



CITY OF ELY

501 Mill Street Ely, Nevada 89301
City Hall (775) 289-2430 - Fax (775) 289-1463

SPECIAL MEETING OF THE WHITE PINE HISTORICAL RAILROAD FOUNDATION BOARD OF TRUSTEES and THE WHITE PINE HISTORICAL RAILROAD FOUNDATION MANAGEMENT BOARD

PLEASE NOTE: THE BOARDS' MEMBERS MAY ADDRESS AGENDA ITEMS OUT OF SEQUENCE, COMBINE TWO OR MORE AGENDA ITEMS FOR CONSIDERATION, REMOVE AN ITEM OR DELAY DISCUSSION AT ANY TIME TO ACCOMMODATE PERSONS APPEARING BEFORE THE BOARDS OR TO AID IN THE EFFICIENCY AND EFFECTIVENESS OF THE MEETINGS.

February 25, 2014 5:00 p.m. – National Guard Armory, 125 Mill Street, Ely, Nevada.

Chairman Hanson called the Special Joint Meeting of the White Pine Historical Railroad Foundation Trustees and Management Board (MB) to order at 5:00:33 PM, Randy Lee led in the Pledge of Allegiance, Nathan Robertson offered the Invocation and Chairman Hanson asked for Roll Call.

Members present:

Vice-Chairman Sam Hanson
Trustee Bruce Setterstrom
Trustee Randy Lee
Trustee Marty Westland
MB Chairman John Gianoli
Member Roger Bowers
Member Carl Marsh
Member Steve Leith
Member Randy Larson

Members absent:

Trustee Dale Derbidge

Staff present:

City Attorney Richard Sears
Foundation Attorney Scott Husbands
Executive Director Mark Bassett
Minutes Clerk Jennifer Lee

2-24-14

JenniferLee

From: wghohlt@astound.net
Sent: Monday, February 24, 2014 10:44 AM
To: jlee@elycity.com
Cc: director@nrry.com
Subject: Nevada Northern Railway

I have been a Life Member since May 2001 and a volunteer at the railroad since 2002. I live in California but due to my volunteering at the RY I purchased a house in Ely in 2006 and furnished the house with purchases at both Wilson-Bates and Sharp's. Do to owning a house I figure I am a part time resident of Ely

When I started volunteering in 2002 you should have seen the place. The yard was full of sage brush, the track and switches were in very poor shape and many of the buildings were about to fall down. Now look at the Railway. The yards are clean, many of the building have been fixed, the track is in much better shape and really it does not look like the run down place it was 12 years ago all because of the present management team which I understand was hired about the time I started volunteering.

I would urge the City Council to stay out of trying to run the railroad and let thh White Pine Historical Railroad Foundationd Management continue doing a gerat job.
Bill Hohlt
Walnut Creek California

2-25-14

JenniferLee

From: bearengineering@hughes.net
Sent: Monday, February 24, 2014 11:13 PM
To: jlee@elycity.com
Subject: Special Meeting White Pine Hist RR Bd of Trustees & Management Board

White Pine Historical RR Foundation Board of Trustees and Management Board,

I have been a volunteer at the Nevada Northern Railway since 2001. My service has included 100-200 hours per year in operation and maintenance activities, cash donations and surveying and engineering work (the aerial survey mapping of the East Ely Yard being the more prominent service which my Company provided in association with Spencer B. Gross).

In regards to the Special Meeting of the White Pine Historical RR Foundation Board of Trustees and the White Pine Historical RR Foundation Management Board to be held on February 25, 2014 Agenda Item III. Items for Discussion, I have the following comment for your consideration:

3. Review of Foundation's Employee Policy: I donate my time and energies for the benefit of the White Pine Historical Railroad Foundation and the Nevada Northern Railway. I do not wish to be employed by, donate time to or otherwise be bound by any employee policy of the City of Ely.

Thank you for your consideration of my comment.

Sincerely,

John Langford



To the White Pine Historical Railroad Foundation Board of Trustees

It is with great dismay and disappointment to me that it appears the Ely City Council seems inclined to interject its influence into the management of the Nevada Northern Railway Museum. It sounds like a classic case of "if it's not broke, let's fix it."

My name is John Tyson and I have been a volunteer on the Nevada Northern Railway Museum for more than 15 years. I have seen it all, including the 2002 winter Olympics where I was assigned as an engineer on engine 93. Through it all, the cold winters, hot summers, photo shoots, and many other engine assignments throughout the year, it never occurred to me that an additional management layer was necessary to run this one of a kind railroad experience. I can only surmise that perhaps politics is somehow part of this departure from the way the railway museum has been managed in the past. Or perhaps it's because the railroad has been so successful under the watchful eye of the White Pine Historical Railroad Foundation Management Board, the city council wants to be part of the action.

Railroad operations, especially here on the Nevada Northern is truly unique. Under the Management Board, this railroad has not only survived the scrapper's torch, but has succeeded to become one of the great historical railroads in the world. Don't take my word for it, just search the internet and read the comments of rail fans around the globe. The Nevada Northern Railway museum is one of the most photographed, admired, and respected short line railroads; and it didn't happen by accident.

