

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY
Monday, April 18, 2016 - 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 is kept on a flash drive in Microsoft Word. A copy has been e-mailed to the Project Coordinator.

3:00 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 2:00pm and asked for the roll to be called.

1. ROLL CALL

PRESENT:

Chairman Dwight Millard
Michael S. Rowe, General Counsel
Vice-Chairman Bob Crowell
Commissioner Ron Allen
Commissioner Doug Johnson
Commissioner Jack McGuffey
Commissioner Jeanne Herman

ABSENT:

Commissioner Bob Hastings
Commissioner John Tyson
Commissioner Delsye Mills

OTHERS:

Ken Door, K.L. Dorr Consulting
Bob Robinson, Greater Nevada Business Solutions, LLC
Candy Duncan, Sales and Marketing Coordinator

A quorum was present. Jeanne Herman from Washoe County was welcomed to the commission.

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. Two or more items may be combined for consideration, and items may be removed from the agenda or discussion relating thereto delayed at any time.

Chairman called for the approval to the agenda. Vice-Chairman Crowell made the motion to approve the agenda. Commissioner Johnson seconded the motion. Chairman called for discussion and 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. Nicole Barde from Storey County asked if it was possible to get on an email list to receive materials, such as the agenda, prior to the meeting. The answer was yes.

4. FOR POSSIBLE ACTION - APPROVE THE MINUTES OF December 14, 2015

Commissioner Allen made the motion to approve the minutes of December 14th as presented. Commissioner Crowell seconded the motion. Chairman called for discussion on the motion and then the question. The motion to approve the minutes of December 24, 2015 carried and was so ordered. Chairman made it known that Doug Johnson was not here for that meeting so he did not vote.

5. FOR POSSIBLE ACTION – DISCUSSION AND POSSIBLE ACTION TO APPROVE CONTRACT WITH CANDY DUNCAN OF RLINE OF WORK LLC AS PROJECT COORDINATOR FOR 2016

Chairman said the contract was sent in an email to everyone and explained that the contract is just for the balance for this year. Candy had prepared the agenda and packet for this meeting. Bob Crowell made a motion to approve the contract. Doug Johnson seconded the motion. Chairman called for discussion on the motion and then the question. The motion carried and was so ordered.

6. FOR POSSIBLE ACTION – TREASURER REPORT - RON ALLEN

Commissioner Allen said we have approximately \$171,428 cash on hand with Carson City finance department and \$85,343 in Irwin Bank so currently today, we have cash on hand of approximately \$256,771 in the bank. The anticipated revenues for the remainder of this year consists of about \$6,000 coming in from license plates, no investment income, \$21,000 for the engine lease – as a note, there was some change in that number and will be reflected in the next month, the Drako Note is \$6,105.78, Storey County Tax is \$215,532 and the Historic Preservation Fee Income is \$7,200. Again, this is the same principle with the lease, it is based on the amount that was taken care of prior to the close of season. Before June 30, 2016 we expect to spend \$600 for utilities for East Gate and the crossing, \$2,250 for accounting services, \$3,000 for project coordinator, \$400 for secretarial fees, \$4,000 for attorney, \$70,000 for maintenance, (however, that is also not quite accurate due to another billing), and lastly an engineering fee of \$6,000, which brings us to a total of \$86,250 for the estimated expenditures. As of this report, the balance is \$426,358.78. Commission Allen reiterated that number is not entirely accurate due to additional information after these numbers were compiled. Commissioner Allen asked if there were any questions and Nicole Barde asked if the \$215,532 in Storey County Taxes was money we are actually receiving. Mr. Allen replied it is a pending request and we are expecting the check any day. Mr. Allen asked if there are any more questions regarding the cash report. There were none so they then moved on to Bob Robinson giving the Enterprise Fund Report. Mr. Robinson said that the Enterprise Fund is a portion within the commission, the other part is the general fund, but we are talking about the Enterprise fund which is the operational arm of this project. The financials are on the entire calendar year of 2015. This year starting January 1st through December 31, 2015 the Enterprise Fund shows an income of \$1,093,364.00. The total expenses were \$1,209,629.00. Then the funding from the general fund is \$150,000.00. The operational and funding shows a net income of \$34,153.00. Then the A/R as of December 2015 was \$6,411.00. The accounts payable at December 2015 was \$60,389.00. That concludes the report for the Enterprise Fund. Ron Allen then added that under the Enterprise Fund to include under expenses is a

