

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

THURSDAY, OCTOBER 26, 2017 1:00 p.m.

**Carson City Community Center – SIERRA 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 has been e-mailed to the Project Coordinator.

CALL TO ORDER

Chairman Dotson called the meeting of the Nevada Commission for the Reconstruction of the V&T Railway to order at 1:00 p.m. and called for the roll.

Pledge of Allegiance

1. ROLL CALL

Candy Duncan called roll.

Chairperson: Deny Dotson
Vice Chair: Nick Marano
Treasurer: Joel Dunn
Board Members: Jack McGuffey
Stan Jones

Candy noted there was a quorum present.

Others: Candy Duncan, Project Coordinator
Bob Robinson, Accountant
Ken Dorr, Engineer
Michael Smiley Rowe, Legal Counsel

Public Attendance: 6

2. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION’S ATTENTION: APPROVAL OF THE AGENDA

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Jack McGuffey welcomed Stan Jones to the board.

Deny Dotson commented that he asked Candy Duncan and team to put together a newsletter to be sent out prior any upcoming meetings. This newsletter would include all materials pertinent to the meeting and could also include some marketing items. He also mentioned that the new Administrative Assistant at the Virginia City Tourism Commission would be assisting in this as well.

J. McGuffey made the motion to approve the agenda.

Second – Nick Marano

Approved - Unanimously

3. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: PUBLIC COMMENT ON NON-AGENDIZED ITEMS

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There was no public comment, D. Dotson moved to the next item.

4. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: ACCEPT THE RESIGNATION OF CHAIRMAN DWIGHT MILLARD AS THE GOVERNOR'S APPOINTEE TO THE COMMISSION

J. McGuffey made the motion to accept the resignation of Chairman Dwight Millard as the Governor's Appointee to the Commission.

Second – Joel Dunn

Approved - Unanimously

5. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: APPROVE THE TREASURER'S REPORT – JOEL DUNN

A. *Financials*

B. *Accounts payable claims in the amount of \$94,448.28*

J. Dunn reported that as we transition with the new commission, we are going to accept the financials as submitted. The current accounts payable claims in the amount of \$94,448.28 have been signed by the new signing authority and the chair.

J. Dunn made the motion to accept the financials and the accounts payable claims as submitted by the accountant.

Second – N. Marano

Approved - Unanimously

6. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: UPDATE ON THE DRAKO PROPERTY

Discussion / possible action to sell the note for the first deed of trust and the mortgage for the Drako property to ensure there will be funding for operations needed to finish the 2017 regular season.

J. Dunn asked if legal counsel could discuss this item. Michael Smiley Rowe reported that the previous commission had authorized research into how to go about selling the note for the first deed of trust and the mortgage for the Drako property. As of October 1, 2017, \$466,349.32 is owed by the purchaser of the Drako property. M. Rowe noted that if a purchaser is found, they would likely want to purchase at a discount. That is as far as the previous commission got in this process, the next step would be to get it on the market and see if there are any interested buyers. M. Rowe speculated that it would be a minimum 20% discount. J. McGuffey shared that the current owner of the note might be interested. M. Rowe replied that the buyer is Roy Street Properties LLC and noted that he, Candy, or Bob could approach them to see if they would want to pay it off early. D. Dotson asked for clarification on the owner. M. Rowe responded that the commission doesn't own it anymore, and the title transferred at the close of escrow. However, the commission's interest is secured by first deed of trust on the property. M. Rowe shared that Roy Street Properties LLC has been staying current on payments. J. Dunn and M. Rowe then clarified the actual payment amount was \$2835 per month. N. Marano asked what the commission paid for the property and how much they sold it to the current property owner for. M. Rowe reported that it was sold to the current owner for \$785,066. He believes the original purchase price was close to 1.4 million. J. McGuffey shared that Bob Robinson had mentioned that the Nevada Department of Taxation had approved the current fiscal year budget with a listing of the revenue potential from the sale of the Drako note included. J. McGuffey shared his concern that if it was part of the fiscal year revenue, then it would need to be addressed soon.

J. Dunn made a motion to table this item until he met with B. Robinson and clarified the current budget with regards to the sale.

N. Marano shared that he is in favor of tabling this item indefinitely. After already losing money on the sale of this property, he does not recommend selling an asset which generates revenue at an additional loss.

J. Dunn concurred and amended his motion to table this item until it needs to be brought back to the commission's attention.

Second – J. McGuffey

Approved - Unanimously

**7. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION:
MARKETING REPORT- CANDY DUNCAN**

Candy Duncan reported on the online marketing for Polar Express. As of yesterday, all of the VIP seats are sold out for all trains before Christmas. The Coach tickets are about halfway sold as of now. The marketing team is discussing a plan to discount opening weekend if it is not sold out by early November. Each year they have added more seats and more dates/times. This year was the first year that they added trains after Christmas at the recommendation of Rail Events.

N. Marano asked for a clarification of the paid social and paid search categories. C. Duncan shared that paid social is Facebook marketing and paid search targets the Sacramento, Reno and Tahoe internet searches. D. Dotson shared that these have been effective marketing tools for Virginia City as well.

C. Duncan shared that the Polar Express marketing budget is relatively small, and a lot of it is going towards the Nevada Commission on Tourism grant matching. They are currently working on getting new still photos for marketing. J. Dunn asked who is doing the new photography. C. Duncan shared that Craig Marshall will be doing the photography for Polar Express this year.

