

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

THURSDAY, May 30, 2019 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: Marshall McBride – Present
Stan Jones - Present

Others: Ken Dorr, Engineer
Michael Smiley Rowe, Legal Counsel
Hugh Gallagher, Storey County Comptroller
Tom Gray, Virginia & Truckee Railroad

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.

M. McBride 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. *March 28, 2019*

S. Jones made a motion to approve the minutes from the March 28, 2019.

Second – N. Marano

Approved – Unanimously

5. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR POSSIBLE ACTION: FINAL REVIEW AND APPROVAL OF THE FY 2020 BUDGET FOR THE NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY.

E. Spencer asked H. Gallagher to present the budget.

H. Gallagher, Storey County Comptroller, stated the budget before the Commission is the final budget that has been submitted to the department of taxation for approval. He explained there were a few changes from the previous budget that was presented. He explained those changes but noted the overall revenue and expenditures have not changed. Some of the items in the budget have been reclassified.

E. Spencer explained that the items have not been increased or decreased, they have just been moved to make sure they were in the correct category on the document sent to the department of taxation.

D. Dotson asked for questions from the Commission or the public. There were none.

N. Marano made a motion to approve the budget as presented.

Second – M. Santos

Approved – Unanimously

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

E. Spencer provided the Commission with a report showing the current numbers for the fiscal year. She stated this is a report that is created in house. She states the Commission is currently on track with the budget for this fiscal year and has a net of \$159,567.00. She states she does not foresee any larger expenses coming out of this fiscal year. She states there are also ticket sales that will still be coming in for June. She states she believes the Commission will be within budget with a surplus.

D. Dotson states this is a night and day budget compared to a few years ago. He states E. Spencer and staff have done a great job working through the transition from one system to another, as well as, working with H. Gallagher's office to get things set up. He states he assumes going forward it will be clearer.

M. McBride asked since June is the last month of the fiscal year, are there any anticipated final expenses that will change the anticipated ending numbers.

E. Spencer stated the largest expenses are already included and states that includes the new website. She explained the expected income should be approximately \$40,000.00 still to be received. She thanked both Storey County and Carson City again for the additional contributions which helped cover the work done at the depot and still allowed the Commission to finish the year this well. E. Spencer also stated there is an additional \$6,000.00 remaining to paint at the depot. She states K. Dorr was able to keep the parking lot pricing down so the painting could be done.

D. Dotson asked when the expected date is for the audited numbers to be returned for the fiscal year, we are currently in.

H. Gallagher stated at the next meeting there will be a discussion as to whether anything needs to be augmented when compared to the budget. He stated financial statements should be done by November 30th. He states they were not done this year on time and he states he was called before the local government finance committee to answer for that, but states it was nothing irregular or criminal, but was because the statements were not sent out correctly. He states he suggests Vanessa Davis be retained if she has not already.

D. Dotson states the reason he asked is due to E. Spencer receiving her bonus for finishing the year in the black.

7. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: NOMINATION AND ELECTION OF V&T RAILWAY COMMISSION FY 2020 – FY 2022 CHAIRMAN, VICE CHAIRMAN, AND SECRETARY/TREASURER.

As per The Nevada Commission for the Reconstruction of the V&T Railway Act of 1993, the Commission shall elect a Chair, Vice Chair, Secretary and Treasurer from among its members. The Secretary and the Treasurer may be one person. The terms of the officers expire on July 1 of each odd-numbered year. Terms are for two years.

D. Dotson stated he has seen a tremendous change with the Commission that has brought the Commission together. He states he believes the future is bright for the organization. He states he has been fortunate to be the Chairman for the last almost two years, and believes it is good for that to change to allow others to get a different feel and look of the organization. He states he would still like to be involved in the marketing.

M. Santos nominated S. Jones for the position of Chairman.

M. McBride seconded the nomination.

All Commission members voted unanimously to elect S. Jones the new Chairman beginning July 1, 2019.

N. Marano states the job of Vice Chair is not difficult and agreed with D. Dotson that all the positions should be rotated around.

S. Jones states he agrees that the positions should be rotated. He stated he believes (referring to the Chairman and Vice Chairman positions) that there should be someone from Carson City and Storey County in those positions. He nominated M. McBride for the position of Vice Chair.

