

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY
Monday, April 6, 2015 - 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

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

1. ROLL CALL

PRESENT:

Chairman Dwight Millard
Commissioner John Tyson
Vice-Chairman Bob Crowell
Commissioner Ron Allen
Commissioner Delsye Mills
Commissioner Doug Johnson
Commissioner Jack McGuffey

ABSENT:

Commissioner Bob Hastings
Michael S. Rowe, General Counsel

OTHERS:

Kevin Ray, Project Coordinator
Ken Door, Manhard Consultanting
Bob Robinson, Greater Nevada Business Solutions, LLC
Candy Duncan, Enterprise Fund

It was noted, there has been no appointment made for Washoe County. We do have a quorum present.

Dwight asked if a call from Bob to Washoe County would get them an appointment. Bob said he would try.

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 corrections to the agenda. Kevin said the date of the minutes to be approved should have been those of January 12th instead of the 23rd. Commissioner Allen made the motion to approve the agenda with change noted. Commissioner Tyson 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 Bard from Storey County asked if the funds due Storey County would be discussed in the budget item. The answer was yes.

4. **FOR POSSIBLE ACTION - APPROVE THE MINUTES OF January 23, 2015**

Chairman stated the minutes were from January 12th instead of January 23rd and asked if everyone had read the minutes and if there were any other corrections besides Kevin's. Commissioner Allen made the motion to approve the minutes of January 12th as presented. Commissioner Johnson seconded the motion. Chairman called for discussion on the motion and then the question. The motion to approve the minutes of January 12, 2015 carried and was so ordered.

5. **FOR POSSIBLE ACTION – RATIFY PAYMENT OF BILLS INCLUDING ENTERPRISE FUND.**

Kevin said the Commission's total bills were \$70,025.61, of that was the \$50,000 that went to the Enterprise Fund for this upcoming years season and the other \$20,000 was for standard bills. The Enterprise Fund bills for December, January, February and March were \$467,410.80. The majority of that was for November/December Polar Express. Kevin said the web site now has the agenda and minutes on it. Individual items were discussed. Chairman called for a motion. Commissioner Johnson made the motion to ratify the payment of bills for the Commission and the Enterprise Fund. Commissioner Tyson seconded the motion. Chairman called for discussion on the motion then the question. The motion carried and was so ordered.

6. **FOR POSSIBLE ACTION – TREASURER FINANCIAL REPORT**

Commissioner Allen asked Kevin to give the Financial Report. Kevin said they have approximately \$190,000 cash on hand with Carson City finance department and \$86,000 in Irwin Bank so currently today, we have cash on hand of approximately \$276,087 in the bank. For April, May and June our estimated income which will take us through the fiscal year ending June 30, 2015 we have \$9,000 coming in from license plates, \$150 that will come in from donations from the Enterprise Fund from ticket sales, about \$4,000 from the Enterprise Fund from the 8% historic fee, and \$307,471 from Storey County as estimated from Carson City. Before June 30, 2015 they expect to spend \$14,000 for insurance, \$900 for utilities at Drako and the Depot, project coordinator and secretarial for three months is about \$4,000, about \$1,000 for legal and advertising and about \$8,000 in attorney fees. We have budgeted \$40,000 for track and locomotive maintenance, Engineering is \$3,000 and we have \$100,000 to go back to Storey County. That will leave a fiscal year ending balance of \$426,008. As a note and it is in the next budget, we still owe \$61,260 on Engine 18 that is due September 15, 2015. Commissioner Mills asked a question regarding the Enterprise fund. Kevin added that the Enterprise Fund has about \$52,000 in the bank and the biggest expense there would be the advertising and marketing. Discussion on all the figures was held. Chairman called for comments or questions of Kevin on the report. There were none. Commissioner Crowell made the motion to accept the financial reports. Commissioner Johnson seconded the motion. The Chairman called the question and the motion carried and was so ordered.

7. REVIEW FYE 2016 COMMISSION AND ENTERPRISE FUND DRAFT BUDGETS

Kevin said the Commission's tentative budget has an estimated cash balance as of July 1, 2015 is \$426,008.00.

