

MINUTES

REGULAR MEETING OF APRIL 1, 2020 Incline Village General Improvement District

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Tim Callicrate on Wednesday, April 1, 2020 at 5:00 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada.

Chairman Callicrate thanked the people who were watching on Livestream and then listed the people who were present in the room and noted that two Trustees were on the telephone.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF THE IVGID BOARD OF TRUSTEES*

On roll call, present were Trustees Peter Morris, Tim Callicrate, Sara Schmitz, Matthew Dent (on the telephone), and Kendra Wong (on the telephone).

Also present were District Staff Members Director of Finance Paul Navazio and Director of Public Works Joe Pomroy.

No members of the public were present in accordance with State of Nevada, Executive Directive 006.

(7 individuals in attendance at the start of the meeting which includes Trustees and Staff.)

Chairman Callicrate made several announcements regarding what this meeting is, protocol, etc.

C. PUBLIC COMMENTS

District Clerk Susan Herron announced that we received written public comments from Tracy Babayco, Patrick McBurnett, Chuck Weinberger, Mark Tanner, Aaron Katz (x 2), Gavin Feiger, and Judith Miller and that all would be attached to the minutes of this meeting.

Cliff Dobler read from a written statement which is attached hereto.

Interim District General Manager Indra Winquest made an announcement about the caller ID code.

Linda Newman read from a written statement which is attached hereto.

Judith Miller made a request - if we continue to have virtual meetings, when members of the public submit public comments, that they are read aloud at the meeting, as their purpose is to inform the Board so other members can hear those comments. Ms. Miller then read from her submitted written statement which is attached hereto.

Margaret Martini read from a written statement which is attached hereto.

Aaron Katz said he has an additional written statement that he is going to drop off at the IVGID offices. When you are a business you propagate like a business, IVGID is a government. He would like to concentrate on one item and that is the \$405,000 that the District pays in credit card fees. Our Recreation Fee pays for those charges and if he wants to pay his utility bills via a credit card, the utility charges a convenience fee. Therefore, we have an unnecessary expense that is contribution to the loss so stop the loss. Another one is the \$360,000 for the Diamond Peak shuttle buses. They are not here for local residents so this is another expense we unnecessarily incur. Mr. Katz continued that he would submit that we lose money on every venue so why isn't Staff coming forward with cost savings. His written statement shows easy, easy eliminations of costs and he would urge the Board to incorporate his recommendations and not to accept everything your Staff gives you.

Yolanda Knaack said that she too is concerned about the 2020/21 budget and that she is aware that it is due on April 15 and that the District should cut the budget down to its bare minimum and while she is thinking positive, you have to be prepared for the worst.

Frank Wright said he is a candidate for the Board of Trustees. Our facilities are being overrun and it's not by residents but by guests of residents which aren't really bringing people. Punch cards are distributed like candy and while our financials are reflecting that we are making money, that is money that is charged which is purchased by the Recreation Fee. We have a lot of these punch cards whose value is \$166 and when it is given to somebody, it is used for a reduced rate or for entrance. It is then charged back as a profit, it is not a profit, residents pay for it. Residents pay for it, residents are doing this and we are all paying for the visitors

of the world to use our facilities. He witnessed two chartered buses coming in from Reno and they went to Burnt Cedar and there were one hundred people there without a resident being there. This is just something that is unbelievable. Why does IVGID have a marketing budget? Why does IVGID spend money on advertising? Shut down the Marketing Department as we don't want people so let's shut it down and save the money. These are our facilities and they should be for the people who live here and then who we need or want here, we can overcharge them. These facilities are for the people who live here and it is our job living here and functioning here – it is for the people who live here first and it is not to be overrun by the people living outside and chasing the people out of here.

D. APPROVAL OF AGENDA (for possible action)

Chairman Callicrate asked for changes to the agenda; none were requested. Chairman Callicrate said that the agenda is approved as submitted.

E. DISTRICT STAFF UPDATE (for discussion only)

E.1. Interim District General Manager Indra Winquest

Interim District General Manager Indra Winquest said that the District has made a request for an extension of the filing of the tentative budget and we were told no by the representatives from the Nevada State Department of Taxation because it is just a preliminary filing and to not get overly fixated on that as we are hoping they do grant extensions but right now, we are not being told anything.

On the effluent pipeline, he would refer back to the Livestream and minutes – two Board members are to provide information to our Staff and then it will be fully vetted and come back to the full Board. Information has been given, there are questions, and Staff is working through that and following the directions he was given.

Staff is in the process of looking at several different financial projections as we don't know what is going to happen but Staff has worked very closely with the Board and making sure they are up to speed and getting information. Staff is working through this the best we can. There has been a huge impact to our hourly and seasonal employees. Additionally, we have essential Staff that are working from home. Our utilities employees, that are tasked with keeping the utilities working, are continuing with the business of the District and doing to it appropriately. There are many more difficult

decisions to come – everyone is working on scenarios on not opening venues, etc. and we will be as fiscally responsible as we can. Just don't know much right now but we will know more in the next few weeks. Have received about 98% positivity from folks and we understand the negativity. We have tried to follow up and we are trying to communicate as much as we can while understanding that we can't please everyone but Staff has made the best educated decisions we can.

Chairman Callicrate thanked our Interim District General Manager as this is the most difficult situation which is unprecedented for all of us in this community. There are a number of challenges and there have been three COVID-19 cases confirmed at St. Francis and they are all sequestered. Chairman Callicrate then thanked the Interim District General Manager and his team and everyone who is working as a skeleton Staff as they don't get any time off. It is an unprecedented time of closing our beaches and facilities and our Staff has risen to the occasion. As a reminder, as we get into this budget, this is all preliminary and that it will change and go through many iterations. Our new Director of Finance came in at the middle of everything and he has done a great job and this Board will see an update on April 14. We are in a state of flux and there are decisions that have been made by this team and we are very fortunate to have an individual, our Interim District General Manager, who has been working here so long so thank you for that. Chairman Callicrate then thanked his colleagues for fielding all of the e-mails and text message and stated that he appreciates the teamwork and comradery and that we are not out of it yet and that we are just getting into the worst of it so he appreciates working closely as a team.

Trustee Morris said that he would underscore all that Chairman Callicrate has said and to the team, the communication has been wonderful. On agenda packet page 7, and he is just confirming, that this will come back to the full Board before it is put out. Interim District General Manager Winqest said that two Trustees are providing feedback to our Engineering Team who is creating a scope of services and then there will be a follow up meeting to review that scope of services to be sure that everyone is comfortable with what he is bringing back to the full Board.

Trustee Morris said, referencing agenda packet page 12, and he is talking about all three items, that we have talked about the bids being received so do we, as a Board, have to make a decision on these projects. Interim District General Manager Winqest said that these items are capital projects that are approved in the current year and that he hasn't followed up with the

Engineering Team but he thinks that one bid came in under budget so he will be working with the Engineering Team on how we are going to proceed and that he can follow up with Trustee Morris. Trustee Morris said he understands about normal business going by the wayside.

Trustee Dent said he has no comments or questions on the Interim District General Manager's report.

Trustee Wong said she has no comments or questions on the Interim District General Manager's report.

Trustee Schmitz said she has a comment and a request. The Effluent Pipeline project is the most critical project as our infrastructure is failing. We can't have a catastrophic failure and there is not a target date for completion. She would like to have a date on that so we can hold ourselves accountable because our construction season is short and this is a mission critical project. There are projects that have been approved and haven't been started and given what is currently going on, we have to sit down and think about what projects are a must have and what we can hold on as this is going to have a severe financial impact on the District and we should not get blindsided. It has been helpful to be on the press releases so thank you. It would be good for us to know how many of our employees are basically on furlough, how many are still full time, and how many did we have to part with given the situation. Interim District General Manager said he will get with Engineering and the two Trustees on this item. A few of these projects are crucial and one thing we want to do is to create a glide path, and she isn't pushing something, but it will be very challenging to Staff and while we will be able to handle that challenge, we are furloughing Staff and we are only two weeks into that and many of the full time Staff are working so we are trying to keep people working within reason. IVGID is not paying people to stay home as are some other agencies and we are taking this very seriously and she is not being cavalier but it is a stressful time that we are working through.

Chairman Callicrate said thank you to the Interim District General Manager, his team and to all of the District employees as he really appreciates the hard work and dedication as well as he appreciates the community being patient. Patience is going to get run ragged and we are taking in your concerns. We are buckling down and going down to bare bones is a great opportunity of what it would be like to operate at bare bones at all of our

venues within our community and noted that it will look quite a bit different but that it will be a lesson learned and some will be done the hard way.

F. REPORTS TO THE IVGID BOARD OF TRUSTEES (for discussion only)

F.1. Audit Committee Chairman Matthew Dent

Trustee Dent said the Audit Committee had one item on the agenda – Audit Committee Charter – it was approved, is on the agenda, and it has been through the Audit Committee three times so now it is up to the Board of Trustees to change, approve, etc.

G. CONSENT CALENDAR (for possible action)

Excerpt from Policy 3.1.0, Conduct Meetings of the Board of Trustees

0.15 **Consent Calendar.** In cooperation with the Chair, the General Manager may schedule matters for consideration on a Consent Calendar. The Consent Calendar may not include changes to user rates or taxes, adoption or amendment of ordinances, or any other action which is subject to a public hearing. Each consent item shall be separately listed on the agenda, under the heading of "Consent Calendar." A memorandum will be included in the packet materials for each Consent Calendar item. The memorandum should include the justification as a consent item in the Background Section. Any member of the Board may request the removal of a particular item from the consent calendar and that the matter shall be removed and addressed in the general business section of the meeting.

G.1. Review, discuss, and possibly approve the designation of Audit Firm for Audit Services for Fiscal Year Ending June 30, 2020 – Eide Bailly, LLP at a cost of \$58,500 (the last year of a five-year contractual obligation) (Requesting Trustee: Audit Committee Chairman Matthew Dent)

Trustee Wong made a motion to approve the Consent Calendar; Trustee Schmitz seconded the motion. Chairman Callicrate called the question and the motion was passed unanimously.

H. GENERAL BUSINESS (for possible action)

H.1. Review, discuss and possibly adopt the Audit Committee Charter that will supersede Policy 15.1.0 effective immediately (Requesting Trustee: Audit Committee Chairman Matthew Dent)

Trustee Dent said he has no further input as Trustee Schmitz lead this charge.

Trustee Schmitz said that she wanted to share on the things that we had brought forth, in the past, and that was that there has always been three members of the Board which makes it a quorum so it is better to have only two Trustees on the Audit Committee so that the Board of Trustees is the deciding board. Therefore, so as to not have a quorum, the suggestion is to have two Trustees on the Audit Committee.