historical preservation fee paid to the commission of \$26,702.54. This is collected as ticket sales and that money is collected by the fund to the Commission. Mr. Allen asked Bob Robinson if that has been paid and Bob stated that it has. Mr. Robinson then adds that almost \$48,000.00 has been paid to the commission to further preservation. Also to be noted in expenses is track maintenance and inspection of \$42,859.00. The Enterprise Fund is paying that as well. There are no comments or questions so Mr. Robinson turns it back to Mr. Allen to discuss the disbursements. Mr. Allen then states the amounts that have been paid are \$320,451.60 which has been paid in the last 4 months. Jack McGuffey then asks a question about the fund. A discussion then begins about marketing and the cost for it of \$46,000.00 which is Ms. Duncan's company for advertising and ticket sales. In the next meeting they will have the budgets to go over and finalize. There was a discussion of dates and when certain things need to be turned in. Jack McGuffey then asked about the ticket sales for Polar, Mr. Robinson stated it is \$698,686.21 which is a huge contributor. Ms. Barde then asked about the balanced budget and the deficit balance. Mr. Allen said that it is balanced but the deficit is on the next agenda to be discussed. The Mayor made the motion to accept the financial reports. Jack McGuffey seconded the motion. The Chairman called the question and the motion carried and was so ordered.

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

Mr. Allen begins by saying the bills that are listed were submitted and approved by himself and Chairman Millard from December 2015 to April 2016. The bill in total is - \$320,151.50 and was paid today. They then go to the checklist of the general fund that totals to \$217,748.62. The Mayor then asks what is paying for the \$320,000.00 and Mr. Allen answers that it is from ticket sales and operations for the train from the Enterprise Fund. They then discuss the difference between the Enterprise and General Funds and that last year's funds are paying for some of the bills this calendar year. Mr. Robinson states that \$98,000.00 of the fund was not posted to last year but is a part of this calendar year, and stated that all fees are inclusive across the board. He then goes on to say that since December 2015 they have received \$50,000.00 from the general fund. Ms. Barde was confused on why they do their billing fees on a calendar year when they get funded on the State's fiscal year and Mr. Robinson explained that their business model is set up on a calendar year. Ms. Barde's main question was if they had a firm grip on their finances at any given time. And Mr. Robinson's reply was that their business model is very stable and actually quite predictable. The Mayor made a motion to accept the tentative budgets for the Commission and Enterprise fund. Jack McGuffey seconded the motion. Chairman Millard called the question and the motion carried and was so ordered.

8. DISCUSSION AND POSSIBLE ACTION TO AWARD THE CONTRACT FOR THE V&T RAILWAY RECONSTRUCTION RAILWAY IMPROVEMENTS BID #005 PHASE 4A - EASTGATE STATION EXPANSION LEAD TRACK EARTHWORK PROJECT TO A&K EARTH MOVERS, INC., AS THE LOWEST RESPONSIVE AND RESPONSIBLE BIDDER IN THE AMOUNT OF \$211,000, PLUS A 10% CONTINGENCY AMOUNT. - KEN DORR

Ken Dorr said that there were 4 bids for the contract on construction. A&K Earth Movers, Inc., was the lowest bidder of \$211,000.00 plus a 10% Contingency Amount. The engineer's estimate on the project was \$220,750.00. There was a discussion on the contract and the deadlines. They received general approval for the environmental approval assessment. If there is no progress on the project, then both the evaluation in

2003 and the supplemental evaluation in 2010 can be held in question. Another evaluation which would be a disaster. Once there is additional funding they will be able to pursue the assessment for this project which is unavoidable. Carson City has a 2% room tax which has helped with projects in the past and if they decide to, they can use it for V&T operations. Mr. Allen then speculated on locations and means in which to obtain dirt for the project. A main concern is being able to afford to move all the material and get the project going again. Ms. Barde agrees with Mr. Allen and says that there's 3 reasons why they cannot continue: BLM giving them an extension takes care of the first reason, moving the materials on site takes care of the second reason, and the last problem remaining is to show that they are using the site so they are not called to do another environmental evaluation. It was decided to table this until the May 23 meeting. The Mayor made a motion and Ron Allen seconded the motion. Chairman Millard called the question and the motion carried and was so ordered.