D. Dotson wanted to evaluate the marketing expenses and the timing of the expenses for future budgets. He also mentioned that they had budgeted for a full 5 cars even though there would not be that many this year. C. Duncan clarified for the board that there would be 4 cars this year: 3 Coach and 1 VIP. C. Duncan also clarified that the first run of dress rehearsal night on November 18 would be all comps for various people including Commissioners, families at the Advocates to End Domestic Violence Shelter, contest winners and cast member families.

J. Dunn made the motion to approve the Marketing Report.

Second – N. Marano

Approved – Unanimously

**8. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION:
POLAR EXPRESS UPDATE – DENY DOTSON**

D. Dotson reported that they had a staff meeting yesterday. Tom Gray verbally agreed to help build the North Pole. D. Dotson noted that he would be gone from November 11 through November 25.

J. Dunn asked legal counsel about Tom Gray's contract regarding liability insurance. M. Rowe reported that T. Gray is adequately insured for the operation of the North Pole, but there is no current coverage for employees. M. Rowe also noted that all current independent contractors are properly covered, but if T. Gray brings on any help for the North Pole, that might not be covered unless he is using his own employees. M. Rowe will direct this question to Wayne Carlson and get his recommendations.

D. Dotson shared information regarding the plan of operation and the cast. The goal for finishing the North Pole is November 4.

**9. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION:
VIRGINIA AND TRUCKEE RAILROAD CO. REPORT INCLUDING REPAIRS TO ENGINE #18 – TOM
GRAY**

D. Dotson noted that T. Gray was not present, so this item would be pulled off of the agenda for today's meeting.

**10. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION:
ENGINEERING REPORT – KEN DORR**

A. Maintenance update

Ken Dorr reported that the twice weekly track inspections are complete until Polar Express start. There is some maintenance that needs to be completed pending weather conditions. D. Dotson asked about the rock near the North Pole and if we could use it to support the North Pole structures. K. Dorr replied that some rock would be leftover and could possibly be used.

K. Dorr shared that Kent Hanford has completed the bridge inspection and is preparing the report. NDOT also inspected it and noted some minor repairs that were needed.

K. Dorr reported that the blue building is owned by Steve Ryckebosch, and he is donating the use of that building for free to the commission as he has done in past years. A lot of equipment is stored there, and he should be given comp tickets to the train this year.

Carson City Public Works has completed the lights on the bridge.

K. Dorr requested that the commission consider where the engineering/construction files should be stored. They are currently still being stored at Manhard's offices in Carson City. Linda McKenzie at Manhard has been taking care of some administrative duties at a nominal cost including filing the "Form 55" reports every month with C. Duncan and T. Gray.

D. Dotson asked about retention requirements with regards to digitizing files. K. Dorr replied that they have both electronic and hard copies at the moment. Track inspection and signal inspections must be kept for two years. They currently have them on Manhard's server and on K. Dorr's home computer. Linda has the master reports on these.

J. McGuffey asked how much space is needed for storage. K. Dorr replied about 8 x10 as they currently have four file cabinets.

M. Rowe asked if anyone notified the pool about the additional insured people for Polar Express. C. Duncan replied that she hadn't. M. Rowe will cover this with Wayne Carlson. He also noted that we would need double the file storage space due to all of the documents and files he has as well. J. Dunn asked if it was digital copies. M. Rowe replied that it was mostly hard copies. J. McGuffey asked how many filing cabinets we would need for this storage. M. Rowe replied that they were all currently in filing cabinets at his house.

K. Dorr noted that we have been charged by BLM to keep the historical artifacts that were discovered along the railroad. There are several bags in the blue building currently. There was some discussion regarding showing some artifacts in the depot as well.

J. McGuffey made the motion to approve the Engineering Report.

Second – N. Marano

Approved – Unanimously

**11. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: TRACK
MAINTENANCE CONTRACT - KEN DORR**

Amend Gabriel Willaman railroad construction's contract in the amount of \$48,080.00 to begin clearing trackside ditches of debris obstructing drainage flows and related work as a result of the January 2017 storm event.

K. Dorr reported that there is still work that needs to be done. This would be non-reimbursable by FEMA, but would take care of some of the worst areas with the most damage. Gabriel Willaman now has a ballast regulator that would help clear the track and would be used regularly. The earliest work could begin would be end of November or December. The invoices likely wouldn't start coming in until December or January.

J. Dunn shared that they have roughly \$400,000 in a carryover account in the V&T fund. He noted that we don't want to delay the maintenance needed for the track. He asked if we needed the full amount to start right away.

K. Dorr responded that it would be a minimum of \$30,000 before the end of the year.

J. Dunn responded that he would be able to get approval for the use of the carryover funds to cover 50% of the cost if it is shared with available funds from Storey County.

J. Dunn made the motion to approve the expenditure of up to \$30,000 to apply a partial of the \$48,080 with the GW Railroad Construction proposal that will be shared 50% through the fund of the V&T and 50% through Storey County.

Second – S. Jones

Approved – Unanimously

12. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: ATTORNEY'S REPORT- MICHAEL SMILEY ROWE

M. Rowe reported that the primary activity has been to interact with the Chairman and Treasurer on issues that have come up regarding open meeting law.

13. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: COMMISSIONER COMMENTS

N. Marano and J. Dunn both welcomed S. Jones to the Commission. S. Jones thanked the Commissioners and the Governor for appointing him.

D. Dotson shared that there is a lot to do going into next year and asked everyone to add any necessary agenda items for the next few meetings this year.

J. Dunn thanked the staff for staying on through this transition process.

14. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: PUBLIC COMMENT ON NON-AGENDIZED ITEMS

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No public comment.

15. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: ADJOURNMENT OF COMMISSION BOARD MEETING

D. Dotson adjourned the meeting at 2:01 pm.

(sms)