Trustee Morris asked a question about the agenda item which was answered by Chairman Callicrate. Trustee Morris then said that he is concerned about rushing through this as it is important to have a process to review and understand all of this. He is in favor of the update but that dropping it in from Washoe County has the law of unintended consequences. There is a lot to be discussed about this charter. He is particularly concerned about two things – the Audit Committee voted to accept the charter as it was written but as a committee you discussed an action to find out something and that was the two members so it would be dangerous to adopt a charter than is not fully formed without a decent public airing. The other thing was, referencing agenda packet page 19, is that there is no financial cost. He sees a lot of potential costs as we don't have an independent internal auditor at this moment so that would be a financial impact that hasn't yet been analyzed and is not in our budget at the moment so we need to understand those implications. On agenda packet page 20, in the second to last paragraph, who defines their roles, annual review, discipline, etc. He is worried about this undefined component so we have to figure out reporting responsibilities thus we can't do this as written. On agenda packet page 21, we have already talked about changing from three Board members to two Board members so he guesses we have had that discussion. In the middle of the page, two other voting members will be appointed; he feels those two conflict as the Chairman is designating them and not the full Board so that is not fully fleshed out. There is duplication on agenda packet page 22 with the Chair may attend meeting and it doesn't fit in on two places. Moving on to item 26 and anonymous submissions by the public – we definitely have a whistleblower ability for our Staff and he doesn't think it would be good to have a whistleblower for the public as there is a potential to end up with hundreds of allegations and then they would have to be investigated and that would allow the few detractors to cause unlimited mayhem. Definitely have a whistleblower for the Staff but for the public, it could lead to vexatious litigation as a possibility. On agenda packet page 25, item 13, hire outside consultants – this is an absolute no as it is the Board, as a whole, who determines as the Audit Committee doesn't have a budget and that this would be taking away from the full Board and having a shadow

Board. Item 18 should not be in the Audit Committee Charter rather that is for the full Board and he is fine with it being at the full Board level but it is not in the Audit Committee's scope. These are his main things and do we have any issue with this becoming a charter and not a policy or is the intention to do away with the present policy. At the end of the Audit Committee section, there is potential notice to invite candidates to apply for the at-large positions. He is concerned that we don't seem to have any prerequisite for the requirements and that there is a question mark about living in the District. It is his opinion that these members should live full time within the District and there should be exclusions for people who work for the District and people who have demonstrated that they have an ax to grind as he wants people who are truly independent minded rather than those that belong to various committees, etc. like Community First forum who have been anti-District. Those people aren't good to have on the Audit Committee so let's define the characteristics as we don't want to have a selection process that they apply and then we have the challenge we had when former Trustee Horan left the Board and it got us into a confusing situation so let's define that before we move forward. It is also really important that we put in an attendance requirement such as x percent of attendance because we don't want a seasonal resident who has a home here in Incline but lives half a year elsewhere. The recommended motion is whether we accept it or not and right now it is not ready for prime time.

Chairman Callicrate said that he appreciated all the comments made by Trustee Morris.

Trustee Wong said that this is not unheard of however it is a bit of overkill for our operation and the size of the operation. It is a fine place to start but we need to recognize that it is a much smaller operation and we need to tailor it down to what is going to work for us. There are going to be costs for an internal auditor and she is not sure an internal auditor is going to get us the best return for where we are spending our money. Trustee Wong continued that she is fine with two Trustees but asked that the two year term be rethought because of the Board's election term; logically think that through. In terms of other members of the committee, referencing agenda packet page 21, the paragraph about being a financial expert, there is information we can take from the SEC and it also needs to be someone who has expertise in governmental fund accounting which is very different from non-profit fund accounting. Also, active certified public accountants preferably in Nevada. Trustee Wong closed by saying her main comments

are to take a step back and figure out what is appropriate for our size and organization.

Trustee Dent said on the internal auditor, we may be able to get past that one by going to Internal Auditor/Treasurer as he knows that Trustee Schmitz is doing a lot of internal auditing and that he likes the idea of reviewing/approving the attorney invoices as it could be months before we are getting invoices and no one is following up so someone needs to take ownership and that he like having that line in there so as to be up to date. Trustee Dent continued that he likes the idea of changing to two Trustees as there has always been three Trustees so that is a huge step in a different direction. He also likes the idea of involving the community and he has no concern if they only call in for most of the meetings as he is okay with not being physically present because at our next Board meeting, none of us Board members are going to be present. They will add value and he thinks we should welcome that in whatever form and whether they are here for half a year or not.

Trustee Wong said regarding the internal auditor that there are professional standards and professional certifications and that she isn't sure that anybody on our Board is qualified to be an internal auditor. Trustee Morris said he agrees. Chairman Callicrate said he agrees and that he didn't think that what Trustee Dent was saying is that she is qualified. They should be qualified with professional licenses, firm, etc. and work with our Director of Finance who may be qualified. We have talked about this position for quite some time within the District and there was no intent that Trustee Schmitz was acting as an internal auditor rather she is doing her own research on things that she is interested in which he doesn't find enjoyable.

Trustee Schmitz said that she has solicited from our Internal District General Manager and our Director of Finance has been very thoughtful as to this document which has been brought before the Board of Trustees multiple times. Input has been taken and incorporated and that the intent was that it was not to be standalone rather it would be the new Policy 15.1.0 and that it would be superseded with this document. As to the application process, we are here to discuss and approve the charter which has nothing to do with the application process as that would be the next step. As to the review of the legal invoices, that is in support of Resolution 1480. The Board is the only organization to approve funding and at the last meeting we, the Audit Committee, brought a request for funds, which is line item 13, and we are taking the action that has already been given to it by the Board. For investigations, not all submissions would be investigated rather it would be

determined if an investigation needs to be done and that the charter allows things to be brought forward by the public which she has investigated as well as the complaints that have been brought into the Audit Committee. It is very transparent as she has created a spreadsheet and she follows up by working with Staff to answer questions and it is helping; helping the organization as a whole. We are not here tonight to approve the application rather the first step is to approve the charter and the charter clearly states the odd number and that our recommendation is just two Trustees and there is nothing about two years for at large members and that the two years doesn't apply to the appointed Trustees.

Trustee Wong asked about page 21; Trustee Schmitz said she understands fully the point.

Trustee Wong then said that this is the first time that the charter has come to the full Board and that it has not been on another agenda; Trustee Morris agreed.

Trustee Schmitz asked if she could finish with the clarification on non-voting members; people who might want to invite such as the Director of Finance or the Interim District General Manager would be non-voting members and that they might request the Director of Public Works or someone else appropriate to address a particular issue. Trustee Morris said so what he is hearing is that according to this charter, the Audit Committee get a member of Staff as a non-voting member to attend and give information as requested and that the Director of Public Works would be a member for that meeting. Trustee Schmitz said that she understands what Trustee Morris is saying.

Trustee Dent said he had nothing to add.

Trustee Wong said that revisions need to be made before we approve it, Chairman Callicrate agreed as both Trustees Morris and Wong have raised a lot of questions that need to be addressed.

Trustee Morris said that he got a sense that there was common agreement that we should have an internal auditor but that he doesn't think we should have an internal auditor. Regarding Trustee Schmitz's commentary, he was very concerned to hear that the application process is not relative to this motion; the Board should really understand everything before it votes. On agenda packet page 21, it says that the committee shall consist of five voting members and the committee set a tentative date for the next Audit

Committee meeting so you have to recruit at least two more members to the committee before that meeting as well as release one Trustee that is currently on the Audit Committee so there has to be an appointment of three members and he doesn't know we are going to go about that process. It is an unworkable plan that hasn't been discussed enough. He fundamentally disagrees about outside consultants and Trustee Schmitz said that it means something else so are you hiring or contracting or going to go get somebody; he thinks it is ambiguous and problematic and he can't go forward with that. About the legal invoices, he has no problem with the approval by the Board of Trustees but that is not an Audit Committee charter item as those two people might not be on the Audit Committee. Also if Trustee Schmitz has been responding to complaints of the public, he hasn't seen any of those and if Board members are doing something on their own such as responding to the community regarding their concerns, then he definitely wants to see all that correspondence, etc.

Chairman Callicrate said that we have all been discussing General Business Item H.1. and then re-read the agenda item. We have had a very spirited discussion with items raised, reviewed and discussed; he would entertain a motion and asked District General Counsel Velto about voting; District General Counsel Velto said he would recommend a roll call vote. Chairman Callicrate asked for a motion. Trustee Morris said before we go to a motion, he is concerned that the comments of Trustee Wong and himself have fallen on deaf ears because three of the Board have already accepted this charter therefore he worries that it is a forgone conclusion as there is no interest in coming back on this item. Chairman Callicrate said it is correct that the Audit Committee did vote on it and to move it forward and that your concerns are going to be looked into as nothing is carte blanche; your concerns will be address. Trustee Wong said that she would like to suggest that if you have concerns, that all of us should go through the charter and send our comments to the Audit Committee so that this can go down another path and address everyone's comments and have the Audit Committee evaluate it before the charter is adopted. Trustee Dent said if changes are to be made then that should happen at the Board level as the Audit Committee has already decided they are ok with it as written therefore it should come back to the Board. Trustee Wong said she is okay with that too.

Chairman Callicrate said that the Director of Finance would like to make a comment.

Director of Finance Paul Navazio said that it sounds like it needs rework and that he just wants to make sure that wherever we land the effective date ensures that you have a quorum at an upcoming meeting and that Staff knows what members of its committee constitutes that meeting on whatever committee is constituted.

Trustee Schmitz said here is the transition plan as this is not an immediate situation and going through that process will take time so a little bit of a road map to transition would be helpful. Trustee Morris said that a road map transition would be a great idea and asked if that comes after accepting the charter or after the charter comes back or are we still taking it as written, despite all the comments, and say that is it. Trustee Schmitz said that all Board members needs to be comfortable with this document as it is a substantial change to existing policy so it is important that we all understand it and agree on it as it will be a significant change. She fully supports additional input and feedback and having a game plan as this was an important first step. Chairman Callicrate said that he does appreciate all the comments that have been brought up and that the Audit Committee did accept this charter and now with a full Board discussion, we know we need to take into account all five Board members comments and bring this back to the full Board for adoption. Trustee Schmitz said that she is comfortable in giving each of the Trustees the Word document so they can highlight or redline and then she will do her best to consolidate all comments and get back with questions. She will e-mail it out and asked that it get back to her in a timely manner. Trustee Dent said that he is fine with the Treasurer of the Board taking the lead. Trustee Schmitz said that she will e-mail the document to all the Board members and that she is open to those that want to get on the telephone and discuss it with her as well. She requested that it be turned around by Monday morning. Interim District General Manager Winquest said Staff needs it Monday morning in order to assemble the Board packet. Chairman Callicrate said that this matter has been brought to the Board, it is a work in progress, and we were able to have a spirited discussion; there is no motion. Trustee Wong requested that we make sure it is a redline version that goes into the upcoming Board packet.

At 6:39 p.m., Chairman Callicrate called for a five minute break; the Board reconvened at 6:45 p.m.

H.2. Review, discuss and possibly approve Resolution Number 1876, Policy and Procedure Resolution Number 139, No Smoking, except in designated areas, at District Recreational Facilities

**(Requesting Staff Member: Interim District General Manager
Indra Winquest)**

Interim District General Manager Winquest gave an overview of the submitted materials and recognized the late, great Tom Cardinale who, along with his widow Lynette, were great supporters of this matter as it was a huge issue for them.

Chairman Callicrate said that he appreciates this item as it is a long time coming and he too thanks Tom and Lynette for spearheading this item. Those individuals who choose to smoke, we will identify smoking areas that are safe and comfortable along with making refuse containers available as we are in a high fire zone. While this document implies that it includes marijuana he would prefer it be more explicit. We all know that federally is not allow and regardless of what Nevada allows, marijuana, vaping and tobacco is not allowed at our facilities and excluding the use of marijuana at any of our facilities he thinks is critical. There will be that small percentage of folks who will say something about this so possibly added that as an addendum.

Interim District General Manager Winquest said that area has come up by more than one Trustee and we can improve the policy with required revisions. He has had a few members of the community expressing frustration over the no vaping policy. There has been a massive vaping illness which has impact within the high schools and so the last thing we want to do is to be encouraging of that activity. The smoke isn't an issue from vaping rather it is the vaping itself that is a dangerous and harmful activity.

