

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

THURSDAY, October 25, 2018 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.

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 Pledge of Allegiance.

Pledge of Allegiance

1. ROLL CALL

Elaine Spencer called roll.

Chairperson: Deny Dotson - Present
Vice Chair: Nick Marano - Present
Treasurer: Mike Santos - Present
Board Members: Jack McGuffey – Present
Stan Jones - Present

Others: Ken Dorr, Engineer
Michael Smiley Rowe, Legal Counsel

Public Attendance:

2. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: 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. The Commission may combine two or more items for consideration and may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

N. Marano made a motion to approve the agenda.

Second – M. Santos

Approved – Unanimously

3. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: 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.

No Public Comment.

4. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: APPROVAL OF MEETING MINUTES

a. *August 30, 2018*

E. Spencer stated there are an additional set of minutes before the board due to some grammatical errors found in the previous minutes with the corrections.

D. Dotson asked if the corrections were grammatical.

E. Spencer states they were all grammatical.

J. McGuffey made a motion to approve the minutes from the August 30, 2018 meeting.

Second – N. Marano

Approved – Unanimously

5. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: FINANCIAL REPORT

E. Spencer explained Hugh Gallagher was unable to attend the meeting today. She stated there is a current revenue and expenses report for the month. She explained it is for the month of September and includes year to date. She stated this is not inclusive of what was rolled over from the last year or the money rolled over from Storey County or Carson City. She explained due to those not being included, the actual total of revenue is much higher than what is currently being stated. E. Spencer explained the contributions from Storey County and Carson City have been designated for specific projects relating to infrastructure and because the contributions have not been included in this report, the related expenses have also not been included. She explained there is still an account at Bank of America, but it is only currently being used to deposit credit card revenue. E. Spencer states the money from that account is being transferred over to Storey County via check. She states she went to Bank of America and there was over \$150,000.00 in the account which had accumulated over about three weeks. She explained the revenue is building quickly. E. Spencer explained the organization is in the black at \$468,000.00 which includes the regular season, Polar Express revenue, license plate funding, rent on the building at the depot, the Drako property, and sale of goods from the sales of excess merchandise over the summer. She states those are what is being used for operational funds. E. Spencer provided current expenses which include operational expenses. She explained that there will be substantial revenue accumulated for Polar Express due to the size of the event, however, there will also be substantial expenses, which she explains, they have started paying now. She explains that compared to last year, they are on track to be even with the previous year. E. Spencer states they did have a tough summer with the smoke and had a late start to the season, although, they did do well. She states overall it has been a good year and states she would like to go to 100% steam for the upcoming year. She states they will have full financial reports by the end of the season or beginning of the calendar year.

J. McGuffey states that he sees that with only having the two cars rather than three, he believes the organization has done better than it did previously and thanked E. Spencer for a great job.

E. Spencer credited the marketing company for their accommodating the organization and their flexibility in changing the marketing strategy constantly based on the current need.

D. Dotson states when the budget was originally laid out, the regular train season was broken out from the Polar Express. He states the reporting functions of the county do not always allow for that to be broken out in reporting but states he would like to get those broken apart, so they can see the difference between the two in January.

E. Spencer states she would like to also see standalone budgets.

6. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: GENERAL MANAGER'S REPORT

E. Spencer stated the season went very well and Polar Express is kicking off. She explained the merchandise has come in and is being set up. She thanked S. Jones for coming out to the depot to help with parking and logistics. E. Spencer stated the waste water tank is being installed today. She explained some of the asphalt and side walk had to be torn out, but there is a team there now working on it. She stated the Christmas décor for Polar Express will start going up and invited the board members to come out and see it all before Polar Express starts running. She explained there is a lot of detail work being put into the setup.

D. Dotson states he was able to get out to the depot recently and stated he thinks it is amazing and starting to really look like a depot. He states with the bar and other work that has been put in, it is creating more of an experience and congratulated E. Spencer on a job well done.