He started with the Enterprise tentative budget saying they put it together differently. This year starting January 1st through December 31, 2015 the Enterprise Fund shows an income from projected ticket sales for a total of \$1,062,900.00. The Polar Express accounts for \$676,900.00 of that and the standard season tickets are \$386,000.00. There will be projected income from Partnerships of \$2,000, Polar Photo Revenue of \$10,600.00, and Sales/Merchandise is \$45,000.00 less \$15,000.00 for cost of goods sold. There is a projected total income of \$1,105,500.00 for the Enterprise Fund. Kevin went over the expenses incurred throughout the year (January – December) for standard season and the Polar Express. In all total expenses comes to \$1,168,210.00 leaving a deficit of -\$62,710.00. Other income for the Enterprise Fund is \$150,000.00 from the Commission, \$15,500.00 from the NCOT Grant and a couple of others at the end of the year. There will be a net income of \$103,290.00 in the bank. Kevin discussed the other income noting that with \$52,000 in the bank they may not have to draw on the Commission funding. Dwight asked how many trains was the ticket sales based upon. There was about 56 regular trains and 60 Polar. The type of train they will run this coming season was discussed. Chairman asked for questions from the Commissioners on the Enterprise Fund's tentative budget for fiscal year 2015. From the public, Nicole Bard asked what the beginning on hand was for the Enterprise Fund. It was \$52,000. Commissioner Johnson asked what the franchise fee was for the Polar. Kevin said it was 30% on ticket sales and also a percentage of photo sales. Kevin explained he asked at the Rail Event how they could make money without giving 30% and they suggested the 8% historic preservation fee and give that money back to the Commission. So of that 8% they didn't have to pay the 30% to Polar. Dwight noted the figures on the report. Many individual items on the budgets were was discussed and clarified. Dwight said in the Railway Commission there should be for the Engine 18, a set aside for the 30 day repair which will be coming up at the end of the year. Commissioner Crowell said it would behoove them if Kevin had a talk with taxation regarding the moving of money from the Commission to the Enterprise. Kevin said he would talk to Penny at Taxation. Dwight asked if there were any other questions. Nicole Bard asked if the -\$62,710.00 from Operation going up or down with time. After discussion it was agreed the operating deficit is going down. Chairman called for a motion. Commissioner Crowell made a motion to accept the tentative budgets for the Commission and Enterprise fund. Commissioner Allen seconded the motion. Chairman called the question and the motion carried and was so ordered.

8. ENGINEER REPORT – KEN DORR

Ken Dorr said they have done some special maintenance. The BLM right-of-way grant has been finalized. Ken reiterated the basis of the grant. He said the BLM has every right to charge fair market value for the right-of-ways; they didn't.

9. FOR POSSIBLE ACTION: DISCUSSION ON CONTRACT AMENDMENT WITH MANHARD CONSULTING TO PROVIDE AS-NEEDED SURVEYING AND ADMINISTRATIVE SERVICES.

Ken Dorr said he was working part time with Manhard. The main reason to keep Manhard is they can do surveying for the Overman Pit to monitor the settling up there. Linda McKenzie has a lot of knowledge on the project and can find anything that is lost and she does the Form 55 FRA Monthly Report. Chairman noted the letter from Manhard Consulting on an as-needed contract and asked for a motion. Commissioner

Tyson made the motion to accept the contract with Manhard Consulting, LTD. Commissioner Mills seconded the motion. Chairman called for discussion on the motion with none stated he called the question and the motion carried and was so ordered.

10. POSSIBLE ACTION – DISCUSSION ON CONTRACT WITH KL DORR CONSULTING LLC TO PROVIDE ENGINEERING AND MAINTENANCE-OF-WAY SUPERVISION SERVICES.

Ken said he would stay on as engineer and maintenance-of-way supervisor and his overhead rates for his LLC are much less than the normal charge out rates. Chairman said this was an as-needed Proposal from KL Dorr Consulting for Engineering Services on a contracted rate. He asked for a motion. Commissioner Johnson made the motion to accept the proposal from KL Dorr Consulting. Commissioner Crowell seconded the motion. Chairman called for discussion on the motion with none stated he called the question and the motion carried and was so ordered.

11. POSSIBLE ACTION – DISCUSSION ON CONTRACT WITH EIDE BAILLEY TO PERFORM 2014/2015 AUDIT

Dwight said this was a proposal for services pricing information from Eide Bailey. Kevin said they are the company who purchased Muckel Anderson who has been doing the audits. Chair called for a motion. Commissioner Crowell asked how much they were going to charge. They have a price of \$13,000 for a full audit. \$3,000 if we need their time for financial help. Commissioner Allen asked if they needed to make the decision today. Kevin said they can put it off but he has to tell Taxation who they are hiring. The question was do they need a full audit and would we get in trouble with Taxation if we held off. Bob asked if we could make that decision at the May meeting. Chair called for a motion. Commissioner Crowell made the motion to table this item until the May meeting after they have had time to get some answer. Commissioner Allen seconded the motion. Chairman called for discussion on the motion. Nicole Bard asked if it were possible to find a company who does audits and could help with financials. Kevin explained an auditor cannot do financials and then audit them. Chairman then called for further discussion, with none stated he called the question and the motion carried and was so ordered.