Trustee Morris said he will support this item and that he had the same question about marijuana and felt that the inclusion in Section 3 does underscore that and that he is very fortunate to not be a smoker. On agenda packet page 32, it outlines the facilities. He is hopeful that we are not hamstringing ourselves for future areas and he would be thinking about the dog park as he would want no smoking there and whilst we don't call it out specifically perhaps we should say something about IVGID property anywhere.

Interim District General Manager Winquest said we can handle this a couple of different ways – with new facilities we can bring this policy back when that happens and then we can include other IVGID open spaces. On the

marijuana use, the District will fall back on federal edicts and that the takeaway for him is to see if we can incorporate no marijuana use in another additional section other than Section 3. Trustee Morris said a member of the community did bring up an item about Diamond Peak and should we account for that and have no smoking at Diamond Peak. Interim District General Manager Winquest said yes and enforcement was the problem without a formal policy and again, enforcement will be an issue and we will be posting signage but we will take it to the next level and people will know this is the policy.

Trustee Schmitz said what about the bocce courts going in next to the Recreation Center and it also doesn't reference the Recreation Center in any way. Interim District General Manager Winquest said that if the bocce courts get built, we can bring this policy back as that project isn't started. As for covering the Recreation Center, including the term IVGID property should cover it. Trustee Schmitz asked about the parking lot at the Recreation Center. Chairman Callicrate said that they are all a part of our facilities and that any miniscule changes can be addressed and that the Board can still adopt this and then have it brought back for a perfunctory vote.

Trustee Wong suggested no person shall use marijuana or vape on any IVGID properties or potential properties; to avoid an administrative nightmare, let's just take care of it and be done. Trustee Schmitz said that she was curious as to why just outdoors and it says our recreational facilities. Trustee Wong suggested changing to District owned or operated properties. Trustee Morris said he likes that language. Interim District General Manager Winquest said that we don't allow smoking in any of our facilities including but not limited to our concessionaries.

Trustee Dent said he liked Trustee Wong's addition and that the Board was all on the same page so he had no further comments.

Trustee Morris made a motion to approve Resolution 1876 with discussed revisions that were made in this Board meeting. Trustee Wong seconded the motion. Chairman Callicrate asked for any further comments, hearing none, called the question and the motion was passed unanimously.

H.3. Review, discuss and possibly set direction for Capital Improvement Project Budget affecting fiscal year 2020-2021 and eventually the Five Year Capital Plan Summary to be adopted in

**July 2020 as part of the District's annual Indebtedness Report
(Requesting Staff Member: Director of Finance Paul Navazio)**

Director of Finance Navazio gave an overview of the submitted materials.

Chairman Callicrate said it is very critical that these numbers are tied out because it is one of those things that has been raised in our community because things didn't always jive; this is critically important. Director of Finance Navazio said you have to go year to year and that it has to sort of work in at least three dimensions. Chairman Callicrate said that will hopefully be well taken by those watching the Livestream. Director of Finance Navazio said we are off to a good start.

Director of Finance Navazio returned to his presentation.

Trustee Morris said, referencing the carry over appropriations, in Parks, on the pump track, can you go over the math as to why it goes to net zero. Director of Finance Navazio said that yes, that is correct because this work is on an annual basis.

Trustee Morris said so we have \$15.3 million in carryover, we are spending \$9.8 million so that totals roughly \$25 million and because \$6.2 million will be carried over, we will only be writing checks for \$18.9 million. Director of Finance Navazio said that is correct and that feedback is important from the Board on new money and then Staff providing an update in May. Trustee Morris said that he just wanted to check that he is doing the right thing with these charts.

Trustee Dent thanked the Director of Finance for the few telephone calls they have had and for taking the time to meet with each Trustee. On the pump track, let's remove the \$300,000 as there is no outside donor and he doesn't think we should be moving forward with this project. A request for that money for the pump track shouldn't be requested until a donor is found. Staying on agenda packet page 65, given that Staff has moved forward with no plans, let's pull the \$663,000 from that project and not spend funds on that project as the Board hasn't given any direction. Interim District General Manager Winquest said that he doesn't disagree on the pump track and that is accurate that there is no funder but we are working hard on that aspect but he is totally fine with that removal. The \$663,000 is for the entitlements with the United States Forest Service and the Tahoe Regional Planning Agency. Trustee Dent said it came to the Board in 2015, we approved

\$300,000 and now another \$400,000 has gotten stuffed into this project and it has sat idle. Let's pull those funds until it becomes a real thing or there is an understanding of where we are going after entitlements. Interim District General Manager Winquest said if that is the Board's desire, Staff can do that and that is a different direction. He can check with Staff on what that is going to cost and he will support it if that is the desire of the Board.

Trustee Morris said he does see the sense on the pump track and that he didn't want to hamstring ourselves if a donor came forward and he thinks that is the question. With regard to the entitlements, because we are at the mercy of the United States Forest Service, we don't know how long that will take. Once they conclude their part of it, we should be ready to act thus he is reluctant to take that out because we plan to do it as it comes and we can carry it over. It has been agreed to move forward when we can.

Chairman Callicrate said there might be some confusion with entitlements and construction so that might need to be addressed and not that we are confused but what do the entitlements mean; is it the EIS or what or is it setting in motion the coaster, etc.

Director of Public Works Pomroy said it would be good for Staff to bring to the Board a half page summary. Diamond Peak does need to have a master plan and it goes back to the mid-80's when it was filed and that part of the work is the biological surveys that could take up to two years. The majority of the work that is being done is so that a master plan can be filed with TRPA and the much larger issue is with the improvements at Diamond Peak which have all been taken out of the capital summary. The best thing would be to give the Board a half page summary.

Chairman Callicrate asked if we have what has been spent to date and what is projected; have we spent \$300,000 and is there potential to spend \$600,000? Yes, we need to have this summary and have a Board discussion so we can be ahead of it. He would like to manage the appropriate fund levels to get us to where we can modify the Diamond Peak Master Plan and then have money earmarked so we can move forward mid-2022. He would like to see the half page summary before it is completely removed even though he is leaning more towards taking it out, the Board does need to have it spelled out explicitly. This document is literally a draft of a draft and that there have been a number of concerns that have to be addressed but because of the compliance that we have to do, we know that changes will be made. There will be more iterations and changes coming forward and

that this document is not the definitive document. A number of discrepancies have been brought forth and that this is the final and the beginning. We are trying to make everything fit in to the COVID-19 nightmare we inherited; the concerns will be addressed.

Trustee Dent said regarding the project summary, can we find out who is putting these together because as an example he would like to know who thinks having the golf carts transitioning to electric carts is the way to go so it would be good for us to know who updated these summaries.

Chairman Callicrate said that he concurs with Trustee Dent and that he too would like to be as transparent as possible. Things have happened so let's make certain if something is stated like that, we are clear.

Interim District General Manager Winqest said Staff has discussed noting revisions per Board actions and that it does need to be understood because of significant Board change things have been given and taken back. He absolutely agrees and understands; this is something we have talked about with our capital team.

Trustee Dent said, referencing the definitions that start on agenda packet page 42, that at the January 22 meeting, we went through the definitions and that those definitions would be accompanying this report so that people know what the columns are. These are inaccurate at best and that what we did at the January 22 meeting should be included in the packet.

Director of Finance Navazio said that Staff has begun that process, that Trustee Dent pointed out, so people understand the why and how.

Trustee Dent said he would like to have a status report and accurate information so the pages' flow into the five year plan. Chairman Callicrate said he appreciates the follow up as he knows that Staff is working furiously to get that included and that we have all been talking about this for quite some time.

Trustee Wong thanked Staff for putting this together and said that she liked the carry forward report and understands where all the projects are coming from. Her main question is going back to where the funding is going to come from such as budgeted from current revenues. Knowing that the upcoming year probably won't be an ideal year, has Staff gone through the projects

and determined what projects are needed and what are those projects that we may want to get done but may have to be put off.

Director of Finance Navazio said that is in process and that Staff is at the beginning stages of that process. Many of the Senior Team are already looking at their areas and at the projects that are critical and what projects can be deferred. Staff hasn't put that together yet but we are working on it and we can't just look at 2020/21 as we have to see the impact of what we are experiencing and its impact in year two or three as there is going to be a domino effect in the entire capital budget.

Trustee Wong said that she did have an extensive conversation with our Director of Finance. Chairman Callicrate said he did as well and that it was the first time he has felt really comfortable as he explained everything in layman's terms. Trustee Schmitz said that prioritization is going to be a really important piece and to do three – one, two and three.

Director of Finance Navazio said that he wanted to point out the pending utility rate increases and while Staff understands that the Board has some discretionary decisions, it is really important to understand what assumptions are built in.

Chairman Callicrate said we are going into uncharted territory that we are all aware of and that prioritization is going to be critical. Staff is going through the budgets and looking at the level of service and then asking how are we going to pay for all of this. We haven't done a lot of stuff that we have talked about so now how do we keep those projects and that he is trying to give you a sense of what we want to see.

Director of Finance Navazio continued his presentation.

Trustee Morris thanked Staff for the explanation and if it is not too much of an imposition, he would like to include another column of where we are now and what changes have been made as he would find that very helpful. Director of Finance Navazio said yes, Staff can do that.

Director of Finance Navazio continued his presentation.

Trustee Morris said that this was a general question for us as a Board and that it is not a decision but is there an appetite for other sources of funding. In the past, the majority was no, pay as you go. He would like the Board to

have that discussion, not today, because we need to understand what our appetite is to bond especially in these uncertain times. We should be bonding Ski Way, pool, and the beach house. Those decisions are going to materially impact our finances going forward. It might be prudent to be a little more conservative with our fund balances to tide us over and with the interest rates what they are and with this being a good practice generally, in these uncertain times, it might be a good thing. We need to have that discussion because there is work involved.

Chairman Callicrate said the original bone of contention was what the bonding opportunities were and that for something like Ski Way or the pipeline, that are major projects, is one thing and that the beaches are a little more problematic and that this is opening a can of worms but we need to look at all opportunities.

Interim District General Manager Winqest said that there has been a concept floated about reallocating the Recreation Fee which is also a valid idea that is worth exploring especially with the beaches and we should be exploring that concept. However, he does want our Director of Finance to have a good understanding as we don't want to do something that isn't prudent for our community.

Director of Finance Navazio continued his presentation.

Chairman Callicrate said that he has had a chance to speak with Director of Finance Navazio and acknowledges that he came in at a difficult time and that he inherited a lot. He knows that you are working on that and that he is looking forward to the numbers being adjusted and readjusted. We need to take into account, with a new set of eyes, that several members of our community have raised valid concerns that need to be addressed. We are in uncharted territory and thank you to Staff for their work. There is a lot of work to do and we have talked about doing a workshop which may be problematic with this whole COVID thing.

Trustee Dent said thank you for the presentation and on the funding of the projects that have been prioritized by the previous Boards, the last time we did this, the Incline Beach House and the Burnt Cedar pool were the top two projects. We need to create a five year look that takes that into account and possibly shifting off a paving or Public Works project because we need to do the simple things correctly to gain trust with the community and then entertain bonding for a paving project. Another example of prioritizing is that

we have \$900,000 for the lithium battery golf carts. We need to have a discussion and do a deeper dive into that project and into the Board's priorities at prior meeting. Trustee Dent concluded by stating that he doesn't know if we will be setting priorities but it would be good so we are all on the same page.

