

**NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY**  
**Monday, November 21, 2016 - 3:00 p.m.**  
**Carson City Community Center – Bonanza Room**  
**851 East William Street (Highway 50 and South Roop Street) Carson City, Nevada 89701**

**MEETING MINUTES**

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*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.*

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

**1. ROLL CALL**

PRESENT:

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

ABSENT:

Commissioner Bob Hastings  
Commissioner Delsye Mills  
Commissioner Jeanne Herman

OTHERS:

Bob Robinson, Greater Nevada Business Solutions, LLC  
Candy Duncan, Project Coordinator  
Hugh Gallagher, Storey County Treasurer  
Ken Dorr, K.L. Dorr Consulting

A quorum was 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. 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 McGuffey seconded the motion. Chairman Millard 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.

**Kim Fegert** - Gold Hill Historical Society

I have been working with Candy Duncan on this commission's promise to get copies of all the contracts that were made last year. So far have only made a little bit of progress but not very much because still short some which it would be entertaining to find out what those circumstances around that are. Also have been given research into this commission's doings as far as the meeting minutes and found that Kevin Ray made the effort to list a bunch of them on the website but the thing about them is that they

had flaws, because they were heavily edited and just a mild reflection of what really goes on at these meetings. I asked Candy Duncan if I could be provided with the copies of the real ones that he based all the information off of and it was indicated to me that someone gave an order to basically have them erased. I was able to get a year's worth of them and have them copied but do not have anything previous to 2015 or anything afterwards. I would be interested in knowing who made the decision to have them erased and what the reasoning is behind that.

I had the opportunity to see the letter that Dwight Millard sent out asking the Railroad to stop the repairs on the locomotive, indicating that the commission was out of money. A few days later I talked to Candy and she assured that this was taken care of but there are no details on that and with being the owner of a locomotive that was overhauled I would be entertained to see exactly what it is costing for that work compared to what we spent on ours. If anyone could provide any of the documents on that then I would be entertained to see that too.

Chairman Millard asked Mike Rowe if he had a record of all the minutes and he was sure he did, he had Kevin's old records. He asked Candy Duncan if she was aware of what Kim was referring to in regards of the records and minutes and she answered with "yes he wanted the tapes", he wanted the actual recorded tapes and that she gave him everything that she was given by Brenda, the previous minute taker. Brenda was told that it was ok to re-record over some of the older tapes because there was only a 3-year limit of retention so she recorded some over them. Candy explained that when Brenda gave her everything she had she then gave it to Kim. There are recordings missing but we have the hard copies which are board approved. Chairman Millard said to Kim that if a list is made of what is needed we can and will see to it that you get them. Chairman Millard mentioned that as far as reusing tapes it is probably ok to reuse them, but in any case it would not hurt to keep them. Mike Rowe also responded that under the open meeting law it is mandated to retain the tapes.

#### **4. FOR POSSIBLE ACTION - APPROVE THE MINUTES OF SEPTEMBER 19, 2016**

Commissioner Allen made the motion to approve the minutes of September 19, 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 September 19, 2016 carried and was so ordered.

#### **5. FOR POSSIBLE ACTION - TREASURERS REPORT - Bob Robinson**

Bob Robinson reported on the Enterprise Fund which is the operation portion of the Commission budget. Bob went to the income statement as of August, 2016. This is on a calendar year because it captures the entire season January through December. For the month of August we had income of \$57,511, and expenses before funding came in at \$111,879 with a net loss of \$54,314. Year to date, January to August we had income of \$220,024. Expenses before funding from the Commission, was \$464,248 with a Net Loss year to date after \$100,000 funding from the Commission of \$121,032. As of August 31 there is \$220,678 in the bank mostly Polar Express prepaid tickets. Bob went on to the Commission Financials which is on a fiscal year (different from a calendar year) July 1, 2015 through June 30, 2016. There are, for the fiscal year, Revenues of \$474,000 and Expenses of \$517,113 with a Net Loss of \$43,113. Also, there were 4 months represented on the report (July through October) with Revenues of \$33,288 and Expenses of \$89,333 with a Net Loss of \$56,045. Bob pointed out in the Expense column at the bottom there were principal payments of \$60,000 and interest payments of \$1,260 that is the final payoff on the principal and interest on Engine 18. As of June 31, 2016 Engine 18 is now paid in full. Also at the last meeting Delsye asked about the sale of Drako and Bob had the documents for the sale. The Commission sold Drako back on December 30, 2015 for total of \$785,000. We received \$248,415 in cash which was deposited in the Commission's account. We carried a note for \$485,000 which has a balloon payment to be paid in full within five years of the sale. The buyer is to pay the Commission \$2,835.26 a month starting on January 2016. Somehow they dropped the eight out of the amount to be paid and only paid us \$2,035.26 so technically they owe the Commission \$8,000 for the ten months they missed the \$800. Bob wrote them a letter and they are now paying \$2,000 more on top of the next four payments to make it up. The accountant is working with Bob to bill for the associated interest on the note. Someone asked if the Storey County payments were reflected in the statement. Bob said no because they paid after this report was made. The use of that money was discussed and it was earmarked for the Engine 18. Dwight said that all bills presented had been paid it