12. FOR POSSIBLE ACTION – DISCUSSION ON CONTRACT WITH WEIDINGER PR TO PROVIDE PUBLIC RELATIONS SERVICES

Dwight said this contract is \$14,000 for the year. Commissioner Crowell made the motion to approve the contract with Weidinger PR for \$14,000 a year. Commissioner Allen seconded the motion. Discussion was called for. Commissioner Tyson said he thought Candy was their public relations person. Candy said she was the coordinator for both the PR and Advertising and she sells all the tickets, does group sales and mans the depot. She said Weidinger can do all the social media and advertising that she can't do in her business. Candy said the \$14,000 is a reasonable amount for the public relations services they will provide. 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 ON CONTRACT WITH SMITH AND JONES TO PROVIDE MARKETING AND ADVERTISING SERVICES

Dwight said this is along the same line as Item 12. This contract is for a budgeted \$80,000 to provide marketing and advertising. After discussion on the scope of the work provided Chairman called for a motion. Commissioner Crowell made the motion to approve the contract with Smith and Jones not to exceed \$80,000. Commissioner Mills

seconded the motion. Chairman then called for further discussion. Commissioner Allen said he never was a big fan of this because there was no amount listed in the paperwork. After discussion, Dwight said all work will be itemized and brought to us, they don't just get \$80,000 that is what is budgeted for this work. Candy discussed some of the marketing and advertising they want to do through Smith and Jones. Commissioner Johnson said this was a one year contract so they will be watching how and where the money goes. Commissioner Allen wanted to know the percentage Smith and Jones would get. Bob said it was generally 15% in the industry. Commissioner Allen said he would like to see the numbers in the contract. It was discussed as to how percentages were accounted in this type of work. Candy said we couldn't hire someone and get all this work done for less. Candy said that at the end of the season, she could have a representative from Smith and Jones and Weidinger come and give a presentation on what they spent, what we got and what their percentages were. Commissioner Tyson asked if they were just throwing away money having two companies under contract. Candy said her answer would be no. After further discussion Chairman called the question. Commissioner Allen voted no and the motion carried and was so ordered.

14. VIRGINIA & TRUCKEE RAILROAD REPORT – THOMAS GRAY

Tom said they have been operating for 40 years. They ran the first train of the season. The Hospital train will run in 12 days. They need some more work on the track and they are building another yard turnout for another siding to repair equipment on. They did a raffle and make a wish at the Atlantis and got good coverage from that. They did a 7 minute video that is played around the country with some great pictures. They have been making loading curbs at the depot. They did a lot of deep cleaning of the cars this year. They are in the middle of the annual inspection on Engine 18. Tom explained some of the items they do in the inspection. They have been working on Engine 29 and are in the process of putting it back together. They are working on the bathrooms at Virginia City and the Depot. John asked about the Pullman car Tom bought, wanting to know when he would have it in service. Tom said when he gets the siding done where he can get it there they would start working on it. John said it would be an extra car for Polar. Tom has been busy working on all the equipment. Commissioner Mills asked if there was a way to make a dining car. Tom said they could do that but they would lose a third of the car. Dwight said they are trying different venues to see what sells to get people to ride the train. Dwight complimented Tom on the Polar cars and how well they were decorated. Tom said they are planning to do a Thomas event in October.

15. PROJECT COORDINATOR REPORT – KEVIN RAY

Kevin asked Candy to discuss some of the things they are planning. Candy handed out copies of the Mother's Day e-mail and press release and a copy of the budget. They revised the brochure. They are working on the V&T Newspaper that is put on the train during regular season. They are working on grants for I-80 billboard and some more filming on changes to the train and area. They are planning opening day festivities, they are doing two days for Mother's Day and are selling tickets now. We are going to have 4 murder mystery trains this year, one every Saturday in August. They are finding that people like the special train events. Candy is gathering information on a dinosaur train and hope to do one of those. Candy said this project wasn't designed to make money it was designed as tourism, hoping to bring attention to Carson and Virginia City and to bring tourists to the area. She thanked everyone for all they have done to make this possible.

16. COMMISSION CHAIRMAN COMMENTS – DWIGHT MILLARD

Dwight said the Drako site was still listed and the Realtor says there are some real possibilities that the offer will still come through. If anything happens there will be a special meeting or bring it back in May.

17. COMMISSIONER COMMENTS

Commissioner Mills asked Candy if they thought of having a photo op before people get on the train. Delsye said she always wanted to see a V&T Choo Choo Train with a dining car and they need marketing.

Commissioner Allen said his no vote wasn't directed at Candy, it was he just likes to see numbers when he signs anything.

Commissioner Crowell suggested maybe having the Commission meeting on the train sometime.

18. FOR POSSIBLE ACTION - NEXT COMMISSION MEETING

The next meeting date for the Reconstruction of the V&T Railway was set for Thursday, May 21st. This meeting is where they pass the budget. Kevin will let everyone know the time and place.

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.

Chairman called for public comment.

Kim Fegert said there were always two sides to a story. A couple meetings ago when he was noting some irregularities with the Commission, Commissioner Mills had associated him with a buffoon. He said he thought she was right and he had evidence to that fact. Kim showed a number of pictures of work and things he had done for the railroad project. Kim said he would have to agree with her because he trusted everyone who had anything to do with this project and he was the only one who lost his business in all that work. Kim said she made her point he was a buffoon.

With no other comments Chair called for a motion to adjourn.

20 FOR POSSIBLE ACTION: ADJOURNMENT

Chairman called for a motion to adjourn and the meeting adjourned at 5:10pm

Respectfully Submitted By:

Brenda Frank
Manpower, Inc.