It took vision and planning and the ability to promote this historical adventure so far from anywhere. Engine and train crews donate their time and expense to come here. We go through hours and hours of training, check rides, and rules testing to insure that we who run these hundred year old treasures do so safely and efficiently.

All that being said, I do believe the Foundation Management board should continue to manage the railroad. It's unfortunate that government, whether it is local, regional, or national, seems to embrace a bureaucratic attitude toward "management." The Nevada northern Railway Museum doesn't need another layer of bureaucracy. The "Foundation" is doing just fine thank you, and I would urge you, the good council members, to leave well enough alone. Trust me when I say its doing just fine. All you have to do is sit back and enjoy it.

Respectfully submitted,

John Tyson

Special Joint Meeting of the WPHRF Trustees & Management Board February 25, 2014



February 25, 2014

White Pine Historical Railroad Foundation Board of Trustees
1100 Ave. A
Ely, NV 89301

Dear Sirs:

Please review the City of Ely Quarterly Revenue and Expenditure Report for the Period Ending December 31, 2013 which was published in The Ely Times for Feb. 21 – 27, 2014.

The Revenues for Taxes & Assessments is: \$40,269.98 for the Period Actual and
\$38,432.93 for the Year to Date Actual

How did the Revenues reverse for the Year to Date Actual? The Year to Date is less than the Period Actual.

The numbers for expenses do not add to the total published of \$232,279.10.

They add up to: \$ 132,078.37. The math is not correct.

The expenses are overstated by over \$100,000.00. (One hundred thousand dollars!)

The Revenues for the Period Actual are:	\$175,571.84
The Expenses for the Period Actual are:	\$175,571.84
But the Ending Fund Balance is	-\$ 56,707.26 for the Period Actual

No balance was listed for Beginning Fund Balance.

Period Actual Road Fund Revenue is:	\$14,500.27
Period Actual Road Fund <u>Total Expenses</u> are:	\$14,500.27
But the Ending Fund Balance is	-\$85,700.46

No balance was listed for Beginning Fund Balance.

Published - Year to Date for the Road Fund.

Road Fund Total Revenues are:	\$ 72, 596.10
Road Fund Total Expenses are:	\$ 72,596.10
But the Ending Road Fund Balance is:	-\$199,785.22

Since detail is not published for line items, it is the duty of the Ely City Councilmen to take a close look at this report. I recommend the City take a closer look at its accounting before assuming any additional accounting duties from the Railroad. A copy of the report from www.elycity.com is attached.

Thank you for your attention to this matter.
Paula Carson



JenniferLee

From: Brent Rose [elylites@yahoo.com]
Sent: Tuesday, February 25, 2014 1:39 PM
To: jlee@elycity.com
Subject: To be read at 02/25/14 3:00 PM Armory Meeting

I have several questions that I would like addressed and answered.

1. Why has the City Council determined this is an important need after all the years of the Foundation operating the railroad independently of the city? What has occurred that requires this immediate action? What would happen if the railroad continued operations with only its own oversight?
2. What is to be accomplished for the railroad and its operations by having a Management Board? More importantly, how or why does the city of Ely benefit and if they do not benefit what again is the purpose?
3. What are the pro's and con's of having just one or both performing this function?
4. How does this impact the funding that is currently acquired for the railroad? Will the funding and the interest earned be fully earmarked for the railroad?
5. Will the residents of Ely now or at some point in the future be taxed for operations funding needed by the railroad?
6. Who will hold the pursestrings if there is both a Management Board and the City of Ely equally responsible for the management of the railroad?
7. How does the City of Ely becoming involved impact the original documentation between Kennecott and the railroad as it operates today?
8. Do paid positions need to be created for the board created by the City? Where is that funding coming from?

The railroad as it has been operating has been a tremendous boon to our community and to our local service providers. We have visitors from around the world who travel to Ely because of today's operating railroad; let's not do anything to jeopardize the railroad or our community.

Respectfully, Brent Rose

2-25-14 [Signature]

Let's look at the recent questions that have been raised by the city council regarding the railroad, and then at some of the facts.

The assertion that the 2012 audit raises RED FLAGS is incorrect. There are no red flags. "Red flags" would be labeled 'material findings' in accounting language. The most recent audit had no material findings. It had four or five "significant" findings, half of which are already corrected, and none of which are RED FLAGS—even calling them "Yellow" flags could be a bit of a stretch.

A comparison of the audits for the past six years shows two clear trends: a tremendous and steady growth in assets and a significant and consistent decrease in liabilities.

The most recent audit found less than a five dollar discrepancy between actual cash on hand and what the books showed. Not bad for a business that has a budget of over one million dollars.

To my way of thinking, the audits show a business enterprise that is vital and thriving. The Northern Railway is fiscally sound and there are no smoking financial guns.

Now that the audit looks like it's not going to pan out to be a "real" issue, the city council seems to want to....well, do *something* with the personnel manual of the railroad. Revise it? Rewrite it? Why?

What's next? Taking issue with the train schedule? Or maybe investigating the food sold at the concession stand? Or deliberating about what color paper the tickets are printed on? Where does this micromanaging stop?