J. McGuffey asked if E. Spencer wanted to share the information about the funding from the Governor's 1301 funding. He states the chances are somewhat thin due to the new Governor coming in. He states there is another avenue for funding in the form of looking at getting a new bill passed in the next session. He states for now, he will leave it at that until there is more information available.

7. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: MARKETING REPORT

Mike Draper with Argentum Partners presented the marketing update. M. Draper states they have really enjoyed working with the team and have been very impressed with the changes that have been made. He states the changes have been evident in the work they have done with the team. M. Draper states they hosted Yelp in September, the online review application and program. He states they were the elite members who review every place they go. He states there were between fifty and sixty reviewers who attended and from that, they have received forty-two reviews and over four hundred pictures. He states they are still going through pictures but have included some of the reviews in the board packet today. He states all of the reviews were great and most of them were along the lines of stating they were impressed and surprised and the attendees had the experience that we were hoping to create. He states they are still tabulating the impression from that event, but states they were substantial. He states in general, their marketing efforts have generated 2.1 million impressions through digital, social, limited print and some radio. He states they are still pushing Polar Express and still have a few weeks left of paid advertising for Polar Express. M. Draper explains their email campaigns progressed throughout the year and believes they have gained a pretty good understanding of what works and what doesn't work going into next year. He explained the eblast sent in the previous week had a 25% open rate out of about 12,000 sent. He stated of the 25% who opened the emails, 11% of them clicked through to the website. M. Draper states Polar Express is the sole focus for marketing now. He states they have interviews lined up and are participating in the Nevada Day Parade. He states they put up about 300 posters in Fallon, Fernley and the surrounding areas. He states overall, they have learned a lot with this team and are proud to be a part of it all it has accomplished. M. Draper explains they have discussed having a re-branding session during the off season and really looking at what has worked and what hasn't so a full-scale marketing plan can be launched for next year. He states the team has worked to really create an experience and they want to be able to communicate that through different forms and marketing tools.

N. Marano states he would like to compliment Argentum on what he thought was a superior effort throughout the year.

M. Draper states he believes one of the reasons they were brought on is because they also have a full-time lobbying team and invites the board to come by during the Nevada Day Parade and states they will be handing out literature on the V&T Railway. He states he is excited for the next phase of figuring out how they can help support the legislative efforts to find funding and additional support from our state's leadership.

S. Jones asks if Matt will run the office full-time.

M. Draper states they are working toward that and provided the address for the office.

E. Spencer states the parade is a big deal and provided information about the float and the work that has been done to create it. She stated there will be a train and Polar Express dancers beside a truck and trailer with elves working in Santa's workshop. She explained the theme of the parade this year is the economy and economic development. She states they will have Santa on the float and an additional twenty-five people. She states it will be loud and flashy to get people to come out and ride the Polar Express with them.

8. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: TICKET SALES REPORT

C. Duncan provided an update on ticket sales for the season. C. Duncan states they have sold 2,058 VIP tickets for Polar Express, which leaves 310 VIP tickets available. She states we are doing very well with a revenue of \$168,120.00 for VIP tickets. She states 5,248 of the coach tickets have been sold. She explained there were more coach tickets to sell this year because of the extra days added before Christmas. She states she believes there are about 1,300 more tickets available this year than there were last year. She states 10,292 coach tickets are remaining to be sold. She states the current revenue for the coach tickets is \$246,436.00. She explained last year they started selling tickets in June and this year, they did not start selling tickets until July. She states although they are about 25% behind where they were at this time last year, she is confident that they will make up the difference. She explained there is a lot of marketing taking place and she believes that will drive further sales. She states the twilight tickets on Thursdays and Sundays will start picking up as well. She states phone sales are slower due to the demographic for Polar Express being computer and internet savvy. She is currently spending more time providing customer service after people purchase their tickets online and then have questions.

J. McGuffey asks if the website explains the difference between VIP and coach tickets.

C. Duncan states there is video and photos on the website, but people still call often with questions.

J. McGuffey asks if there is a contingency plan for keeping the train full all the way through the season.

E. Spencer explains they do have a plan in place and are working with the marketing team, who have been very flexible, to make sure we are filling the trains. She states the delay in marketing has partly been due to Rail Events to approve all the marketing.