M. Santos seconded the nomination.

All Commission members voted unanimously to elect M. McBride as Vice Chairman.

D. Dotson stated for Secretary/Treasurer it can be either one person to hold both positions or two people holding separate positions. He asked M. Rowe to clarify if the position had to be held by a Commission member.

M. Rowe stated it does have to be a member of the Commission.

D. Dotson stated Joel Dunn was the previous Secretary/Treasurer and therefore nominated M. Santos to continue as the Secretary/Treasurer of the Commission.

S. Jones seconded the nomination.

All Commission members voted unanimously to elect M. Santos as the Secretary/Treasurer.

8. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: DISCUSS THE NEED FOR A RAIL USAGE POLICY COVERING MAINTENANCE AND LIABILITY CONCERNS.

E. Spencer explained this came up considering other people who use the Commission's rail. She states in the past there was an agreement that could be used as a template. She states M. Rowe and K. Dorr have the history and what policies have been used in the past.

M. Rowe states the recent past policy has been non-existent. He states there was a previous track maintenance agreement with T. Gray. He states that agreement was before the train service agreement. He suggested that previous agreement should be reviewed and considered in creating a new agreement. He explained one issue in the past was people using the track without proper insurance which caused a great deal of concern at the time. He states that was corrected. He states T. Gray and the railcar people use the track and believes there should be a policy in place for what kind of requirements need to be met. He states he can circulate the old agreement to be used as a starting point to create a new one.

K. Dorr states the immediate interest is Ken Ward who runs a group that does excursions currently. He states many of the people in the group are railroad professionals who work for Union Pacific, so they know what they are doing. He explained the last several excursions have been run on a handshake agreement, but they have an excursion scheduled for June 15th and he would like to know what kind of agreement is needed, so they can use the Commission's track. He states the Commission's track use has no agreement in place. He states they can do what they are doing safely, but there will be a bit of time involved and believes the Commission should be charging people to use the track. He states he would like to have an agreement in place so we can get a copy of the insurance and a fee.

S. Jones asked if there was an event planned for June 15, 2019.

K. Dorr stated that is correct. It is a motor excursion and he does not have a lot of details but knows they will be using the Commission's track. He states he knows they have insurance, but believes they need to go through E. Spencer to get permission to use the Commission's track.

S. Jones states he agrees there should be an agreement and believes there should be a fee for using the track.

E. Spencer states an agreement can get done if that is what the Commission decides needs to be done. She states June 15th is also a day the regular train is running as well. She states this is the type of situation where if someone is going to use the Commission's track, she can let them know what the criteria is going to be as per the Commission.

K. Dorr states currently when Gabe or someone else needs to move equipment on the track, they get a track use permit from T. Gray. He explains T. Gray is currently the one handling daily operations on the track. He states from a safety standpoint and who can be on what locations or times on the track is currently up to T. Gray.

M. McBride asked what other insurance would be required beside basic liability insurance.

M. Rowe stated the previous agreement had a provision for general liability as well as repair and maintenance of the track. He stated he will send it to E. Spencer to send out and then the Commission can see where they want to take it from there.

K. Dorr asked if E. Spencer has had a discussion with Ken Ward. He explained they may have a template already set up and see if we can use that in the interim while we work on something for future use.

M. Santos asked if the group using the track signs an agreement with the dates listed. He states if we have an agreement with the dates on it, the coordinating can be done by T. Gray and E. Spencer.

M. Rowe states his concern is that the Commission is named as the additionally insured and that the Commission is held harmless from any event that occurs while they use the track. He states their insurance would be the primary insurance and anything the Commission has is secondary to that.

M. Santos states he wants people to use the track so they can see what a beautiful thing we have there.

S. Jones proposed that E. Spencer put an interim agreement together and then bring this item back at another Commission meeting to get resolved.

D. Dotson states that he believes it is within the General Manager's scope to create that and bring it back to the Commission for approval.

M. McBride states he agrees with S. Jones that there should be some type of fee attached. He states he does not believe it should be punitive to the point someone wouldn't want to use the track, because they do want to encourage people to come up and spend the night or spend money in the communities.