It looks to many people in our community that this city council, under the guise of "fiduciary responsibility", is taking actions that will erode the wonderful reputation with tourists, tourism operators, and financial supporters that the railroad has built up over the past seven or eight years. We have very real concerns about undermining the reputation of our railroad in this way. These actions of the city council can very easily become a self-fulfilling prophecy, because once the railroad's reputation is tarnished, even if the attacks are

completely unfounded, the effects on trust, desire to lend and grant money, and visitation can be devastating.

Not much is different financially and managerially speaking at the RR in February, 2014, than it was in February, 2013, or February, 2012—except that the railroad is in better shape, financially and otherwise, now than it was then. Why, then, has the city council suddenly taken on this crusade of delving into railroad finances and business practices, even to the point of examining its personnel manual?!

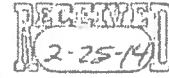
There is a point at which “oversight” becomes burdensome to day-to-day operations, and harms that which is being ‘overseen’. I believe that the city council’s actions are now approaching this point. Its actions are siphoning energy and resources away from mission-critical activities of the railroad.

The city council needs to stop micromanaging the railway, and let the Nevada Northern Railway Foundation continue to do its own job: oversee the railroad, and guide its growth and its success in bringing tourists and tourism dollars into our community.

Susan Wetmore

Feb. 25, 2014

Special Joint Meeting of the WPHRF Trustees & Management Board February 25, 2014



TO: Trustees of the Foundation

DATE: Feb 24, 2014

RE: Remarks regarding the deliberations for the organization of the Foundation

I am David Raber, and volunteer at the Nevada Northern Railway and a long-time volunteer advocate for Ely, White Pine County, and the beautiful surrounding country here.

I join the majority of citizens of Ely in wanting to preserve the heritage that is the Nevada Northern Railway. We understand that this is not an easy task. Many things in Ely are made more difficult due to how remote it is. Fortunately, that has not stopped the community from great accomplishments for over 100 years.

I also join others who concerned that the original structuring of the Foundation is turning out to be inadequate for where we need it needs to be. If the Foundation is to be self-sufficient it will need to grow it by some measurable amount to reach that equilibrium. There are just too many fixed costs to shrink or even keep it at the current level. The trustees must give careful attention to the best structure to attract and nurture entrepreneurial growth that will lead to the self-sustaining equilibrium that we all want for the Foundation. Without entrepreneurial growth I fear that we will all find out that we just can't afford to subsidize a half-scale operation and will end up scrapping it. How many of the citizens of Ely would want to even flirt with starting down that path?

I believe the current situation calls for a restructure that repurposes the Management Board as a Board of Directors. Allow me to explain why structure is so important.

In my business career I have had the good fortune of having most (96 of the top 100) Collegiate Athletics teams as customers for the ticketing and access management software that my company creates. I see many parallels between the Foundation and the City vs top college athletic departments, their university, and their state. Pick your favorite successful college athletic team. Give a moment's thought to why some teams seem to prosper year-after-year, with different players, and even different coaches, while other teams do not.

Ask yourself what makes the difference between a great program, year-after-year, and a mediocre program.

If you think that success is governed by the amount of money a state has to throw at college athletics you would miss the mark. The top programs you can name consistently make money for the university and the state, not take money from them. I can tell you from experience that in the vast majority of cases the difference in a truly successful program is the structure of the college athletic department. The successful programs set up a foundation, similar to the one that currently runs the railroad. That foundation is given entrepreneurial responsibility and authority to grow the franchise. The only real question the chancellor or the governor asks is how much is going to be returned to the university next year, and if they can get a few free seats for the homecoming game. The athletic foundation is on the

hook to hire an executive and then have that executive recruit and retain great coaches and great fund development directors to execute the program and grow it.

From over 10 years of observation, it appears to me that you are off to a good start. You have an excellent Managing Director of your franchise, and a willing, dedicated Management Board. I urge you to complete the task of putting entrepreneurial governance in place by setting them up with full responsibility and authority for the success of the Railroad. Resist the temptation to turn this into a political management-by-committee. No successful organization thrives in that environment.

In the long run I am certain that Ely will reap the benefit of entrepreneurial success for the Nevada Northern Railroad.

Sincerely,
David Raber

Jim Northness stated if the Railroad Foundation is following their present policy manual, nothing needs to be changed. We have two members of the Management Board, as owners of the *Great Basin & Northern Railroad* - a 'for profit' State regulated corporation - that are able to make decisions on their own property and have leased thirty-five miles of track from the historical Railroad; that should change. The Executive Director of the Railroad is part-owner of that *Great Basin & Northern Railroad*. I understand the *Great Basin & Northern Railroad* has sold tax credits on an annual basis for \$1,900.00 per mile, around \$66,000.00. How's that money getting back to the

Historical Railroad? Is the *Great Basin & Northern Railroad* paying taxes to the government over the money they bring in off the tax credits? This ongoing smoke screen is because there's something to hide. What about the 128 miles of the Northern Railroad; what are the intentions of that? The public has a right to know. If the City of Ely turns over to the Management Board the Board of Trustees, you are no longer part of the Railroad; just get out, let them run it on their own and don't let them use the City to get finances, including grants. One of the things I read is that by taking the Board of Trustees away from the City, to put them with the Railroad Management Board, it puts you on an equal basis. As a resident and taxpayer, I do not want anybody making decisions on my property or taxes that I don't have the right to vote for.