was thought they were about \$280,000 and it will take about \$200,000 to finish Engine 18. This was discussed further. The amount of the late charges to the buyer, for the omitted portion of payments on the note for Drako was discussed. Chairman called for a motion. Commissioner Crowell made the motion to accept the Treasurer's report and Vice Chairman McGuffey seconded the motion. The question was called and the motion carried and was so ordered.

## **6. FOR POSSIBLE ACTION – RATIFY PAYMENT OF COMMISSION & ENTERPRISE FUND BILLS**

Bob Robinson stated the bills being discussed are from September 20 to November 21. The Commission Fund has checks cut in the amount of \$39,239.55. Chairman asked if they should take the bills individually or together. A motion was called for on the Commission Fund bills. Commissioner Crowell made the motion to approve ratifying the bills of the Commission Fund and seconded and the motion carried. The Enterprise Fund, the operating side, had checks cut totaling \$198,635.70. Commissioner Crowell made the motion to approve the Enterprise payments and Vice Chairman McGuffey seconded the motion. The question was called and the motion carried. The total of bills to be ratified for both funds was \$237,875.25.

## **7. DISCUSSION AND POSSIBLE ACTION-PRESENTATION OF THE FISCAL YEAR 2015-2016 AUDIT – Vanessa Davis w/Steele & Associates**

Vanessa Davis with Steele & Associates presented the Commission's audit for 2015-2016. The audit opinion showed nothing was found and it is clean opinion. Vanessa covered portions of the audit. This was not the final audit, when it's approved a final will be submitted. The report is the same as in the past but is updated with current numbers so there shouldn't be any surprises. Chairman Millard said the only thing he saw was on this issue of the \$150,000 being owed Storey County and how it turned from a gift to a note. He mentioned that it just needs to go away. It was unclear the status of this gift/note and Vanessa Davis requested Hugh Gallagher send her a copy of the note but he has not done so yet. Chairman Millard made the point that if in fact the Commission owed Storey County \$150,000 and they just gave us \$200,000, then it would have been withheld so therefore it is not due in payable. Vanessa Davis said that she currently has no documentation supporting the note either. Chairman Millard said there is no documentation other than minutes of a meeting in which the Commission gave it to them then took it back with a motion being made to give them \$250,000 and give them their money from the taxes. This was about the same time Storey County started keeping the taxes and not paying them to the Commission, which that money really belongs to us in its entirety. The only way Storey County can make claim to the money is under the Interlocal Agreement of the Commission saying they could use it otherwise that money is the Commission's. Nicole Barde commented that the Commission should talk to Hugh Gallagher as Storey County has a different view. Chairman Millard responded that they may have a different view but the law is the law and they didn't change it and passed the same ordinance. The Commission is not pushing for that money and agreed that they could use it, but legally it is the Commission's money. Vanessa Davis said she would need something to base this issue going away. Commissioner Allen asked Mike Rowe to research this issue due to him having the minutes and the Interlocal agreement and he agreed to do so. Chairman Millard mentioned the reasons of why the amount changed from \$250,000 to \$150,000 is because at one time the Commission gave Storey County \$100,000 for the Gold Hill Depot and it was still railroad related is why the Commission did that. How Storey County accounts for it in their books is not known but Chairman Millard assumed that they showed it as \$250,000 receivable and then changed it to \$150,000, but Hugh Gallagher would be the only person who could say. He would not be able to tell officially if there is a note though. Commissioner Allen mentioned to get Pat Whitten involved being as he was present at the meeting when this agreement took place. Vanessa moved on with the rest of the financials, on page 7 to the Government Wide Financial Statement. Under the Government activities there are fixed assets & debt which doesn't appear on the Government Fund Financial Statement but must on the Government Wide Financial Statement. Notice there is a note receivable for the Drako property. Included in the note is the \$4800 of unpaid as of June 30, 2016 which is the six months of the \$800 payments that were short. The Storey County payable of \$150,000 until it is figured out what it is. Dwight asked that since the report has to be submitted to the State should it be left in until we get