9. FOR POSSIBLE ACTION - ENGINEERING REPORT - KEN DORR.

Ken Dorr said there is a little project with Lyon County and upgrading the water system in Mound House. No work around the track. The biggest thing that has come up is the Federal Railroad Administration Bridge Inspection requirements. Congress has required all railroads to conduct a yearly bridge inspection of their structures. Even though this railroad does not have a bridge we have to comply with the requirements. They then go on to discuss with Mr. Dorr about engineering, structures, and inspections. There is a 'How to' document that can be reviewed on it. Chairman Millard called for discussion on the Engineering Report.

10. POSSIBLE ACTION – ATTORNEY’S REPORT - MICHAEL SMILEY ROWE

Mr. Rowe said we needed to make sure to check that we have the latest legislation for the project with requirements met. The biggest thing was with Kevin and working with Bob and Candy; getting an agenda together. It's been pretty quiet he stated. Chairman Millard called for discussion on the Attorney's report

11. MARKETING REPORT - CANDY DUNCAN

Ms. Duncan stated there were a couple of items she wanted to discuss. One was about the past week she attended a Nevada Rural Tourism Conference in Laughlin, Nevada. And one of the things they did there was have a contest for destination and attraction videos. V&T submitted the Polar Express video and came in as one of the finalists with an Oscar. Ms. Duncan went on to the second item which was V&T having a fundraiser for the Carson-Tahoe Hospital Auxiliary. It went well. The new season begins May 28. The marketing and PR teams will be putting information together in a presentation which will be presented in this meeting. Chairman Millard called for discussion on the Marketing report.

12. FOR POSSIBLE ACTION – DISCUSSION AND POSSIBLE ACTION TO APPROVE CONTRACT WITH S&J MARKETING FOR PROFESSIONAL ADVERTISING AND MARKETING FOR 2016

Kelly Houston and Brianna Sheck presented themselves to be with Smith and Jones Marketing. They began with a pie chart that shows budget review then move on to screenshots on Facebook that show when someone clicks on them it forwards them to the V&T Railroad site to get people's attention on the matter. There is a click tracker that shows how much gets paid per click. There are also video ads on Facebook and YouTube. They also do email blasts of over 21,000 people that shows an ad and

information on the railroad and sells tickets. There is an open rate of 18.8% which is pretty good because average is usually 15.9% open rate. We are tracking ahead of that with our ads. The VT railway website is now more easily accessed through phones as well. They then discussed the website and views. There was also a digital billboard in Sacramento on I-80 that got 508,161 impressions. The digital billboards in Reno got 196,223 on one and 382,938 impressions on the other. There are also print ads and broadcast on KOLO/KRNV and radio KUNR (NPR). New this season is souvenir photos with the ability to get them on other products. They want to start earning a commission on the site so V&T can get a percentage of the sales of the product. The Mayor motioned and Doug Johnson second the motion to approve this contract. There was 1 dissenting vote by Jack McGuffey. The Chairman then called for further discussion, with none stated he called the question and the motion carried and was so ordered.

13. FOR POSSIBLE ACTION - DISCUSSION AND POSSIBLE ACTION TO APPROVE A CONTRACT FOR PROFESSIONAL PUBLIC RELATIONS SERVICES WITH WEIDINGER PR FOR 2016

Phil Weidinger and Shannon Earley represented their company, Weidinger PR. The PR campaign has published 65 print and online stories and has had 8 On-Air radio programs. It reached an audience of 4.5 million people. With media they want to reinforce V&T Railway's strengths with historical adventure, easy day trips, and family friendly. There are stories and interviews in print coverage like the Reno Gazette and Nevada Appeal to online coverage such as Carson Now and My News 4. Mr. Weidinger went on to discuss how he wants press releases to get the word out about tickets and have media tours. Shannon says that the V&T Facebook page has 12,567 likes. It has photos, information, and ticket giveaways on the page. There are also surveys that state V&T has a rating of 4.53 out of 5 stars and 98% would recommend V&T to others and consider riding this season. Ms. Earley thinks V&T should try and expand their customer base to the younger generation. PR can help economically reach larger, costlier markets such as Sacramento and the Bay Area. There then was a discussion about different types of tickets. For 2016 they want to offer a commission to hotels by selling tickets and promote special ticket packages and assist Ms. Duncan with new efforts to grow business. Mr. Weidinger then stated that they have a low budget so they have to be smart with what they do. He thinks early promotion in Sacramento will help. Having consistency with the media keeps people noticing. Ms. Earley then continued to talk about plans for 2016. Ideas such as coupons and having more on the train ride such as prizes and trivia questions will keep people interested. Mr. Weidinger and Ms. Earley then explained how increasing local awareness adds to it as well. V&T has historic value that needs to be recognized. Ms. Earley also points out that people only will ride the Polar Express train and don't know about the regular season rides so awareness on that with promotion is a good idea. Ms. Duncan and Mr. Robinson agreed with that idea. Mr. Robinson said he could give the coupon as the customers check in or email them the coupon for them to come back. Ms. Earley then concludes the presentation and asks if anyone has questions. Ms. Barde asked about how they measure the effectiveness of their efforts. Ms. Earley replied that they are going to become more sophisticated on their web tracking and will have a new program where they will be able to give a revenue figure. There then was a discussion on budget and needing a way to keep track of how much is being spent and earned. Mr. McGuffey stated that the presentation did not have enough information, then he discussed different train themes used on the short line promotion. There then is a discussion on different counties and which ones are more aware of the V&T. Mr. McGuffey then states that Storey County wants to build a train station in town. They need to build another tunnel, put a train depot, a turn table, and