Trustee Wong thanked Staff for the work they have put in and stated that it reflects the priority projects that we have been discussing and noted that Staff has done a good job on that.

Chairman Callicrate said that we have prioritized so much and revised ourselves blind and while he is not trying to be flippant about that and clearly how are we going to pay for it especially with all that is going on, it is critically important that it has to be addressed. The two most critical projects are the pipeline and the pond. In Community Services, the Incline Beach House has been up there as that building is falling down and he knows because he worked there twenty years ago and it probably hasn't gotten any better as well as being a community priority. Then there is the dog park. We are not going to solve it all this evening and Staff has gotten good direction.

Trustee Schmitz said regarding priorities that she would like to ask Staff for some input as there are some things that need to be maintained and she understands that and that the effluent pipeline is on the top of her list and knows that there are still issues with the Burnt Cedar pool such as leaks, etc. She is a little puzzled about why the pool estimate is \$2.7 million as that is a pretty big jump. It has been identified as a priority and it is at the end of life but it is next to the lake and we can't have it leaking. This whole situation with COVID means we are going to have to work very closely and collaboratively because we don't know the impact on revenues. We have to pull together and continue to keep communications open on how we tackle projects.

Chairman Callicrate said luckily we have quite a bit of reserves, whether by design or not, we have \$4.5 million we have kept for emergencies and we are in that emergency. Collaboration is going to be critical not only as a Board and with our District Staff but the community has to be fully aware that this is unprecedented. How do we go through this time which is dancing on egg shells and with a welcome to a fresh set of eyes with our Director of Finance and Interim District General Manager and then with seasoned and new Board members? He is looking forward to drilling down on the numbers

and seeing what we can come up with it as it is alarming where we are at but we will get through it.

Trustee Morris said he has one small item to ask about and referencing agenda packet page 44, first line item, natatorium safety items that were budgeted at \$90,000 has been cancelled or is it being refreshed and why. Interim District General Manager Winquest said that the mezzanine area above the natatorium was where we were storing all the cycling bicycles and we have done some simple improvements so we no longer have the need for that project. The project has been pushed for three or four years and we discussed it when we were talking about the D.W. Reynolds building and it got bumped then. He doesn't cut anything out for safety unless Staff can convince him otherwise; that is a great catch. As we go through the prioritization, we will prioritize safety. The entrance is a major safety issue and that it is a project that we need to move forward with. We will be labeling them by venue and coming up with a good plan.

Trustee Morris said it is important, in the current unknown times, that it is not all euphoria and not all doom and gloom. We can come to the middle ground and as you take our discussion, he thinks we have to try and strike a balance for not what we wish we could do and to not kill everything because we think the world might end. As we look at the projects and as Staff brings recommendations to us, we have to determine if they are do or die and then if things turn around, can we do them. He is concerned about not putting them into the budget or putting them in to the budget. He would like Staff to do a scoring or priority of the number one projects as he wants plenty of time to say no if we want to. Take a prudent approach and not totally rape our opportunities for the future.

Chairman Callicrate said that is a great point and we need to cut back where we need to without compromises to operations and with capital we might have to scale down. On the pool, how did it grow to \$2.7 million? We need to spend each dollar in the wisest way possible and not that we haven't done that but look at this as a golden opportunity to get to bare bones and then add meat to the bones.

Director of Public Works Joe Pomroy said he would like to add some clarity. There are some big things to be aware of as Staff is submitting for building permits on the Tennis Center project and in early June, we will be coming to the Board for an award for construction. In the upcoming year, on agenda packet page 48, there are a significant amount of vehicles and equipment

and all of those will be decided and dependent on our financial situation; we will only be moving forward if the financial situation allows it and do we need it. The biggest project in there is the drainage and best management practices at the Championship Golf Course Maintenance building which is an infrastructure project which has a serious problem over there. In Community Services, the consideration of the golf cart fleet for the Championship Golf Course can be done towards the end of the season so there is a lot of time to think about that project. The ski buses are a spring decision and we should leave them in the plan because the decision point is six to nine months away. Some projects are absolutely mandatory – work on the ski lifts, etc. The big projects are in year two so they are much farther out for a decision. In year one, there is \$700,000 in maintenance and then the Tennis Center project. A lot of this will be within the General Manager's authority. He is comfortable with this plan and if we don't move forward with something then that will harm the District's future.

Chairman Callicrate said he appreciated that information.

Trustee Schmitz said thank you for the details and asked if it would be a great deal of work for Staff to lay this out in a decision format. Director of Public Works Pomroy said Staff can do that and that he would like to lump it down in \$100,000 chunks which would lead to a table of ten to fifteen items and then move the smaller items to another pool.

Director of Finance Navazio said he would like to marry the two points and request that Staff go through the CIP and identify category 1, 2, and 3 projects and then overlay on that the timing of decisions. The overlay is the relationship between the State of Nevada and the District and we have to also figure if we are working collaboratively and erring on the flexibility to pull back then move forward. We have to put all those timing things together but we are getting a sense of what the Board wants. Approving a budget doesn't mean we are spending a dollar.

Trustee Dent said he has nothing further to add.

Trustee Wong said she has nothing further to add.

Chairman Callicrate thanked everyone for this needed discussion and to keep up the good work with your Staff.

At 8:25 p.m., Chairman Callicrate called for a break; at 8:30 p.m. the Board reconvened.

H.4. DISCUSSION ONLY - Discuss consideration of initiating process to evaluate converting the District's existing Community Services and Beach Governmental Special Revenue Funds back to Proprietary Enterprise Funds for fund accounting and financial reporting as well as budgeting and long-range financial planning. (Presenting Staff Members: Interim District General Manager Indra Winquest and Director of Finance Paul Navazio)

Chairman Callicrate said there will be much more of a discussion and action taken in the near future and that he wants to have a focused discussion.

Interim District General Manager Winquest began the overview of the submitted materials and then turned it over to Director of Finance Navazio.

Chairman Callicrate said that he understands that this is a process and there is a process that we have to abide by. It is imperative to act as collaboratively as we can and to follow the timelines and that he does realize that there is a process. The Nevada Revised Statutes state certain things and the State of Nevada Department of Taxation is telling us what we have to do and we don't want to do is become an adversary as this is a new era and we want to work along with them to achieve the end result to go back to Enterprise Fund Accounting if so deemed appropriate by the Board.

Director of Finance Navazio went over the submitted materials and then stated that based on two conversations with the State of Nevada Department of Taxation that any direction by the Board of Trustees appears only likely to impact our 2021/22 budget and the financial statements thereafter. This is an opportunity to have a good discussion of the pros and cons on this topic as there is no right or wrong. It is about the best aligned procedures with the operations of the District and that he is too new to render an opinion and that should the Board make a decision to give direction, Staff is in a position to make it happen. He is presently going through the Nevada Revised Statutes and GASB statements and putting them side by side and then laying our items in to help him. Ultimately, it is a Board decision but it is not about right or wrong but the one in the best interest of our District going forward.

Chairman Callicrate asked about an overview of the State of Nevada requirements and turned to Trustee Schmitz for that overview. Trustee Schmitz said that the steps for the process should we determine we want to make the change is the first step is to obtain a letter from our Auditor who has reviewed the situation. Obviously, Board approval and then go before the State of Nevada Board of Taxation to inform them that we want to make that change and the earliest we could do that is June. There has to be an evaluation of assets which is a time consuming process and three years of budgets would need to be reflected and financial reports presented both ways until a decision is made by the Department of Taxation. Director of Finance Navazio said it is his understanding, and he is a little confused by the requirement of transition in financials, thus he doesn't quite understand what they meant about the Comprehensive Annual Financial Reports (CAFR). Trustee Schmitz said that they have a very minimal discussion and what she understood was that our new Director of Finance was to obtain the materials that were used from the Auditors at the time and review that and then present why the change. We have operated in a different form since inception and, without putting words in anyone's mouth, look at why are you moving in this direction. Understanding the past helps us to make a decision in the future.

Director of Finance Navazio, referencing agenda packet page 75, said that the process undertaken five years ago was that the District Staff made the case to the District's independent Auditor that a transition would make sense and a letter was received with that concurrence which is agenda packet page 75. Based on the material presented, it would be helpful for him to understand what that was and that the State of Nevada said we are going to need that from our current Auditor and that he wants to bring the history forward, lay it out, and then move forward from there.

Chairman Callicrate said based on the conversations with the State of Nevada, this is a multi-year situation. Director of Finance Navazio said that this would be a workload item for this coming fiscal year and probably in fall or early winter and not in March or tomorrow. It is having a discussion then having one year to make the change and then multi-years to fully implement. Chairman Callicrate so for the 2020/21 budget cycle, we, in the District, can use what we have used in the past to show what we want to do and is he correct in that. Director of Finance Navazio said he would state it a little differently. The official budget and financial statements will be done and reported to the State and the CAFR will be in special revenue fund. We got push back from the State that if we started working on a reconciliation and

if we were in Enterprise, we would have to state here is where they are different, etc. and that it ties out and the caution of the State was that we should be very careful on the perception because it appears that you are working on two sets of books. This is about financial statements and it comes down to accounting for our assets and understanding that there is a big focus on this. There are some implications on reporting of capital and that is why we may be able to show them side by side.

Chairman Callicrate said that he wants to be perfectly clear that the District is not keeping two sets of books and that everything we are doing is legal and that we are not going to go to two sets of books rather this is an informational aspect. Director of Finance Navazio said that this is information to the Board and the community and that there is integrity of the data and how it is reflected in the statements and plans/budgets.

Trustee Dent thanked Trustee Schmitz for giving us an update on the conversation. When he has spoken to Tiffany at Eide Bailly, she said it was a management decision and that when the Board makes a decision that getting a letter doesn't appear to be an issue. He appreciates the Director of Finance getting what we represented five year ago as it is important information and it is his understanding that there is a process but that we don't approve anything rather we are relying on the Auditor. He doesn't know if we have meeting minutes from five or six years ago but that might be helpful to know to see where we ended up and to help us get to where we want to go.

Trustee Wong said at the end of the day, she doesn't care either way. On agenda packet page 80, it is extremely well written and very clear on going through the guidance on agenda packet pages 81 and 82 and that it becomes a management decision on which type we prefer as neither way is wrong and the moral of the story is that it comes down to a management decision.

Trustee Morris said thank you for this discussion, ongoing discussion, and education. He did find the guidance letter very helpful on which way to go and that his takeaway is that both are acceptable to the State and that our accounting should reflect our business. At the end, there are pros and cons of this method and then the same for the other methods and that there are benefits either way and in the end you are answering your own question of why are you doing X or why are you doing Y. At the end, the Board comes together and selects path X or Y for these specific reasons and it is important

for future Boards to have a record of why we are here and to make the right decision. He really hopes that this stops the commentary from the public that we are doing something illegal because we are not.

Trustee Schmitz said that something that she learned is that it is management's responsibility to comply with GASB and that ultimately it is the responsibility of management to make sure we are complying with GASB and that it is not a decision about which we like better but about analyzing our business and how it relates to GASB and making that decision.

Chairman Callicrate said it is critically important and he doesn't want a future Board to being say why. It worked well for fifty five years and it probably should have stayed the same. He is looking forward to move conversation based on what the State is requiring of us and some may say the law is the law is the law. He doesn't want to get into a wrangle with the Tax Board. We are working with the constraints and we can't take the current budget and shoehorn it into Enterprise Fund accounting based on the restrictions by the State so let's have a little more sanity while moving it forward and addressing it. We need a little more information but we are on the right track to get it changed.