documents or ask for an extension. Bob suggested to omit it but then it is a carry over, so that couldn't be done. After further discussion, Vanessa agreed that asking for an extension makes sense. Vanessa said we were in the positive then went on to discuss the audit figures on page 8. The expenses under government activities included the \$790,000 depreciation. The gain on sale of land is reflective of the receipt of the note receivable and cash less the fixed assets for \$154,000 in gain as opposed to the \$200,000 received. On page 9, the current assets and liabilities and current net position. Everyone had trouble finding the \$316,231 Vanessa referred to. After everyone was on track, Dwight asked; due from other governments this was the calculated tax that is being withheld by Storey County as of June 30, 2016. It does include some others such as license plates, etc. There was discussion on the Storey County money which Ron Allen said is they reason we need an extension. Dwight said he wanted to put this behind them as they have been arguing with Storey County for 3 or 4 years. Vanessa said that according to the paperwork she has we have not been paid sales tax for 13 months. Taxation should be able to tell us exactly what was paid and when. Crowell said the only way to solve it was the get an extension and work it out. Dwight said we would motion an extension but Vanessa could go through the rest of the report. Vanessa said the income statement on page 10 reflects income and assets. There was question on the services and supplies. There was confusion as the \$198,000 was for Engine 18 and the \$12,900 was for building improvements. Vanessa went on to discuss the miscellaneous income and the special notes. On the Enterprise Fund Budget for comparison the Polar Express expenses were higher this year than last by \$26,481. The Historical Preservation Fee was higher by \$11,913. Bob said some of the expenses for the Polar were due to reconstruction of the North Pole that was vandalized in the past years. Vanessa discussed other figures on the Polar Express. The auditor report was a clean, unmodified, with no findings. Chairman called for a motion to ask for an extension to resolve the two items (the Inter local Agreement and tax collections from Storey County) and have a meeting for those items. Commissioner Crowell said he would make that motion. Commissioner Allen seconded the motion. One of the Commissioners inquired as to the deadline. Dwight said January 30<sup>th</sup> for the deadline and it was decided January 23<sup>rd</sup> for the meeting. Chairman called for further discussion. The question was called and the motion carried was so ordered.

#### **8. DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE THE ENGINEER TO OBTAIN PROPOSALS FOR DITCH CLEANING MAINTENANCE SERVICES FOR VARIOUS LOCATIONS ALONG THE RAILROAD**

Chairman Millard spoke on this topic by saying that in looking at the pictures provided we needed a compelling reason to do the ditch cleaning maintenance now. Dwight asked Ken if it could be done in the spring. Ken Dorr that the compelling reason would be that no maintenance has been done since 2008-2009 due to not having the right equipment to get it done. The equipment is still not available at this point. But, in the meantime, these ditches are filling up and there are about 80 culverts that are in need of repair. Ken Dorr has also asked Kent Hanford for a list of bridge maintenance items that should be done. As you are aware we have an Inter-Local Agreement with Carson City for Public Works to come in and work on the lighting of the bridge, so once I get that list going of all that needs to get done, I could touch base with them and see if it would be work that they could possible do as well. Chairman Millard approved for bids to be solicited.

#### **9. FOR POSSIBLE ACTION - ENGINEER REPORT – KEN DORR**

Ken said Gabe is finishing up cleaning some culverts and such and he will continue to do track inspections. Ken asked the board about the burnt truck that has been moved to and sits on the Ryckebosch's property along with a little truck left over from Drako. Do we want to proceed with abandonment of these or we can sell them? Mike Rowe would need to do some documentation to continue with a sale. There is no apparent owner to be found on the Cal-Trans dump truck so that may take more research. Bob Robinson asked if the truck was worth anything to sell and Mr. Dorr answered that it possibly could be, but nothing could be done until it is cleared. Mike Rowe also commented that this becomes a lien process. Chairman Millard responded that he thinks Shaw's old truck could be sold especially since it falls into the vintage category. With the dump truck the cheapest way to go about it would be to advertise for a title. Do we just want to abandon the truck and cut it up for scrap or see

what comes out of the process? Chairman Millard asked Mike Rowe to check into it and he agreed. Ken discussed more of what was being done.

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

Nothing to report things have been pretty quiet just usual stuff.