George Chachas stated the letters that were read into public . . . have you had those for awhile? There was nothing in the packet.

Minutes Clerk Lee stated they were received after the packets were done.

George Chachas stated they should be made available at the meeting.

Minutes Clerk Lee handed copies of the letters read into the record to Mr. Chachas.

George Chachas stated ongoing concerns regarding ADA access to the Armory and whether Rick Stork is going to pay for damage done to a City vehicle; whether there is a lack of ADA access on the corners of 11th and Avenue C; and the width of the sidewalk on 1st Street. You're here to address an item on the audit, not to take away any managing abilities from the other board. The problem in the audit is you've got to account for that loan money; how are you going to pay it back? A lot of this other stuff is clouding the issue. There is nothing in the packet giving the history of the monies loaned to Mark Bassett. When were the loans approved and put on an agenda? I'm concerned that initially Mr. Bassett stated the loans were interest free; now according to information I have in the packet, it appears that the taxpayers are expected to pay interest for another person's loan. At a previous meeting, Mr. Stork made some comments in regards to something that Councilman Setterstrom did; I understand Mr. Setterstrom paid for that damage.

3. ITEMS FOR DISCUSSION/POSSIBLE ACTION OF THE WHITE PINE HISTORICAL RAILROAD FOUNDATION BOARD OF TRUSTEES AND THE WHITE PINE HISTORICAL RAILROAD FOUNDATION MANAGEMENT BOARD.

1. Trustees – Management Board Members – City Attorney Sears - Discussion/For Possible Action – Review history of Railroad Formation and Consideration of Articles of Incorporation and By-Law changes to improve current Management Operations.

City Attorney Sears reviewed the White Paper on the History of the White Pine Historical Railroad Foundation and stated part of the reason I copyrighted this is I don't want it out until I can verify the dates, so I would prefer if it was not generally published.

Trustee Setterstrom asked is the Whipple rail car the Mark Requa Coach?

Mark Bassett stated it is the same one.

Management Board (MB) Chairman Gianoli stated the Board has drafted new Articles of Incorporation and By-Laws, which I believe were disseminated to all of the Board Members for review, to replace those of 1984; everyone that has read those realizes they're outdated. Under the current Management Board and the Executive Director, the Railroad has operated successfully for many years, but I believe we're at a point where we need to come up with a more stable structure, which would facilitate the solicitation of donations, obtaining grants and implementation of a long-term plan on the Railroad's behalf. A new board of directors would take the place of the current Trustees; the mayor would appoint someone and the Council would appoint someone to serve in conjunction with our Management Board.

Trustee Setterstrom asked the By-Laws you wrote say the White Pine County Commission Chairman will appoint.

MB Chairman Gianoli stated the County is removed from the discussion. You don't have the most updated version. I move that the Management Board of the Foundation approve the Amended By-Laws and Articles of Incorporation as presented.

Member Leith seconded the motion. The motion was unanimously approved by the Management Board.

Trustee Westland asked when did you settle on this wording?

MB Chairman Gianoli stated the drafting of the new By-Laws and Articles were developed by Counsel.

Trustee Westland asked did you as a Management Board approve these changes?

Scott Husbands, WPHRF Attorney, stated the point is they just did, five to one.

Trustee Westland asked this was finished just yesterday?

Scott Husbands stated the final draft, with a few tweaks, was circulated yesterday.

Trustee Westland stated you couldn't comply with Open Meeting Law.

Scott Husbands stated I don't know how they're out of compliance with the Open Meeting Law.

Trustee Westland stated I thought business had to be taken up in an open meeting and open meetings needed to be noticed.

City Attorney Sears stated it is. I remember a motion two meetings ago that you needed to draft new By-Laws and Articles; in determining you needed to do this, obviously legal counsel has a right to provide those and you voted on them tonight in an open meeting. You complied with the Open Meeting Law.

Trustee Setterstrom stated I've been mailed three different sets of By-Laws. We're not voting on this tonight, right, because I haven't had a chance to read it.

Trustee Lee moved to table this item. Trustee Westland seconded the motion.

Trustee Westland stated things like this need to be done carefully. *Kennecott* deliberated a lot when they set up the Railroad structure the way they did. Despite what some of the public seems to think, I don't think anybody on this Council has ever recommended shutting down the Railroad or changing the way it's been managed. The auditors gave us some serious concerns and there is fiduciary responsibility on the part of the City Council to make sure that certain things are done properly. On this issue where there was submitted a sweeping change to the way it's governed, the copy that I studied for tonight clearly said we were going to turn this over to the County; this is the reason we get documents well ahead of a meeting. It is inappropriate to act on something that has mistakes in it; I don't know what other mistakes might be in there because I don't have it in front of me. For that reason, I think it's only prudent that we give this some time to study it.

Member Leith stated if we keep procrastinating, we're going to procrastinate this Railroad out of business.

Trustee Setterstrom stated in the January Management Board meeting, your board moved to approach the City with an Ad Hoc Committee and that they would contact Jennifer Rogan; nobody from the Management Board has contacted the City about that Ad Hoc Committee. You could have initiated this a month ago when your board voted on it.

Member Bowers stated I thought Jennifer was supposed to contact us.