Interim District General Manager Winquest said that he agrees with Trustee Schmitz and he supports transition back to Enterprise Fund accounting. It is important for the Board to have this discussion as a Board and that is why we didn't bring this back until now. He is glad we are having this discussion and that it is extremely important to make if we make this transition that we are doing it for all the right reasons. We have an election coming up for three seats on this Board and there is a very good chance that two of you will get re-elected and the reason he brings that up is that the State emphasized heavily that if we get a different Board, we are not going back. We had the discussion about let's set up future Board for success. The frustration of the State is that we put them through the process of convincing them and that process took two or three years. Once we solidify, we want to give confidence to future Boards. We have gotten clear direction from the State that we have to go through this process. He doesn't think it is a good idea to be averse to the State so let's start this out with our Director of Finance having a good relationship with the State and them working with us while setting up future Board for success.

Chairman Callicrate said we will be getting more information and that discussion will come forward.

Chairman Callicrate gave a heads up to anyone who wanted to dial in to make public comment that now is the time to begin that process.

I. REPORTS TO THE IVGID BOARD OF TRUSTEES*

I.1. District General Counsel: Law Firm of Hutchison & Steffen

District General Counsel Alex Velto said he had nothing new to report.

J. BOARD OF TRUSTEES UPDATE (NO DISCUSSION OR ACTION) ON ANY MATTER REGARDING THE DISTRICT AND/OR COMMUNITIES OF CRYSTAL BAY AND INCLINE VILLAGE, NEVADA*

There were no Board of Trustees updates made at this time.

K. PUBLIC COMMENTS*

Aaron Katz said he wants to meet the Director of Finance as his comment was one hundred percent wrong. What we do here is we pass a Recreation Fee as if it is tax and as if you can rely on it for budget purposes – that answer is no, no, no. If you don't pass the Recreation Fee, then you don't have the money. If you pass it, you have already spent it. Pass a budget with \$7 million then you spend it or you hold on to it for a slush fund in which it doesn't matter what you spend it on. This ties into Enterprise Fund accounting because Staff wanted to start spending the money from Enterprise and NRS 354.613 tells you it is unlawful in a transfer fund. Staff changed the funds to special revenue so it won't be lawful and going back will stop Staff from spending. Mr. Katz said he did another written statement that Staff is proposing \$27 million for CIP and debt service which is \$6 million per year and it doesn't cover overspending. We budget to spend \$7 million more than the revenues so where is the money going to come from.

Yolanda Knaack said she wants to echo what Trustee Schmitz said about making the effluent pipeline a priority as it is really, really important and the other thing she said is to echo is how did pool go from \$1 million to \$2.7 million.

Frank Wright said he would like to question Trustee Morris. You eliminated every member of our community as people who are being vicious and vocal minorities so exactly what is the criteria you are going to put on and are you

going to vet every member? One would seem to think that people who speak out aren't capable to serve on any committee and that you seem to be chastising those which include you. You seem to be a very negative person and if you haven't figured it out, everything that is being brought forth is to make it better that is why we are fighting everything. What are you afraid of Trustee Morris? This is the same thing as forty-eight people down in Reno not getting paychecks. He finds your comments ludicrous and can't believe that you can represent anyone in this community; he is trying to figure out why you are on this Board. He is sure that the damages will be vetted out and that he can't wait until you go.

Margaret Martini read from a written statement which is attached hereto.

Hearing no further public comments, Chairman Callicrate closed public comments. Trustee Morris asked to speak.

Trustee Morris said that this was the usual diatribe and that he does wish that members of the public would get their facts straight before casting aspirations. With regards to employees not getting paychecks, the public really should check the legal situation and check it out with the courts because not one person didn't get their paychecks.

L. REVIEW WITH BOARD OF TRUSTEES, BY THE DISTRICT GENERAL MANAGER, THE LONG RANGE CALENDAR *(for possible action)*

Interim District General Manager Winquest went over the long range calendar and noted that Staff is looking at holding these meeting all virtually and we will be working on that process by doing some trial runs, etc. and that we will be doing it that way for the next four to six weeks.

Trustee Schmitz mentioned the Board of Trustees handbook and asked for feedback before Monday. Chairman Callicrate said he would like to defer that item until May 6 so we have plenty of time to look at it; Trustee Schmitz said that was totally fine with her.

Interim District General Manager Winquest said that the guest access ticket information is included in the General Manager's report so that will come off the calendar, right now, the ski rental equipment will be on the April 14 agenda as a general business item, and the Audit Committee Charter/Policy will be on the May 6 agenda.

Interim General Manager Winquest then mentioned the concept of holding a budget workshop; the Board had a conversation and decided that a budget workshop could be held on Thursday, May 7 starting at 5 p.m.

Trustee Schmitz said that she had a question; in reviewing the Governor's declaration, does it include public hearings. District General Counsel Velto said yes, it covers all public meeting.

Trustee Dent asked to have an agenda item added on May 6 for Board Policy 7.1.0 and Practice 7.2.0; Chairman Callicrate said that was fine.

Chairman Callicrate thanked all of those who called in and watched the Livestream and said that we appreciate the patience. We have many employees who are suffering dramatically and many who have lost their jobs and that he is hopeful that in the next four to six weeks, we can look back with levity.

M. ADJOURNMENT (for possible action)

The meeting was adjourned at 9:26 p.m.

Respectfully submitted,

Susan A Herron
District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.

Submitted by Tracy Babayco (1 page): E-mail dated April 1, 2020; Subject: Vote tonight

Submitted by Patrick McBurnett (1 page): E-mail dated March 31, 2020; Subject: Public Comment 4/1/2020

Submitted by Chuck Weinberger (1 page): E-mail dated March 31, 2020; Subject: I support a no smoking at all IVGID recreation facilities

Submitted by Mark Tanner (1 page): E-mail dated March 31, 2020; Subject: Support Smoking Ban Proposal

Submitted by Aaron Katz (4 pages): Written statement to be included in the written minutes of this April 1, 2020 regular IVGID Board meeting – Agenda Item C – Public Comments – Read by lips Finance Director Paul Navazio. No new Recreation/Beach bonds!

Submitted by Aaron Katz (6 pages): Written statement to be included in the written minutes of this April 1, 2020 regular IVGID Board meeting – Agenda Item H(3) – Because Staff refuse to share the services and supplies line item expenditures they propose be budgeted for 2020-21 to the Community Services and Beach funds, and local parcel/residential dwelling unit owners are forced to subsidize overspending in these funds through the Recreation (“RFF”) and Beach (“BFF”) facility fees they are involuntarily compelled to pay, the Board should not ratify/approve Staff’s proposal 2020-21 capital improvement plan (“CIP”) budget until Staff produce a line item summary of proposed services and supplies expenditures in the Community Services and Beach funds

Submitted by Gavin Feiger (3 pages): Resolution 1876, Policy and Procedure Number 139, No Smoking, except in designated areas, at District Recreational Facilities

Submitted by Judith Miller (1 page): 4/1/20 IVGID Board of Trustees Meeting – Item C Public Comment

Submitted by Clifford F. Dobler (1 page): Public Comments – Board of Trustees Meeting April 1, 2020

Submitted by Linda Newman (1 page): April 1st, 2020 IVGID Board of Trustees Meeting Public Comments By: Linda Newman – To be included with the Meeting Minutes

Submitted by Margaret Martini (1 page): April 1, 2020 IVGID Board of Trustees Meeting Public Comment By Margaret Martini – To be included with the Minutes of the Meeting

Submitted by Margaret Martini (1 page): April 1, 2020 IVGID Board of Trustees Meeting Public Comment By Margaret Martini – To be included with the Minutes of the Meeting

Submitted by Aaron Katz (16 pages): Written statement to be included in the written minutes of this April 1, 2020 regular IVGID Board meeting – Agenda

Item C – Public Comment – Because Staff see IVGID as being nothing more than a series of commercial “for profit” businesses rather than the limited purpose local government it really is, they feel it perfectly acceptable to spend over \$400,000 annually on bank fees paid to process credit card charges in large part made by the world’s tourists. Because I don’t, I ask that the IVGID Board reduce the District’s proposed 2020-21 Community Services/Beach funds’ budgets by a minimum of \$405,336 to force Staff to modify its behavior

Herron, Susan

From: Tracy DeLeeuw <yourstruly125@hotmail.com>
Sent: Wednesday, April 1, 2020 7:10 AM
To: Info_at_IVGID
Subject: Vote tonight

Follow Up Flag: Follow up
Flag Status: Completed

Please vote to keep smoking off our beautiful beaches. It is just as much garage as empty cans and dog poop, and those are banned.

Thank you,

Tracy Babayco
My family has been in Lake Tahoe since 1932.

Sent from my iPad

Herron, Susan

From: Patrick McBurnett <ktrick44@gmail.com>
Sent: Tuesday, March 31, 2020 1:57 PM
To: Info_at_IVGID
Subject: Public Comment 4/1/2020

Follow Up Flag: Follow up
Flag Status: Completed

We need to move immediately to appoint Indra permanent General Manager. During these troubled times we need stability. Indra has done an excellent job and has massive support in the community and on the Board. He deserves closure as well. We are very lucky to have him and we have saved thousands of dollars not going to a head hunter who would no doubt find us another politician like the last one.

Patrick McBurnett
768 Tyner Way
IV

Herron, Susan

From: Chuck Weinberger <cweinberger@gmail.com>
Sent: Tuesday, March 31, 2020 10:41 AM
To: Info_at_IVGID
Subject: I support a no smoking at all IVGID recreation Facilities

Follow Up Flag: Follow up
Flag Status: Completed

Over 10 years ago the IVGID board of trustees voted in favor of Diamond Peak becoming a “no smoking ski resort.” Here is a reference to an article regarding that vote:

<https://www.sierrasun.com/news/tahoed-diamond-peak-ski-resort-to-discourage-smoking/>

The first season after the vote Diamond Peak placed “No Smoking” signs in public meeting places all around Diamond Peak, including outside dining areas and lift lines. Over the following three years those signs completely disappeared, and now the only “No Smoking” signs concern smoking in buildings. As a result, it is now typical to find somebody smoking at an outside dining table right next to a family that is eating lunch.

So, I am writing today with two goals in mind; please re-energize Diamond Peak’s efforts as a “no smoking“ ski resort, and please vote in favor of making our beaches no smoking as well.

Regards,

Chuck Weinberger
Sent from my iPad

Herron, Susan

From: Mark Tanner <marktanner@gmail.com>
Sent: Tuesday, March 31, 2020 7:52 AM
To: Info_at_IVGID
Subject: Support Smoking Ban Proposal

Follow Up Flag: Follow up
Flag Status: Completed

Please pass a ban on smoking at the public beaches (and parks!).

It will make life better for all of us who live in Incline Village.

It is awful to try to enjoy the beauty of Tahoe while being forced to inhale someone's cigarette fumes.

Sincerely,

Mark S Tanner
Full Time Resident - Incline Village

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS APRIL 1, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM C – PUBLIC COMMENTS – READ MY LIPS FINANCE DIRECTOR PAUL NAVAZIO. NO NEW RECREATION/BEACH BONDS!

Introduction: At this meeting Staff seek Board approval¹ for a proposed 2020-21 capital improvement budget (“CIP”) budget totaling \$9,806,190². But what’s more worrisome, is that Staff have shared a proposed “5 Year CIP Summary”² calling for \$53,280,090 of expenditures as well. And that’s the purpose of this written statement.