make it 'The' Train Station. He does not think what Weidinger is doing is worth tax payers money. Then the tunnel is discussed again. This discussion then gets put on the agenda for the next meeting. The Mayor motioned and Doug Johnson second the motion to approve the Weidinger PR Contract. Mr. McGuffey was the one dissenting vote. Chairman Millard then called for further discussion, with none stated he called for the question and the motion carried and was so ordered.

14. FOR POSSIBLE ACTION - DISCUSSION AND POSSIBLE ACTION TO ESTABLISH A MEMORIAL FOR KEVIN RAY - DWIGHT MILLARD

Dwight says that Kevin Ray passed away earlier this year. Since 2011 Mr. Ray was the cheerleader of the company and if it is possible to do a memorial for him such as naming the depot 'The Kevin Ray Memorial V&T Depot'. Dwight asks if anyone has any thoughts. Mr. Robinson asks how it would come across to the public, the name. Then it is stated that something that should be done for him. They then table it for the next meeting to figure out other ideas for Kevin such as a plaque. The Mayor motions and Ron Allen seconds it. Chairman called for discussion on the motion with none stated he called for the question and the motion carried and was so ordered.

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

Tom Gray says he has good and bad news. They've been doing a lot for Polar. Off track work, replaced the 2 yard switches and finished the east track for storage. All 5 engines are down so on the D2 they did a test and it is a lot better, but some parts take 2 months to get. D2 is just a backup. D1 is still on course. D3 they got running for the first time last week. The last train is going to be the work horse, Mr. Gray does not have much faith in it, but it has been through inspection and he has improved it as much as he can. They plan to go easy on the machine. He talks about what needs to be done cosmetically and the process for the engine and train. Contractors have been working on things and it is coming out well. He then discusses more repairs and what they are going to do for it to work right this season. A question is asked what is Mr. Gray's projection for the 18 and he says he hopes it will be working late in the season if he is lucky for the month of September. Ms. Duncan says she can only sell 144 tickets. There is then a discussion on the different trains to run. The Mayor asks if the budget will change due to using 2 cars instead of 3. Gray said it won't be affected greatly but it does need to be calculated. Ms. Barde asks what is needed to be done to move things forward faster, is it a money issue or helping hand. Mr. Gray said people with his knowledge would help greatly but people compete against each other. Mr. Gray needs time and more help. Then there is more discussion on engine problems being fixed. Ms. Barde thinks they need to figure out the problem and find people to help Mr. Gray. It is then stated by Chairman Millard that he has the ability to get help; he has an open check book. A discussion about engines and if there are any in the market available. Ms. Barde asks if Polar is at risk and Mr. Gray says the backup is, but it will run as fine as last season. There is more discussion on the engines. It is said for about \$2,200 to move the bridge and will not be paid for the scrap. Table it for the next meeting on May 23. Chairman then called for further discussion, with none stated he called the question and the motion carried and was so ordered.

16. COMMISSION CHAIRMAN COMMENTS – DWIGHT MILLARD

There was no discussion on this matter

17. COMMISSIONER COMMENTS

There were no comments

18. PUBLIC COMMENT ON NON - AGENDIZED ITEMS:

There were no comments

19. 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.

The next meeting date was set for May 23, 2016 at 3 PM.

20 FOR POSSIBLE ACTION: ADJOURNMENT

Chairman Millard called for a motion to adjourn. Ron Allen made the motion and Jeanne Herman second it, the motion passed.

Respectfully Submitted by:
Catherine Shuman
Manpower, Inc.