Trustee Westland stated this is a question for the all of the Management Board: What would happen if we followed the rules in place right now? These concerns of the auditors have been brought up numerous times over the past years.

City Attorney Sears stated now you're off point.

The motion carried 3 to 1, with Trustee Setterstrom voting Nay.

2. Trustee Hanson – Discussion/For Possible Action – Consideration to request that the City Council and the Mayor appoint an Ad Hoc Committee to propose changes to the structure of the City's ownership of all Nevada Northern Railway assets, including the relationship of the City of Ely to the White Pine Historical Railroad Foundation.

Chairman Hanson stated Clerk Rogan was directed to report how much it would cost if the City were to assume the financial management of the Railroad – cutting checks and paying bills - similar to the operation the museum has with the State of Nevada. Clerk Rogan came back that it would run between thirty to sixty thousand dollars; even if the City wanted to, we couldn't afford it.

Chairman Gianoli stated for the confusion regarding the By-Laws and the Articles, everyone was in a hurry to get something done because I think time is of the essence.

Chairman Hanson asked are you in danger of collapsing?

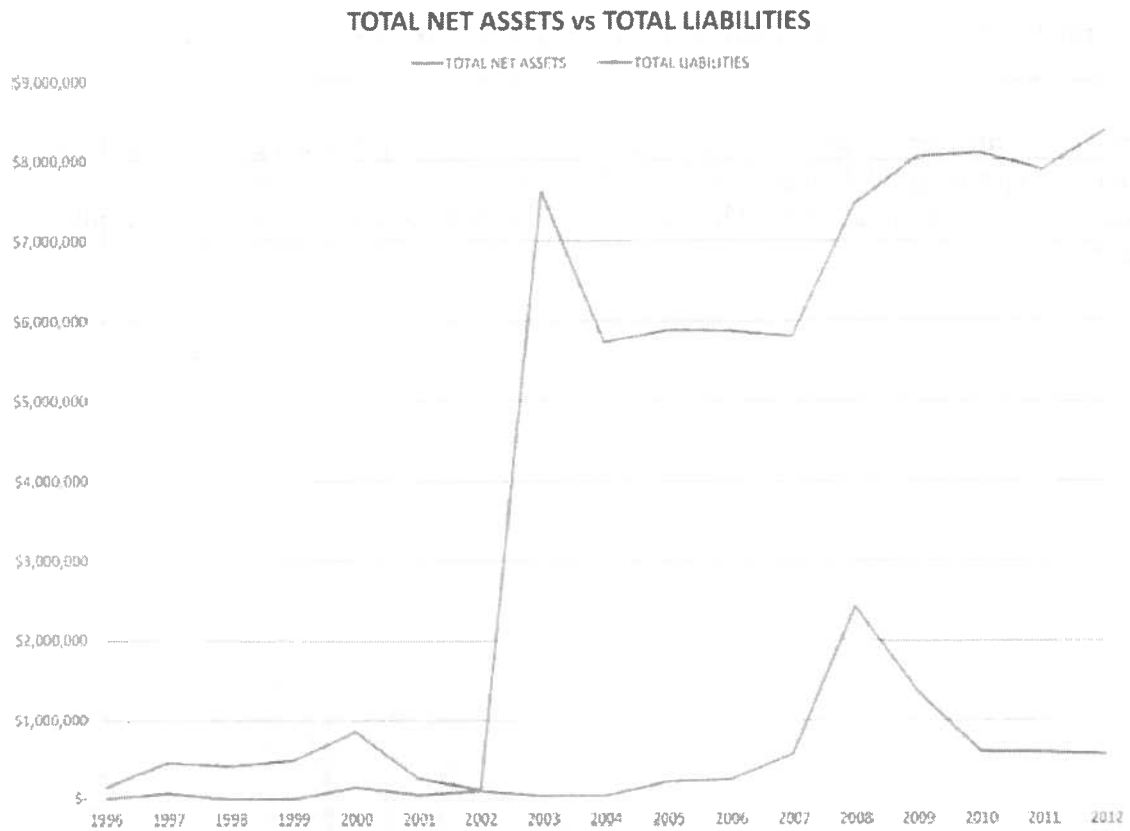
Chairman Gianoli stated our reputation is critical. When we're having these squabbles and these issues appear in the newspaper, I have been told that we've had inquiries from people regarding grants that have been approved. If you start this erosion, it doesn't take long to circulate among all those people because they're intertwined.

Chairman Hanson asked is the State of Nevada our largest single contributor?

Chairman Gianoli stated through grants, yes. Mark has been extremely effective in getting the lion's share through the State of Nevada, even with their fiscal problems the last few years.