E. Spencer states she will check with other organizations and see what they are charging.

Steven Lincoln stated he believes it is important that when speaking about insurance, the Commission consider loss of use as well. He asked what would happen in the group's equipment broke down and the train was unable to bring passengers back from Virginia City.

E. Spencer states there could also be some challenges to running other things on the same track as the engines on the same day. She states they did experience some questions with that in Southern Nevada.

K. Dorr states what it comes down to is keeping the motor car operation separate from the train operation. He states that can be done by granting specific authority stating they have access to the track from location A to location B during specified hours. He states that can also be supplemented as necessary with flagging. He states they could arrange for positive flagging if a car breaks down. He states he doesn't think there will be a difficulty with that because everyone will know what's going on according to policy.

D. Dotson made a note for the record that N. Marano had an emergency and had to excuse himself from the remainder of the meeting.

9. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: MARKETING UPDATE AND INTRODUCTION OF V&T RAILWAY'S NEW WEBSITE, ARGENTUM PARTNERS

M. Ellery, Argentum Partners, provided an update on V&T marketing. M. Ellery walked the Commission through the new website which has been launched. She showed the Commission different features and abilities of the website. She explained the calendar will include Carson City and Virginia City events so people can plan their vacations around the train and other events in the area. M. Ellery showed the Commission where the meeting and Commission information can be found and posted for meetings.

D. Dotson states the new website is beautiful. He asked if there is a media page for content and riding as well as other information.

M. Ellery states there is a direct contact page and her information is available in the Commission information section.

M. McBride asked if we will have the ability to place the agendas as well as the minutes for every meeting.

E. Spencer states T. Dubois and herself will be doing training on Monday to be able to go in and make the changes. This is a new feature since we previously had to wait for someone in France to make those changes.

M. Ellery continued with her marketing report. She states the Mother's Day train was sold out and we could have used a fourth car. She explained some of the media, both paid and earned, that were used for Mother's Day. She states they are reaching out for regional and national bloggers. She showed the Commission the latest blogger who was brought out to experience Carson City, Virginia City and the V&T Railway. She states with the season kick-off, the Saturday train was sold out, but Sunday was not.

E. Spencer states the Sunday train was also sold out.

M. Ellery states they have started a Polar Express pre-sale for Thursdays. She states they will be doing a Christmas in July promotion on social media and via earned media. She states this will not require any additional resources. She explained they have been working with local breweries and wineries. She states they have connected E. Spencer with the contact people for the Toast of the Canyon Trains and E. Spencer has begun setting those sponsors up. She provided the analytics from the marketing they have been doing so far this season. She explained the character campaign is being modified and scaled back. She provided some of the new creatives that have been placed in print and digital marketing, as well as, e-blasts.

D. Dotson asked about the campaign for Polar Express and if there has been any clarification regarding what can and can't be used.

M. Ellery stated they have not received any clarification but explained how they plan to proceed using current assets.

10. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION

AND POSSIBLE ACTION: ENGINE 18 OVERHAUL REPORT

T. Gray provided an update on the Engine 18. He explained some of the work that is being done today and states it is a big milestone. He stated Luke is down here helping to put the Engine 18 back together. He explains there has been a lot of other work happening in the last few weeks with the crossing and work on the tracks. He states they are making progress and the Engine 29 is moving out which will create more space in the shop. He states the productivity should pick up in the next month with more things being finished.

D. Dotson asked if the tunnel work has been completed.

T. Gray states a lot of the major work has been done on the tunnel, but it is not completed yet. He states it is safe and secure to use but will need more work. He states the crossings have been a large project and explained the work that has been done, as well as the testing required.

S. Jones states he was impressed when he went on a tour. He explained T. Gray showed them the inner workings of an Engine which he did not know about.

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

E. Spencer states with the new ticketing system, she can get much better reporting. She states year to date for the season, they have sold just over \$68,000.00 in tickets. She states this is for tickets in May and June. For July 1, 2019 going forward, ticket sales are right around \$46,000.00 but \$36,000.00 of that is for the Polar Express. She states eblasts have been sent out and they have received a positive response. She states there was an email sent out from Carson City Chamber of Commerce selecting the Polar Express as the best annual event. She invited the Commission to attend the award dinner where V&T Railway will be presented with the award. She stated she will get RSVPs from the Commission to see who can make it. She states it is an honor to have been selected.

