded by Commissioner Allen.