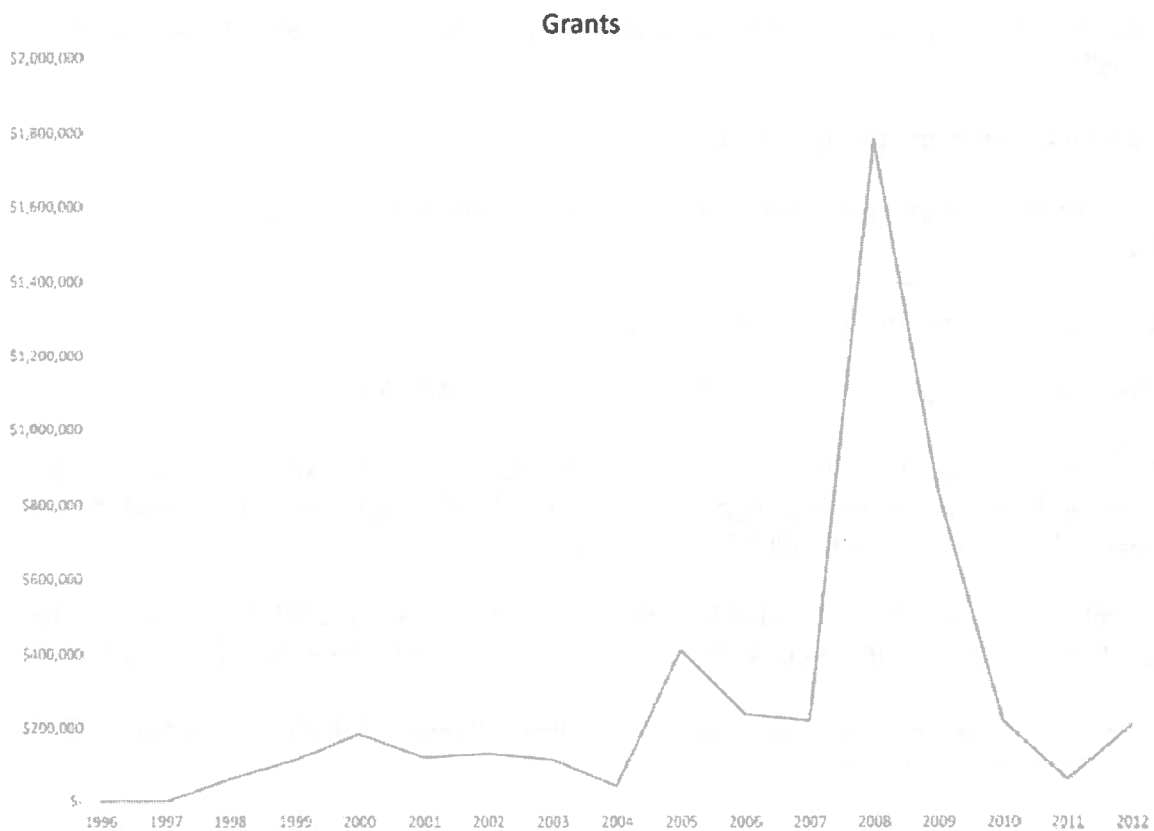
Chairman Hanson asked what percentage do they account for?

Executive Director Bassett stated it varies from year to year. This chart (appearing below and provided - along with the Grants and Income/Expense graphs - by Executive Director Bassett) represents audited numbers. The assets spiked in 2002 because prior to that, no one had accurately inventoried the Railroad's assets and these numbers are based in 1987 dollars, when the assets were given to us; if you could sell these assets on the open market today, they would be considerably higher than that.



Chairman Hanson asked how liquid are those assets?

Executive Director Basset stated you have permanently restricted assets of 5.8 million. You have 2.5 million dollars in unrestricted assets, such as *Locomotive 204*. We can't sell *Locomotive 109* or *105* because they're in the gifts from *Kennecott*. Liabilities peaked in 2008 and since then we have been working diligently to lower the total liabilities. The next page answers your questions on grants (chart appears below). Grants are volatile: You have to hit the right people at the right time with the right project. Grants also have to be administered. Over time most of the grant money has been federal and other grants are State, County, Tour & Rec and private foundations.