M. Draper states they did not receive approval until late September. He states Rail Events was dealing with some issues with other trains and it slowed their approval down, however they have committed to being able to get things approved.

E. Spencer states there was a fire near where the Durango Silverton train operates and it caused Rail Events to be out of business while they were dealing with the issues of the wildfire.

M. Draper added they have focused on relationship building. He states they are meeting with tourism and RSCVA who have both agreed to help promote the train.

J. McGuffey states those would be great team members to help get legislation passed.

C. Duncan states Rail Events has an investment in the V&T Railway organization too. She states that if help is needed, Rail Events may be available to help with some marketing and ideas to get tickets sold.

E. Spencer states they will be going out and selling packages to casinos and car dealerships. She states that as far as running the train after Christmas, they will not be doing that this year. She explains they have added days before Christmas instead.

M. Draper explains there is not necessarily a contingency plan, because they believe the cars will be full. He states there have been some hold ups due to Rail Events, however, over the next three to four weeks, they will be launching a full marketing campaign for Polar Express and that is when they will start looking at a contingency plan if ticket sales don't dramatically increase.

J. McGuffey states he believes they filled a couple of trains right after Christmas last year when it was close to Christmas, but it dropped off quickly.

C. Duncan states she has had some people request the after Christmas trains due to school getting out two days before Christmas. She states if she remembers correctly, there was a gross revenue of about \$500,000.00 for the four days the train ran after Christmas, so it was not all a bust. She explains that as a staff person, it was difficult, but they did it and people were happy to ride the train.

E. Spencer states the revenue was about \$180,000.00 for the last week, not \$500,000.00. She stated the overall event is about a \$1 million event.

D. Dotson states with looking at the numbers, he guarantees there was not that much revenue in the last week of Polar Express last year because the train finished the year in the red and money had to be put in from Storey County to balance the books. He states those are unaudited statements, but things look really good for the organization to be able to at a minimum break even.

9. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: ENGINEERING REPORT

K. Dorr states he did prepare anything formal for the meeting but will give a general overview of where things are at. He states the annual structure inspections have been completed which includes the bridge and the tunnel. He states they will prepare a list of things that need to be done next year. He states Gabe Willaman has finished some dressing work and ballast regulation on dressing shoulders. He has completed the ditch work that was approved last year. He states there are maintenance issues that will be ongoing with some things. He states they will be distributing about six cars of ballast where repairs and maintenance are required. He explained Gabe has a few areas that will need repairs and maintenance depending on the budget and the time available. He states he would like the joint rolling to be addressed by Gabe which will require some work. He provided a list of work that has been done and what still needs to get done.

K. Dorr states he has been working with E. Spencer and S. Jones on coordinating for Polar Express and assisting with the septic tank installation project. He states they are requesting a price from Armac to get the striping in the parking lot done. He states due to material in the parking lot, it will only last for a few years before having to be redone, however, the cost of repaving and painting the whole lot, is not feasible. He explained they are working on cleaning up the road on the way into the depot. He updated the right-of-way status map and provided a copy for the board. He explained the last time that had been updated was in 2010 and was outdated. He states with some funding, they are ready to start on the track down into the canyon. He explained Gabe Willaman has been moving around an old generator that was used to power the depot before there was power on the property. He states the Commission may want to investigate getting rid of it and trying to get some money out of it. He states a new one would be in the ball park of \$10,000 to \$12,000 so they may be able to get some money out of it.

E. Spencer states she agrees with selling it. She states that it could potentially be used at the Polar Express, but it is too large to be portable.

K. Dorr explains the size of the generator and states it is not something that can be moved with a truck.

J. McGuffey asks what is currently being used at the North Pole site for Polar Express.

E. Spencer states other generators have been provided by Tom Gray.

K. Dorr states if we could get rid of them, that is the best option. He states there is a process that must be followed due to the organization being a public agency and asks M. Rowe for guidance on the process.