The RFF/BFF Pay For the Majority (74½%) of Overspending in the General Fund: If Board members and the public don’t get it, just like the District’s Community Services and Beach Funds, Staff budget to *overspend* relying upon the RFF/BFF and utility rates, respectively, to subsidize the shortfall. This subsidy is made up of transfers (disingenuously labeled “Central Services”³) from the Community Services, Beach and Utility Funds. For 2020-21, Staff have proposed that:

\$971,940 (66¼%) of overspending in the Community Services Fund (\$254,820 from the Championship Golf sub-fund⁴, \$58,140 from the Mountain Golf sub-fund⁵, \$417,600 from the Ski sub-fund⁶, \$27,420 from the Facilities sub-fund⁷, \$133,440 from the Recreation Center sub-fund⁸, \$45,540 from the Parks sub-fund⁹, \$13,680 from the Tennis sub-fund¹⁰, and \$21,300 from the Community Services Administration sub-fund¹¹) be transferred to the General Fund under the guise they represent “Central Services” expenses;

¹ Disingenuously labeled “direction.”

² See page 37 of the packet of materials prepared by staff in anticipation of this April 1, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_4-1-20.pdf (“the 4/1/2020 Board packet”)].

³ See page 161 of the packet of materials prepared by staff in anticipation of the Board’s March 11, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/3-11-2020-BOT_Packet_Regular.pdf (“the 3/11/2020 Board packet”)].

⁴ See page 92 of the 3/11/2020 Board packet.

⁵ See page 97 of the 3/11/2020 Board packet.

⁶ See page 102 of the 3/11/2020 Board packet.

⁷ See page 112 of the 3/11/2020 Board packet.

⁸ See page 119 of the 3/11/2020 Board packet.

⁹ See page 128 of the 3/11/2020 Board packet.

¹⁰ See page 139 of the 3/11/2020 Board packet.

¹¹ See page 143 of the 3/11/2020 Board packet.

\$118,920 (8¼%) of overspending in the Beach Fund be transferred to the General Fund under the guise the “Central Services”¹² expenses; and,

Another \$187,290 each from the sewer¹³ and water¹⁴ sub-funds [for a total of \$374,580 (25½%)] be transferred to the General Fund under the guise they represent “Central Services” expenses.

Over the Next Five (5) Years Staff Propose That the District Incur \$4,620,250 of CIP Costs Assigned to the General Fund¹⁵:

Over the Next Five (5) Years Staff Propose That the District Incur \$21,374,860 of CIP Costs Assigned to the Community Services Fund¹⁶:

Over the Next Five (5) Years Staff Propose That the District Incur \$4,286,160 of CIP Costs Assigned to the Beach Fund¹⁷:

That’s a Total of \$28,721,936 in CIP Costs Either Directly or Indirectly Borne by the RFF/BFF, or on Average, \$5,744,387 Per Year For the Next Five Years!

And Don’t Forget About the \$361,000 Annually (Subsidized by the RFF/BFF) Which Until September of 2022 Services \$1,498,000 of Outstanding Recreation Facilities and Recreation General Obligation Bonds¹⁸.

Combined These Two Sets of Expenditures Represent *More* Than 90% of the RFF/BFF (\$6,751,615) Assuming the RFF/BFF Remain Level at \$830 Annually¹⁹:

Leaving Essentially Nothing (\$646,228) to Subsidize Staff’s Guaranteed Overspending on Operations: And remember that for 2020-21 Staff have proposed \$2,422,225 of overspending²⁰!

¹² See page 134 of the 3/11/2020 Board packet.

¹³ See page 152 of the 3/11/2020 Board packet.

¹⁴ See page 151 of the 3/11/2020 Board packet.

¹⁵ See page 46 of the 4/1/2020 Board packet.

¹⁶ See page 52 of the 4/1/2020 Board packet.

¹⁷ See page 53 of the 4/1/2020 Board packet.

¹⁸ See page 49 of the 2019 of the District’s Comprehensive Annual Financial Report [“the 2019 CAFR” (<https://www.yourtahoepace.com/uploads/pdf-ivgid/2019-IVGID-CAFReport.pdf>)].

¹⁹ See page 255 of the packet of materials prepared by staff in anticipation of the Board’s May 22, 2019 meeting [https://www.yourtahoepace.com/uploads/pdf-ivgid/BOT_Packet_Regular_5-22-19.pdf (“the 5/22/2019 Board packet”)].

²⁰ See page 89 of the 3/11/2020 Board packet.

And All of This Assumes Staff's Revenue Projections For 2019-20 as Well as 2020-21 Were/Are Accurate Which Because of COVID-19 We All Know is *Not the Case!*

And All of This Assumes Staff's Estimated CIP Costs Are Accurate Which We All Know is *Unlikely!*

And Not to be Forgotten, None of These CIP Numbers Include Funding For the Board's Coveted \$3 Million or Greater "Incline Beach House" Project: Take a look at page 52 of the 4/1/2020 Board packet. But for another \$100,000 in engineering costs, the "Incline Beach House" project is conspicuously absent. Moreover, at page 54 of the 4/1/2020 Board packet where staff outline "planned...funding...to meet asset replacement," costs associated with the "Incline Beach House" project are listed as "TBD."

And Not to be Forgotten, None of These CIP Numbers Include Funding For Two Members of the Board's Coveted \$18,408,462 or Greater²¹ "Diamond Peak Summertime Operations" Project: Take a look at pages 50-51 of the 4/1/2020 Board packet. The "Diamond Peak Master Plan" project is conspicuously *absent*.

So Where Does Staff Propose the Moneys Are Going to Come From Over the Next Five (5) Years to Prosecute its Wish List of CIPs? At page 36 and 54 of the 4/1/2020 Board packet our new Finance Director suggests the answer: "some form of time payments (leasing or bonding...or Other Funding)."

Regardless of Your Answer, it's Time to Put the "Incline Beach House" Project to Bed: Given we've already wasted \$50,000²² and who knows how much more of unreimbursed staff time on this project, *it's time to put this boondoggle of a project to bed!*

Regardless of Your Answer, it's Time to Put the "Diamond Peak Summertime Operations" Project to Bed: Given we've already wasted \$790,000²³ and who knows how much more of unreimbursed staff time on this project, *it's time to put this boondoggle of a project to bed!*

And You Now See We Should Never, Never, Ever Begun the \$1,062,947²⁴ or Greater Mountain Golf Course Clubhouse Renovation Project:

And You Now See We Should Never, Never, Ever Begun the \$1.17 Million²⁵ or Greater Tennis Center Renovation Project:

²¹ See page 55 of the Diamond Peak Master Plan at https://www.yourtahoepace.com/uploads/pdf-ivgid/DPMP_August_2015_10-21-2015.pdf.

²² See page 42 of the 4/1/2020 Board packet.

²³ See page 43 of the 4/1/2020 Board packet.

²⁴ See page 12 of the 4/1/2020 Board packet.

²⁵ See pages 13-14 of the 3/11/2020 Board packet.

Conclusion: The irresponsibility of Staff is arrogantly stunning. To ask local property owners to assume this level of expenditures is not an option. Nor is any increase in the RFF/BFF so un-elected staff can put into practice their grandiose CIP plans. **NOR IS ANY BONDING Mr. Navazio!**

The only way for the Board to reject Staff's proposed overspending is to **ELIMINATE THE SUBSIDY OF THE RFF/BFF, REDUCE BUDGETED EXPENDITURES BY A LIKE AMOUNT**, and direct staff to figure out how to make budgeted revenues work.

And to those asking why your RFF/BFF are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS APRIL 1, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM H(3) – BECAUSE STAFF REFUSE TO SHARE THE SERVICES AND SUPPLIES LINE ITEM EXPENDITURES THEY PROPOSE BE BUDGETED FOR 2020-21 TO THE COMMUNITY SERVICES AND BEACH FUNDS, AND LOCAL PARCEL/ RESIDENTIAL DWELLING UNIT OWNERS ARE FORCED TO SUBSIDIZE OVERSPENDING IN THESE FUNDS THROUGH THE RECREATION (“RFF”) AND BEACH (“BFF”) FACILITY FEES THEY ARE INVOLUNTARILY COMPELLED TO PAY, THE BOARD SHOULD NOT RATIFY/APPROVE STAFF’S PROPOSED 2020-21 CAPITAL IMPROVEMENT PLAN (“CIP”) BUDGET UNTIL STAFF PRODUCE A LINE ITEM SUMMARY OF PROPOSED SERVICES AND SUPPLIES EXPENDITURES IN THE COMMUNITY SERVICES AND BEACH FUNDS

Introduction: Here Staff seek Board approval of a proposed 2020-21 CIP budget totaling \$9,806,190¹. Of this total Staff propose the Board budget a whopping \$3,792,040 of CIPs to the Community Services Fund, and \$454,500 of CIPs to the Beach Fund, respectively¹. On March 11, 2020 Staff proposed an operational budget that called for \$2,422,225 of overspending. When one adds the two sets of numbers, one gets a very clear picture of the District’s overspending at every one of its recreation venues. And as you can see, but for Diamond Peak, not one of our recreational venues or the programs offered thereat is budgeted to break even. *NOT ONE!* And if all of our revenue projections must now be thrown out the window because of COVID-19, then it’s likely Diamond Peak will be unable to operate in the black! I have created a spreadsheet (see below) which documents the foregoing, broken down by venue, and as follows. See for yourself!

And Please Understand These Numbers Are Staff’s Numbers: even though I and others I know are of the opinion staff’s financial reporting is deceitfully presented to put the happiest face forward.

¹ See page 37 of the packet of materials prepared by staff in anticipation of this April 1, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_4-1-20.pdf (“the 4/1/2020 Board packet”)].

Proposed 2020-21 Budgeted Community Services and Beach Fund (Profit)/Losses			
Venue/Service	Operational (Profit)/Loss²	Capital Expenditure	Combined (Profit)/Losses²
Championship Golf	\$ 32,812 ³	\$ 1,535,000 ¹	\$ 1,567,812
Mountain Golf	\$ 221,481 ⁴	\$ 199,000 ¹	\$ 420,481
Diamond Peak	(\$ 1,640,600) ⁵	\$ 1,192,000 ¹	(\$ 448,600)
Facilities	\$ 41,015 ⁶	\$ 100,000 ¹	\$ 141,015
Recreation Center	\$ 820,300 ⁷	\$ 455,000 ¹	\$ 1,275,300
Youth & Family Programming	\$ 114,842 ⁸		\$ 114,842
Youth & Family Sports	\$ 98,436 ⁹		\$ 98,436
Senior Programming	\$ 188,669 ¹⁰		\$ 188,669
Community Services Administration ¹¹	\$ 1,041,781 ¹²	\$ 90,000 ¹	\$ 1,131,781
Parks	\$ 730,067 ¹³	\$ 172,440 ¹	\$ 902,507
Tennis	\$ 114,842 ¹⁴	\$ 48,600 ¹	\$ 163,442
Sub-Totals	\$ 1,763,645	\$ 3,792,040¹	\$ 5,555,685
Beach	\$ 658,580 ¹⁵	\$ 454,500 ¹	\$ 1,113,080
Totals	\$ 2,422,225¹⁶	\$ 4,246,540	\$ 6,668,765

² Subsidized by the RFF/BFF.

³ See page 92 of the packet of materials prepared by staff in anticipation of the Board's March 11, 2020 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/3-11-2020-BOT_Packet_Regular.pdf ("the 3/11/2020 Board packet")].

⁴ See page 97 of the 3/11/2020 Board packet.

⁵ See page 102 of the 3/11/2020 Board packet.