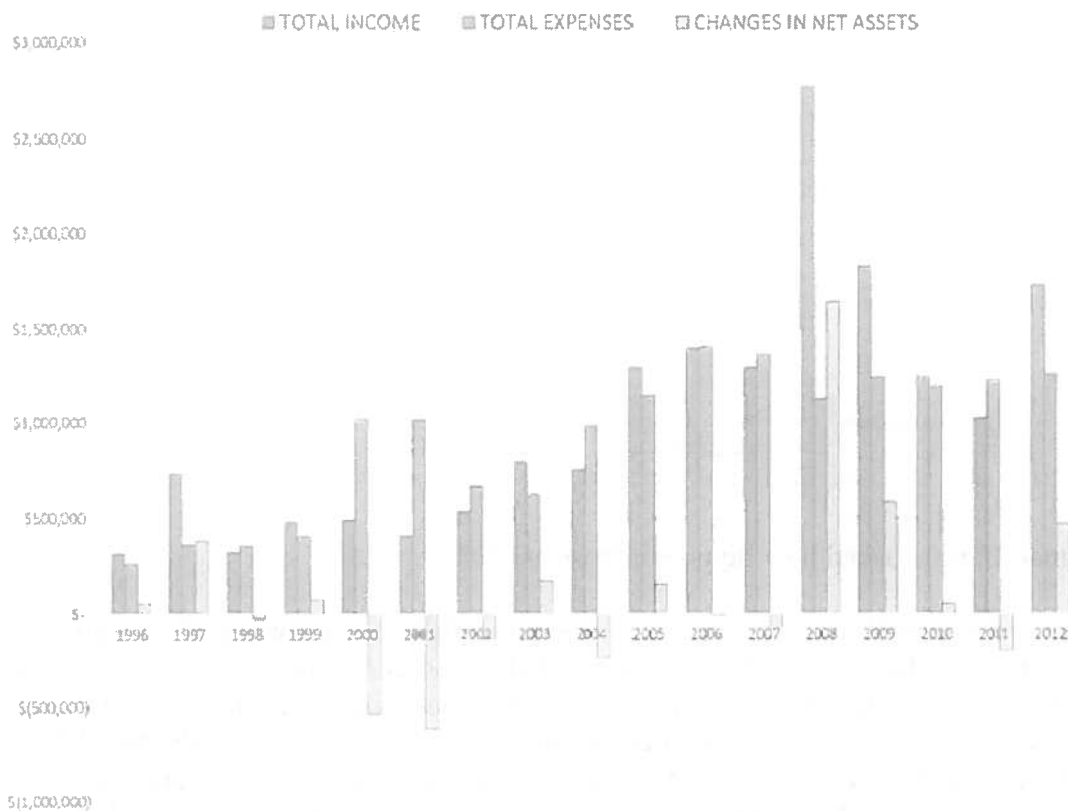


Chairman Hanson asked is it possible to create a document that lists the major grantors?

Executive Director Bassett stated sure. Would you like that?

Chairman Hanson stated it would be helpful, especially if we create this Ad Hoc Committee.

Executive Director Bassett stated we have an operating budget and a grant budget; this Income/Expense graph (appears below) reflect the two of them combined and are from audited documents since 1996. The total Change in Net Assets is a positive 1.9 million dollars.



City Attorney Sears asked when you list your assets, are those capital assets?

Executive Director Bassett stated yes.

City Attorney Sears asked is this the total value of all Railroad property if listed as an asset?

Executive Director Bassett stated correct.

City Attorney Sears stated of that total value, the Foundation has half and the City has half.

Executive Director Bassett stated that is correct.

City Attorney Sears asked when did you book the LADWAP track?

Executive Director Bassett stated the LADWAP tracks aren't booked on this at all; that needs to be done. I do have an appraisal of the LADWAP tracks, which I needed for the federal Economic Development Authority (EDA).

Member Leith stated I would like to point out that from 1996 to 2001 the Foundation had a different managing director, which might explain some of the increase in income.

Chairman Hanson stated I don't think anyone has any doubt that Mark has been effective in generating revenue for the Railroad.

Trustee Westland stated LA Department of Water and Power, that's the acronym you're referring to?

City Attorney Sears stated yes.

Trustee Westland asked how does that pertain to the Historical Railroad Foundation?

Executive Director Bassett stated the land is owned by the City of Ely; it was federal property and Senator Reid gave all the BLM deeds to the City. The track was given jointly to the Foundation and the City of Ely.

Trustee Westland asked who controls that track?

Executive Director Bassett stated the track going north is controlled by the Railroad Enterprise Fund.

Trustee Setterstrom asked who's on that?

Executive Director Bassett stated Steve Leith, Randy and I'm not sure who the mayor appointed on the City side since the last election.

Chairman Hanson stated bringing that into an operational state again was the purpose of the TIGER grant that we did not receive.

Executive Director Bassett stated correct.

Chairman Hanson stated the Mayor wanted to use it to develop a warehousing industry here, as well as being able to transport the ore concentrate.

Executive Director Bassett stated exactly.

Chairman Hanson asked we are reapplying this year, correct?

Executive Director Bassett stated we plan to, as soon as they have it open. Our grant writer, myself and Carl Marsh did a telephone conference with Department of Transportation in Washington, D.C. and we went over all of the issues on the grant; they told us where to strengthen it and we worked with Congressman Horsford's and Senator Reid's offices.

Trustee Westland asked on the Assets/Liabilities chart, are there any dollars that fall outside the White Pine Historical Railroad Foundation?

Executive Director Bassett stated no. All these numbers come from the White Pine Historical Railroad Foundation's annual audits.

Trustee Westland asked none of these dollars expended to grants were used for the line to the north?

Executive Director Bassett stated no, all of this money was used down here. I suggest that your Ad Hoc Committee come up with a full program for our two Railroads, the historic aspect from McGill Junction to Keystone and from McGill Junction north to Cobre, the commercial railroad.

Trustee Lee stated this needs to go to committee as soon as possible, based on what we've heard from the other side.

Member Bowers stated I agree. Since this is a fifty/fifty, how about the City Council appoints two members, the Railroad Management Board appoints two members and have up to three individuals from this community, who are non partisan, on an Ad Hoc Committee.

Vice-Chairman Hanson stated we had discussed three/three/three at the last meeting.

Trustee Westland moved to appoint an Ad Hoc Committee with three White Pine Historical Railroad Foundation Trustees, three Management Board Members, and three individuals from the community. Trustee Lee seconded the motion.

Management Board Member Bowers stated the three from each board submits a pool of five names to the mayor and see if there's any in common or let the mayor pick from there.

Trustee Westland amended his motion to have the three at large selected from pools of names submitted by the Trustees and Management Board Members.

Management Board Member Larson asked is it required that they live in the City limits?

Vice-Chairman Hanson stated that was not specified.