D. Dotson asked about the train schedule on the website. He wanted to know if the train schedule is downloadable to a calendar.

M. Ellery stated it does not currently have that functionality, however, she can ask the team and get back to him.

E. Spencer states she has been watching over the phone a lot and she stated they will be hanging onto the phones rather than going to the answering service. She states the reason for that is that she does not want to miss any opportunities. She states adding the personal touch is making a difference and they are concentrating on ending every phone call with a ticket sale. She explained when Polar Express begins, they will hand the phones over to the answering service at that time.

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

K. Dorr provided an update on engineering matters. He stated the East Gate site improvement project has been completed. He explained by using alternate materials and some donated materials, the project was finished approximately \$15,000.00 under the anticipated budget. He stated they are moving on to the normal engineering work. He discussed some of the work he and Gabe have been doing on the track. He asked for installation of a culvert to be considered for next year due to an old culvert being discovered after storming in previous years. He stated they will be looking more into that and will bring the information back to the Commission when he has it. He states he has been working with T. Gray regarding getting an ultra-sonic rail inspection done. He explained the technology, process and reasoning for the inspections. He stated we are not required to do the inspection; however, they have developed an internal policy that it be done about every four years to prevent an issue or possible derailment. He states they have high mobilization costs, but he is working with T. Gray to share that cost and have both T. Gray's track and the Commission's track inspected at the same time. He states the US Highway 50 bridge is still being worked on. He states NDOT does an inspection on the bridge every two years. He explained the Commission is required to inspect the bridge annually. He states there is some painting that needs to be done. He discussed some of the rights of way maps not being updated in the Carson City Assessor's office and discussed the parcels that the Commission owns. He states he will be working with the Carson City Assessor's office to get those maps updated.

S. Jones asked if K. Dorr is speaking about doing that work after the season.

K. Dorr stated it would be after the season.

M. McBride asked how far down into the canyon the track can be extended.

K. Dorr stated he believes it is 2.6 miles into the canyon. He states the track would be just short of the end of the line. He states there are no turning facilities at either Carson City or Virginia City to turn an engine around. He discussed a program that helped to fund some of the track building grants that were received in previous years to build track.

M. McBride asked if there was an estimate as to what the cost would be to complete the canyon portion of the track.

K. Dorr stated it would be around \$6 million. He stated it is about \$3 million per mile.

13. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION

ONLY: ATTORNEY'S REPORT

M. Rowe provided an update on legal matters. He stated other than the discussion regarding the track use agreement, he has not had much to do for the Commission. He stated he does not have anything to report.

14. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: NEXT MEETING DATE(S) & AGENDA ITEMS

- A. V&T Railway Commission Meeting, June 27, 2019, 1:00pm, at Carson City Community Center – Sierra Room
- M. Rowe stated he will be out of town on June 27th and asked if the meeting can be moved forward a week.
- D. Dotson and S. Jones stated they will not be available the week before.
- D. Dotson asked how many items are anticipated for that meeting and if it is necessary to have it.
- E. Spencer states that meeting will be the rollover to the new Commission positions, and she plans to have some recognitions for people at that meeting. She states she would like to have the meeting. She asked if it would be possible to get one of the attorneys from Storey County to sit in for that meeting.
- D. Dotson states their plate is pretty full.
- M. Rowe states he can call in and participate via phone.

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

- M. McBride stated this is his first Commission meeting and state he is honored to sit on the Commission. He states he believes there is a strong Commission here and he states he thinks that is what this organization needs.
- S. Jones states he would like to review some of the accomplishments that have been made. He discussed the improvements at the depot that have been completed in the last year. He states a lot has been accomplished and credited E. Spencer for the great work.
- M. Santos states he would like to thank the marketing efforts that have been put in lately. He states he appreciates the Wednesday marketing meetings that he has been involved in. He thanked T. Gray for attending and stated he would like to coordinate with E. Spencer to come up and see T. Gray's operation as he has not yet had the pleasure of seeing it.
- D. Dotson states he will be emptying out the storage container and hopefully it will be ready to move in the coming week.

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

- D. Dotson adjourned the meeting.