⁶ See page 112 of the 3/11/2020 Board packet.

⁷ See page 119 of the 3/11/2020 Board packet.

⁸ See page 120 of the 3/11/2020 Board packet.

⁹ See page 121 of the 3/11/2020 Board packet.

¹⁰ See page 118 of the 3/11/2020 Board packet.

¹¹ This is a complete phony expense entry (see discussion below).

¹² See page 143 of the 3/11/2020 Board packet.

¹³ See page 128 of the 3/11/2020 Board packet.

¹⁴ See page 139 of the 3/11/2020 Board packet.

¹⁵ See page 134 of the 3/11/2020 Board packet.

The Board Must Eliminate Wasteful Spending Because the Writing is on the Wall That Staff's Projected Revenues For 2020-21 at the District's Various Recreational Venues Are Grossly Overstated:

The \$1,132,381 of "Community Services Administration" Expenses Represented Above is 100% Phony, and Our Trusted Staff Know This Statement to be True: On April 7, 2016 former Finance Director Gerry Eick admitted to the IVGID Board and the public that part of every assessed parcel's/residential dwelling unit's RFF funds a hidden "discretionary reserve" (labeled "Community Services Administration") for all of the public's recreational venues. In other words, "Community Services Administration" sources and uses represent completely phony income and expenses!

Although at pages 14-15 of the packet of materials prepared by staff in anticipation of the Board's May 21, 2015 meeting ("5/21/2015 Board packet") Mr. Eick stated that \$57 of each assessed parcel owner's 2015-16 RFF went to pay operational and capital costs associated with "Comm(unity) Services Administration," on April 7, 2016 under interrogation as to what this expense category really represented, Mr. Eick admitted his written representations of May 21, 2015 *were false*. In testimony given to the IVGID Board as a prelude to its adoption of a Five (5) year Capital Improvement Plan, Mr. Eick revealed that Staff's "Comm(unity) Services Administration" entry was really nothing more than a discretionary "reserve" or "cushion" intended to serve as a vehicle to accumulate funds which could be used for unforeseen expenses assigned to "recreation" or future CIPs. Listen to Mr. Eick's admission while answering former Trustee Hammerel's pointed questions pertaining to this entry¹⁷:

Mr. Eick: "I have used that venue title...as *our discretionary fund*...to make it clear...what we've accumulated through operations or will accumulate through operations to finance future expenditures."

Trustee Hammerel: "I understand *it's kind of a built in cushion*...(But) more importantly, I think we talked before about not only having a reserve fund for each (recreation) venue but then having an (additional) umbrella (reserve) fund for *all* community services (venues)...*Is that what you're intending here for this Community Services Admin (entry)?*"

Mr. Eick: "***That is correct!***"

Unbelievable! What Mr. Eick admitted is that for 2015-16, rather than being a legitimate standby service charge to cover the costs staff incur for the mere "availability to use" the public's recreational and beach facilities as well as the services offered thereat, and just like a tax, this portion

¹⁶ See page 89 of the 3/11/2020 Board packet.

¹⁷ IVGID livestreams its Board meetings (<https://livestream.com/accounts/3411104>). And fortunately for the Board and the public this portion of the Board's April 17, 2016 meeting is memorialized at 43:37-53:28 of the 4/17/2016 livestream (<http://livestream.com/IVGID/events/5144683>).

of the RFF represented *more than what was necessary*; a discretionary “cushion” or umbrella “reserve” to hide the fact this sum should have been deducted from the RFF. So just like Mr. Eick’s infamous “smoothing” or “repurposing” policy, here Staff admitted creation of an intentionally mis-labeled expense entry to create a vehicle to accumulate funds to spend on future unidentified, unbudgeted and unappropriated pet projects. In other words, nothing more than a secret slush fund. *Thank you harrowed Staff.*

And If You Think the Current “Community Services Administration” Entries Reflect Anything Else, I’ve Got Some Public Bridges to Sell You:

Moreover in 2002 as Well as 2013, Then Boards Instructed Staff to Budget Essentially All of Our Recreational Venues to Operate on a Financially Breakeven Basis: On December 11, 2002 the Board adopted Resolution 1736¹⁸ which adopted Financial Standards for the District’s various recreational facilities. As the Board and the public can see from ¶VII(A) of Resolution 1736, that Board declared that the services provided by both at most of the public’s recreational venues be “provide(d) on a breakeven basis.” Although for political reasons Resolution 1736 was rescinded nearly six (6) years after its adoption (on March 26, 2008), and it was replaced with a watered down version of Policy 2.1.0, the subject was again discussed by the Board at its October 1, 2013 meeting. And thereat Board members were asked whether each of the District’s recreational facilities and the programs offered thereat “should generate a profit, break even, or simply provide value?” Four (4) of the five (5) trustees again declared that most of the public’s recreational venues should operate on a breakeven basis. And insofar as Championship Golf and Diamond Peak were concerned, the fifth (former Trustee Wolfe) declared they should actually generate a profit¹⁹! So what happened?

Why is it acceptable to continue to budget for operational and capital losses?

If We’re Going to Reduce Overspending, Here Are Some Examples of Proposed Wasteful CIP Budgeting Which Can Easily Be Eliminated: When you operate commercial “for profit” business enterprises at a loss, as Staff does, you need to reduce discretionary spending to eliminate that loss. But Staff refuse to do what every private business must do. Instead, every year they come up with a list of CIP “must haves” which in reality is nothing more than a “wish list.” Useful lives are calculated at a fraction of reality or necessity which makes for out-of-control spending year-after-year. Because staff have little interest in spending within the District’s financial means, rarely if ever do they budget to eliminate operational losses or marginally necessary capital expenditures. So because they won’t,

¹⁸ This resolution is attached as Exhibit “B” to the written statement addressing budgeting for Championship Golf submitted at the Board’s March 11, 2020 meeting.

¹⁹ A spreadsheet depicting trustees’ views on this subject was attached to the minutes of the Board’s October 1, 2013 meeting [see page 126 of the materials prepared by staff in anticipation of the Board’s October 30, 2013 meeting (“the 10/30/2013 Board packet”)]. A copy of that spreadsheet is attached as Exhibit “C” to the written statement addressing budgeting for the Tennis Center submitted at the Board’s March 11, 2020 meeting.

here I propose eliminating \$1,609,000 of very simple “NOT must haves.” And again, remember these items come from Staff’s own wish list:

Championship Golf: \$461,500 of very easy CIP deletions. Cart fleet - \$378,000²⁰, two (2) four (4) year old alcoholic beverage bar carts - \$34,000²⁰, three (3) four (4) year old carryall club carts - \$39,000²⁰, ice maker - \$10,500²⁰;

Mountain Golf: \$20,000 of very easy CIP deletions. Four (4) year old bar cart - \$20,000²⁰;

The Chateau: \$56,500 of very easy CIP deletions. Air wall replacements - \$56,500²⁰;

Diamond Peak: \$472,000 of very easy CIP deletions. Staff uniforms - \$135,000²¹, two (2) shuttle buses - \$280,000²¹, arc flash study - \$20,000²¹, seven (7) year old Yamaha ATV - \$21,000²¹, snowmobile fleet - \$16,000²¹;

Parks: \$69,000 of very easy CIP deletions. Five (5) year old ball field groomer - \$24,000²¹, six (6) year old pick-up truck - \$45,000²¹;

Recreation Center: \$332,500 of very easy CIP deletions. Remodel of upstairs lobby restrooms - \$170,000²², fitness equipment - \$45,000²², elevator modernization - \$97,500²², printer/copier - \$20,000²²;

Community Services Administration¹¹: \$90,000 of very easy CIP deletions. Arc flash study - \$10,000²², web site redesign - \$80,000²²; and,

Beaches: \$107,500 of very easy CIP deletions. Additional Incline Beach restaurant expenditures²³ - \$100,000²², replace playgrounds - \$7,500²².

If We’re Going to Reduce Overspending, We Have to Take Away the Money; i.e., the Subsidy of the RFF/BFF: As long as local property owners keep funding these expenditures with their RFF/BFF, Staff will continue to make them.

My E-Mail Request of February 17, 2020: On February 17, 2020 I sent interim General Manager Winquest an e-mail pertaining to the upcoming 2020-21 budget²⁴. Knowing that wasteful

²⁰ See page 39 of the 4/1/2020 Board packet.

²¹ See page 40 of the 4/1/2020 Board packet.

²² See page 41 of the 4/1/2020 Board packet.

²³ Remember. Neither the public nor the Board has approved this facility; especially at a cost of \$3.5 million or more.

²⁴ This e-mail is attached as Exhibit “B” to the written statement requesting the Board not ratify/approve Staff’s proposed expenditures until Staff produce a line item summary of proposed expenditures submitted at the Board’s March 11, 2020 meeting.

spending gets buried within the budget's "Services and Supplies" expense category, I asked to examine "EVERY individual, line item expense, under the Services and Supplies category," in the Community Services and Beach Funds. To date staff have failed to make available for my examination *any* of the requested documents.

For this reason Staff is not to be trusted. And the only way to deal with them is to take away the money and force them to figure out how to make the numbers balance. And that's what I request (see discussion below).

Conclusion: Isn't it time for this Board to take charge of the District's finances rather than passing off this responsibility to staff who have consistently demonstrated their arrogance by being unwilling or not capable of managing the District's recreational venues on a financial break even or positive cash flow basis? Given staff have refused to share financial records evidencing each and every one of its proposed "Services and Supplies" expenditures in the Community Services and Beach Funds, none of them can be trusted and I ask Staff's proposed CIP budget be *REJECTED*. Without this critical information, Staff's proposed budget is a wasteful endeavor.

The only way for the Board to reject Staff's proposed overspending, is to ***ELIMINATE THE SUBSIDY OF THE RFF/BFF, REDUCE BUDGETED EXPENDITURES BY A LIKE AMOUNT***, and direct staff to figure out how to make budgeted revenues work.

And to those asking why your RFF/BFF are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

April 1, 2020

Incline Village General Improvement District
Board of Trustees
893 Southwood Blvd
Incline Village, NV 89451
Submitted via email - info@ivgid.org

RE: Resolution Number 1876, Policy and Procedure Number 139, No Smoking, except in designated areas, at District Recreational Facilities.

Dear Mr. Winquest and Board of Trustees,

The League to Save Lake Tahoe (League) appreciates the opportunity to comment on the Incline Village General Improvement District's (IVGID) consideration of a resolution banning smoking at recreational facilities. The League is dedicated to protecting and restoring the environmental health, sustainability and scenic beauty of the Lake Tahoe Basin and supports the implementation of local laws and regulations that advance our mission. We strongly support IVGID's proposed no-smoking resolution.

Cigarettes are the most commonly littered items in the world, the U.S., Nevada, California and here at Lake Tahoe. Two-thirds of the trillions of cigarette filters manufactured each year are thrown into the environment, where they leach nicotine, heavy metals and toxic chemicals into the environment before degrading into microplastic pollution, which persists in the environment indefinitely.

Cigarette filters ("butts" or "ends") are made of a plastic called cellulose acetate. These plastic filters store some of the chemicals that smokers inhale – not enough to protect the health of smokers, but enough to harm the health of the environment. When filters are littered, not only the plastic they are made of, but also the nicotine, heavy metals, and many other chemicals they've absorbed, slowly disperse into the surrounding environment. Although the water quality impacts have not yet been quantified specific to Tahoe, the large quantity of discarded butts may allow leachates to affect the quality of our world-class drinking water supply. Research has shown that fish are particularly impacted by cigarettes. When cigarette filters find their way into water systems, they can resemble food fish eat, like insects. Filters can directly poison fish, and because plastic is not easily digestible, it can remain within the animal, reducing its stomach capacity and causing it to starve. Additionally, preliminary studies show that the toxins such as nicotine, pesticide residues and metals that seep from cigarette filters into aquatic ecosystems affect water quality and poison fish and microorganisms.