M. Rowe states he cannot say without looking it up, but believes the same process has to be followed for any piece of property owned by a public agency.

S. Jones asks, with the 2017 workload being done, he states if there is money in the budget still, he would like the joint oiling to be done. He states he does not like deferring maintenance.

K. Dorr states that they do about 1/3 of the track per year and believes the oiling is important and needs to be done.

10. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: ATTORNEY'S REPORT

M. Rowe states it was a quiet month where he did usual administrative work. He states they have been looking for a gentleman who promised to provide some rail for the track and has not. He states the previous commission decided not to pursue the man, however, they have been trying to track him down to see if they can get the rail from him.

11. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: NEXT MEETING DATE AND POSSIBLE AGENDA ITEMS

A. November 29, 2018, 1:00 p.m., at Carson City Community Center – Sierra Room

E. Spencer requested to cancel the meetings in November and December due to running Polar Express on Thursdays. She also requested discussing dates for a planning retreat and a branding retreat at the meeting in January. She explained if they can do that during the off season, they will be able to evaluate the budgets and look at things from the season and know where they are at to start the new season.

D. Dotson states that makes sense. He states the Thursday in December would fall between Christmas and New Year's so having that meeting may be difficult to get a quorum.

S. Jones states we'll need to work with Hugh at Storey County to get the financial information for January.

E. Spencer states they will and explains they will still be compiling data through November and December. She requested holding the next meeting either the second or third week of January.

D. Dotson asked E. Spencer to provide some dates and see who is available.

J. McGuffey states this will be his last meeting with the V&T Railway.

D. Dotson thanked J. McGuffey for his work on the board and stated he has represented Storey County well on the Commission.

N. Marano thanked J. McGuffey for his friendship and the work he has done.

12. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: COMMISSIONER REPORTS & COMMENTS

J. McGuffey states when SB 57 got passed, he received a pen and had it framed with the pictures and would like to donate it to the V&T Railway. He states he would like to do it formally by getting a hold of Pat Whitten and have it put on the Storey County Commissioner's agenda. He listed the people who are in the picture and stated he would like to have all of them in attendance for the donation. He states he would also like the new board members to attend as well. He states he will coordinate with Pat Whitten and make arrangements for December 4th if possible. He states he will make it an early agenda item, so people can attend and not have to stay for the entire meeting. He invited E. Spencer, K. Dorr and M. Rowe as well.

E. Spencer states she will post something for a special quorum.

S. Jones states he has spent a little time out at the depot and his goal is to improve the appearance and would like to recognize K. Dorr as he has been an invaluable resource for the work getting done there. He states K. Dorr has taken care of the parking and worked with the contractors to get everything done and he states he really appreciates the work K. Dorr has done. He explained the barricades are up and E. Spencer has plans to get more. He states he is looking forward to next year.

M. Santos states as the newest member, he looks forward to getting to know everyone better. He states he is available for any help he can provide and will get out to the depot as much as he can. He looks forward to working with everyone.

D. Dotson asked if arrangements have been made to move the safe to the depot.

E. Spencer states they have decided to wait until after Polar Express.

D. Dotson states that provided the agreements are put into place, VCTC will possibly be purchasing the Storey County Fairgrounds and part of that purchase includes a forty-foot storage container that VCTC would like to donate to the V&T Commission. He states it would provide storage for the Polar Express. He wished everyone a Happy Nevada Day, Thanksgiving, Christmas and New Year.

E. Spencer states she would like to give an update on the Engine #18. She states when she went to the shop, Tom showed her the progress on the Engine. She states there is a team working on the boiler and installing rivets. She states they will be stopping the work for now due to running the Polar Express. He will continue working on it again after Polar Express.

M. Draper introduced a new member of the Argentum Partners team. Matt Robinson was introduced, and his background provided. M. Draper stated he will be working with Argentum on the V&T Railway project and several other projects. He stated he will be managing the Carson City office.

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

D. Dotson adjourned the meeting.