The Trustees voted unanimously in favor of Trustee Westland's motion.

Chairman Gianoli stated I'm on record as supporting the three/three/three option.

3. Trustee Setterstrom – Discussion/For Possible Action - Reviewing the Foundation's employee policy manual and or adding to or creating a new policy manual that mirrors the city's employee's policy manual.

Trustee Setterstrom stated three and a half years ago, before I was friends with Marty, I sent a request for information from Mark Bassett; he never answered it. At the December Management Board meeting, Mr. Gianoli stated that personal loan Mark had to the Foundation needed to be taken seriously. It's not something that the City Council looked at and said 'let's go after the Railroad'. About the personnel manual, I called *Hinton Burdick* and *POOL PACT*, your insurers. I asked *POOL PACT* what they recommended for a personnel manual and they sent me a personnel manual for small organizations of less than fifteen employees; it's eighty-one pages long. One of the concerns in it that I had was employees getting politically involved. A question came up today that Mark Bassett is paying the employees to come to the meeting tonight; I'd like to get an answer to that.

Executive Director Bassett stated Mark Bassett is not paying the employees to come to the meeting tonight. The Foundation is paying the employees to come to the meeting tonight.

Trustee Setterstrom stated I meant Mark Bassett as the director. I saw your new policy manual and it's nineteen pages long; your old one was . . .

City Attorney Sears asked can we halt the meeting for a moment?

Chairman Hanson recessed the Special Meeting of the White Pine Historical Railroad Foundation Board of Trustees and Management Board at 6:28:49 PM.

Chairman Hanson called the Special Meeting of the White Pine Historical Railroad Foundation Board of Trustees and Management Board back into order at 6:32:07 PM.

Trustee Setterstrom stated I have a lot of questions that I will refer to the new Ad Hoc Committee. I move to quash this agenda item. Trustee Lee seconded the motion.

Trustee Westland stated the City does pay for the insurance and being that the Railroad is intertwined with the City, it is important that the Railroad follow a personnel manual that is in step with what *POOL PACT* expects; we're putting ourselves at risk if we do not do that.

MB Chairman Gianoli stated I have no problem with that, Marty. The key word is transparency. If you have any questions, ask. If there's items that need to be corrected, I don't think there's reservation on the part of any Foundation Management Board members to implement anything that makes the operation run more effectively and safely.

The motion carried 3 to 1, with Trustee Westland voting Nay.

4. REPORTS

BOARD MEMBERS

None of the Management Board Members had a report.

TRUSTEES

Vice-Chairman Hanson stated I attended the Water Advisory Board meeting last week. I would like on the next meeting's agenda that the City draft a letter supporting some of the various proposals going forward concerning water use in White Pine County, as well as a letter of support for the Pumped Storage Water Project.

5. PUBLIC COMMENT: Comments not exceeding three (3) minutes in length will be accepted from the general public in attendance. If any are made, there may be discussion upon those comments. No vote, decision, or action may be taken upon matters raised under this item until it is formally placed on the agenda. "Section 8.04, of the Nevada Open Meeting Law Manual indicates that the Public Body may prohibit comment if the content of the comments is a topic that is not relevant to or within the authority of the Public Body or if the content of the comments is willfully disruptive of the meeting by being irrelevant, repetitious, slanderous, offensive, inflammatory, irrational or amounting to personal attacks or interfering with the rights of other speakers".

Mike Coster stated I am a habitual small donor to the Railroad. If and when this Ad Hoc Committee is set up, I hope that the various bodies will make one or more legal counsel available because I know there were some legal questions in that personnel manual about NRS requirements, such as the employment of relatives, and whether that would be applicable to the Railroad. Restrictions mirroring those in the NRS are in the current employment manual; I haven't seen the draft alternative, so I don't know if they intended to retain them. There are folks who work from Mark on down at the Railroad who are currently in violation of the employee manual and perhaps in violation of the NRS.

City Attorney Sears stated because you mentioned the Water Board and a letter of support, I need to make this disclosure. After I retired as District Attorney, I sued *Southern Nevada Water Authority* privately over water rights. I came to a settlement with *Southern Nevada Water Authority* and we dismissed our protests against each other; as part of that agreement, I promised that I would not assist or counsel anyone to sue *Southern Nevada Water Authority*. If any letters are drafted from the City to *Southern Nevada Water Authority* with respect to suing them, I can't assist in that.

George Chachas stated I would hope information that I've asked of the City Council, both oral as well as written, I'll start to receive now with the new administration. It was brought out tonight that the majority of the monies going towards the Railroad are either State or federal. With federal or State monies, you better have a good accounting.

6. ADJOURNMENT: THE MEETING MAY BE ADJOURNED BY APPROPRIATE MOTION OF THE TRUSTEES OR MANAGEMENT BOARD MEMBER.

Member Marsh moved to adjourn the Special Meeting of the White Pine Historical Railroad Foundation Management Board. Member Bowers seconded the motion. The motion carried unanimously.

Trustee Lee moved to adjourn the Special Meeting of the White Pine Historical Railroad Foundation Board of Trustees at 6:42:17 PM. Trustee Westland seconded the motion. The motion carried unanimously.


ATTEST


VICE-CHAIRMAN SAM HANSON

Jens Jørgensen