#### **11. FOR POSSIBLE ACTION – MARKETING REPORT – CANDY DUNCAN**

Polar Express just started November 17<sup>th</sup> so we just finished our first weekend. Candy said Tom would agree that almost everything that could happen on the Polar Express has happened. We are pretty excited because we figured the rest of the season will be easy. We have sold 90% of all coach tickets which leaves only 10% left to sell and the reason for not being sold out at this point is because extra runs were added to accommodate all the people who were frantic to get tickets last year when we were sold out. The extra days that were added were Thursdays in December, the 1<sup>st</sup>, 8<sup>th</sup>, and 15<sup>th</sup>, which still have openings and have been hard to fill. So we will not be doing this next year being as they are so hard to fill. Everything else has filled up well especially VIP which is completely sold out and happened right away. This coming Sunday at 8pm and a few other Sundays at 8pm still have openings especially December 1<sup>st</sup> at 8pm. There are many available seats that need filled. We did a flash sale and gave a 25% discount which helped a lot with sales. We have had many compliments on the North Pole and on the staff. Even when we were running late no one seemed to care as they had a good time. Our revenue in the gift shop is up. One great thing, Tom’s crew has been great, everybody works together and pitches in and if there is a problem we all work through it, and customers are truly happy. We are all looking forward to the rest of the season.

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

Tom said they stopped working on the #18 in August but continued to do a little bit of work. Took out part of the Top front tube sheet and reformatted a new one and brought it back and have mostly riveted it in. That is the last job that was done. Trying to get the contractor to put in the new pipe and all that. Hopefully in February we can start back on that after Polar is done. Still have to put in all of the bolts on the back then we will be back to where we thought we were back in April. We will play it by ear and see what happens and who I can get to work on it. The one thing is that I am afraid of losing the Polar season and I know how important it is to the whole project but so far so good. Last night was a good night with the big locomotive and still have the little locomotive as back up. I did purchase another locomotive. Something more mechanically friendly, that I can actually get people to come in and help work on it. It is parts supported so we can go buy them. Last night I called the train master in Stockton at the Mormon yard and the locomotive came into Stockton from Vancouver on the Vancouver to Barstow train but unfortunately the rule on this train is there can only be one set out. The locomotive is on the front end they set out the cars on the back of the train and that train will continue on to Barstow and then come back to Stockton before they will set it out. Tom has gotten all of their phone numbers and called them to find out for sure and that is how it is going to be. Then there was the issue that the only train from Stockton to Fernley going over Donner Summit and its only departure is on Thursdays so I hope it makes that train. When it does comes in, we can unload it and take it apart to get the weight down so we can put it onto the truck and take it to Eastgate. Then we can put it back together and work out the bugs. I will have the people who sold it to me, who are a leasing company with mechanics and trucks who can come down and help do the work to expedite the process of getting it up and running. Tom said he asked Dwight if he would be willing to pay for some of the transportation which comes to about \$40,000 with all the companies. Tom discussed some of the problems they had with the engines during Polar. Dwight said the funds would possibly come out of the Enterprise fund which would put them in the red and they would then come to the Commission for help. We did run late a couple of nights doing the Polar because of engine problems so this engine Tom is buying is important. Dwight said that even though it is not on the agenda Tom has asked if we would be willing to pay \$1500 more per day. Dwight said he would like to get the feeling of the commission on this. Bob Robinson said he thought the \$1500 is not an operational item but more a Commission one. Dwight said it will come from

one or the other and since they are connected he would like to get it taken care of. Commissioner Crowell asked what the split was between the Commission and Tom. Tom said about 20% was for the transportation which would be the Commission's and 80% for him to get it running. Tom broke down exactly what it entailed to get it here. Dwight tried to put it in perspective by saying: Tom charges us a number to provide a train for Polar. It is a fair number and he is asking us for help in getting a reliable engine. Ron commented that he needed it for Polar not on the Virginia City end so it is for us that Tom is doing this. After a lengthy discussion among everyone nothing could be done at this time Dwight said he just wanted to know how the Commission felt.

**13. COMMISSION CHAIRMAN REPORT-DWIGHT MILLARD**

Dwight had nothing more to add.

**14. COMMISSIONER COMMENTS**

Dwight went around the board. Doug said he was about to leave and could see there was a lot yet to do.

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

Kim Fegert said he wanted to request the remaining copies of the minutes he doesn't have. Also he would like an itemized budget on what is being spent on the Engine 18. Kim indicated that the minutes were edited, saying the Carson City meetings are verbatim but was corrected by a number of people that they were summarized. Kim noted he wanted copies of the taped meetings.

**16. FOR POSSIBLE ACTION: SET NEXT MEETING DATE**

The next meeting was tentatively scheduled for January 23, 2017.

**17. FOR POSSIBLE ACTION: ADJOURNMENT OF COMMISSION BOARD MEETING**

Chairman Millard called for a motion to adjourn. Vice-Chairman Johnson made the motion to adjourn and Commissioner Allen seconded it, the motion passed meeting was adjourned.

Respectfully Submitted by:

Rebecca Lott

Manpower, Inc.

Completed by Brenda Frank