Discarded cigarettes also cause devastating wildfires, which are an increasingly common threat to Tahoe. Our pets are also in danger of eating improperly discarded cigarette filters which can harm them in the same manner as wild animals. A recent study also found that cigarette filters can also inhibit plant growth.

A littered cigarette filter's effects on water quality, animals and plants lasts as long as the plastic strands remain in the environment – up to 10 years. The plastic strands that the filters are made of are not biodegradable; instead, they break down into tiny pieces after exposure to UV radiation from the sun becoming microplastics.

Vaping also presents a threat to the health of the Lake. The popularity of vaping is rapidly increasing, and we are starting to see that reflected in our litter cleanups. The disposable pieces of vaping products are often larger pieces of plastic that similarly break down into microplastics and persist in the environment for thousands of years. Vaping products are considered both electronic and hazardous waste.

As the IVGID staff report for the April 1, 2020 Board of Trustees meeting accurately states, “cigarettes, once consumed in public spaces, are often discarded on the ground requiring additional maintenance expenses, diminish the beauty of the Incline Village General Improvement District's recreational facilities, and pose a risk to toddlers due to ingestion; and pose a serious risk to the quality of the of the environment and the risk of pollution to the source of the community potable water supply, Lake Tahoe.”

The League believes in education before regulation as evidenced by our ongoing efforts to reduce and collect improperly discarded cigarette butts. Between 2014 and today, the League and its volunteers removed 119,658 cigarette butts from the Lake Tahoe Basin. In 2019, the League partnered with the Tahoe Water Suppliers Association to launch the “Tahoe Cigarette Disposal Program.” We applied for and received 250 cigarette canisters from Keep America Beautiful and branded them locally with Take Care Tahoe, League and Water Suppliers messaging. So far, we have distributed or installed 119 canisters in the Tahoe Basin and in Truckee, including 16 in Incline Village¹, free of charge. We plan to distribute the rest of the canisters in 2020/21 based on needs assessments and requests, and would like to provide IVGID with more.

Relevant to IVGID's proposed resolution, many of the cigarette canisters around Tahoe have been installed in transition points near “hot spots” where cigarette litter is present, in coordination with land managers and business owners. This includes areas before or at the entry points to beaches, park areas and business storefronts. Based on preliminary feedback from land managers and business owners and initial review of our tracking data, the canisters that have been installed near beaches have seen heavy use. One nearby example is at Sand Harbor where the League emptied and tracked nine canisters that were installed in mid-August 2019. In one month, there were 2,420 cigarette butts in the canisters, which were strategically placed at the trailheads leading to the beach.

However, these cigarette canisters divert only a small portion of the total amount of cigarette butts from the environment and they cannot be installed onto every inch of our beaches. IVGID's proposed resolution will ensure that almost all the butts will be kept out of our environment and send the message that Tahoe's beaches are not ashtrays.

¹ IVGID's Parks and Recreation Department has seven, Incline Property Management has three and Christmas Tree Village has three.

IVGID has an opportunity to demonstrate local leadership in Lake Tahoe and Nevada while also enhancing rules currently in place on the California side of the Lake. In 2019, California banned smoking and vaping at all state parks and beaches, and smoking bans are in place seasonally on Forest Service lands, including many recreation areas in Tahoe. Additionally, over 25 local jurisdictions in California have banned smoking in public places in some manner. IVGID's proposed resolution would address a large geographic gap in coverage of no-smoking rules, which will reduce litter created by improperly discarded filters. The proposed resolution is also forward-looking by addressing all tobacco products, including vaping.

The League encourages the IVGID Board of Trustees to pass the proposed resolution and join the state of California in providing a cleaner, safer and healthier environment for the people, flora and fauna of Incline Village and Lake Tahoe.

Sincerely,



Gavin Feiger
Senior Policy Analyst

References:

- Green, Dannielle S., et al. "Cigarette Butts Have Adverse Effects on Initial Growth of Perennial Ryegrass (Gramineae: *Lolium Perenne* L.) and White Clover (Leguminosae: *Trifolium Repens* L.)." *Ecotoxicology and Environmental Safety*, vol. 182, 2019, p. 109418., <http://dx.doi.org/10.1016/j.ecoenv.2019.109418>.
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4/1/20 IVGID Board of Trustees Meeting – Item C Public Comment

Interim General Manager Winquest make a good decision to restrict beach access to picture pass holders during this pandemic . The weekend weather has not been as inviting as it was before the restriction was put in place, but even so, I met people who looked at the sign and then asked what it meant. After I explained, they ignored the sign and proceeded onto the beach. Something besides a sign needs to be implemented. Please ask staff to come up with a solution that will protect District employees, but also protect our pass holders from having just too many people on the beach properties. I assume we have power at the beach entrances and either wifi or hardwired network connections; our staff should be able to provide a safe but effective solution that might even allow someone to work from home.

There is no doubt budget decisions are extremely difficult in this period of uncertainty. Any budget discussion should include estimates from the finance director on how the closing of facilities will affect the bottom line both this fiscal year and next. Hopefully the District has put a freeze on all but essential purchases, whether they are budgeted or not, until we have a better idea of the revenue losses. I believe we should be prepared to trim the budget by whatever revenues we had expected to receive in the next 6 months. We can always augment the budget if it appears we are “out of the woods”, but most financial experts predict the pandemic to impact businesses at least through the summer months.

The board is being asked for feedback/approval of a capital budget plan without seeing the project summary sheets for the newly proposed items. Without these, any direction from the Board is just throwing darts. And the notion of saddling our property owners with any long term commitment like bonding or leases, needs to be delayed.

Please have staff provide you with more details on capital projects and budget projections that reflect closure of our facilities for an extended period of time. We all hope the situation improves quickly, but we need to be prepared.

Judith Miller

Public Comments - Board of Trustees Meeting April 1, 2020

By Clifford F. Dobler

Salient points regarding the five year capital plan

- The capital project summary for each project is intended to guide citizens and this Board with accurate information. However they are incomplete, lack history and do not comply with Board Policy 12.1. One Example is the Water Safety and Security Improvements. This project is to install safety ladders on the District's 13 water tanks. Since fiscal year 2017, other than increasing the budget, the project summary has not changed. The ladders for all 13 tanks was bid in March 2019, however, a contract was awarded for only 10 tanks and the remaining 3 tanks bid at \$100,000 were excluded. In the current 2021 budget \$250,000 is budgeted for the last 3 tanks which was bid for \$100,000 last year. Why? None of this information was disclosed.
- The Beach fund does not have a balanced budget. The Burnt Cedar Pool will receive \$225,000 for design in 2021 and another \$2,700,000 for construction in 2022. One small problem, there is a lack of \$1,500,000 in money to actually complete this project.
- There is \$300,000 committed as a carry over for the Pump Track. This again is in violation of Board Policy as no public money should be committed for a donor financed project until donor money is firmly established by a Memorandum of Understanding. This carryover should be removed. The main donors are dead and the project is a failure.
- There remains a budget carryover amount of \$682,600 of a \$750,000 three year budget creep beginning in fiscal year 2015 for the failed Diamond Peak Master Plan. The construction for the first two phases were in the five year plan for the last five years has been removed from this current five year plan. This carryover should be removed. Started in 2014 nothing has been done and will not be done until after 2025. Seriously!
- The installation of traffic roundabouts on Skiway which were on the five year plan for several years have been removed. The Board approved this project several years ago. The roundabouts were described as necessary to increase safety standards.
- The distortions created by Mr. Eick by removing two 2019 carryover amounts of \$430,000 for the Utility Fund Vector Truck and \$1,409,000 for the Incline Park Ball Fields has drastically effected the 2019 CAFR and the 2019 Capital Projects Report (pages 42-46).
- There has been a tremendous cost overrun on the Ball Fields. The total costs now stand at \$1,561,851 and the project is **not yet complete**. The Board of Trustees has, to my knowledge, NOT been informed of the cost overruns and whether or not they will be reimbursed by the Incline Tahoe Foundation.
- Last but not least, the design of a simple building at Incline Beach has become a major fiasco. This project was a grand priority in 2016 and Staff rushed to issue a \$221,000 contract to design a Taja Mahal which was stopped, then the engineering department made a feeble design attempt, and now a future committee and \$100,000 budget for a new design is planned for 2021 but no plan to construct anything until after 2025 .
- **IVGID at its best.**

April 1st, 2020 IVGID Board of Trustees Meeting Public Comments
By: Linda Newman – To be included with the Meeting Minutes

In this District, facts appear to be dangerous things –that must be why complete and accurate information is absent from most of the contents of tonight’s Board packet. In the General Manager’s report, I have learned that the Board put a hold on taking action on Phase II of the Effluent Pipeline and the liner for the Emergency Effluent Storage Pond. Actually, after the Board directed the GM to recommend an independent project management firm to take over both projects, the GM said he misunderstood the instructions and subsequently directed two Trustees to work with Staff to write up a scope of work. I find it problematic that there is no update on the status of a scope of work for our vital infrastructure. Considering that Staff has delayed taking action for more than 5 years on the pond and has missed their own deadlines on actually replacing or remediating all 6 miles of our failing pipeline – why is there further delay?

At a time when we are confronted with threats to our community’s health and safety and our District’s financial sustainability, why are we presented with a 2021 CIP budget, 5 year capital plan, and Stress Test that is not only littered with factual inaccuracies – but is completely oblivious to the new realities we are facing with an economic slowdown, social distancing, and a downturn in tourism –in addition to the hardships faced by our property owners and local businesses, utility rate customers, payers of Recreation and Beach fees and all those who pay additional charges to use our recreational facilities. Do not waste our Trustees time on this and bring back to the Board the best and worst case scenarios for the Operating and Capital Budgets –the very scenarios that the GM stated in his report that the District is working on. And, direct Staff to request an extension to file the tentative budget –so that you have adequate time to review and submit a realistic and achievable budget.

I strongly urge you to direct the Audit Committee to review the change in accounting for the Community Services and Beaches from governmental to proprietary enterprise fund accounting and reporting. I ask you to do so, not because there is a choice, but because it is mandatory for our District to comply with the law. And the law requires we comply with Generally Accepted Accounting Principles. GASB 34 Paragraph 67 requires that these funds must be Enterprise funds because: The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). That is why we pay a Rec and Beach Fee and additional user fees and charges for all our recreational and beach activities. If our current Management believes otherwise, please request they put it in writing. Remember, our Auditor relies upon Management’s representations and has not provided an independent opinion with their own independent analysis.

April 1, 2020 IVGID Board of Trustees Meeting Public Comment
By Margaret Martini – To be included with the Minutes of the Meeting

In the best of times we are all heroes. We are geniuses in real estate and stock investments during bull markets and local governments can count on rising property tax revenues and fees and charges for services to cover operational inefficiencies, errors in judgments, and grand spending plans. Now, we are confronted with a pandemic that not only threatens our health and safety but lays bare our District's vulnerability to a significant decline in revenues from taxes and rates, fees and charges for services. Our costs for running the District has outpaced our revenues through a booming economy and an increase in tourism. They cannot be sustained in a major economic downturn with no certainty on how long the pandemic and fall out will last.

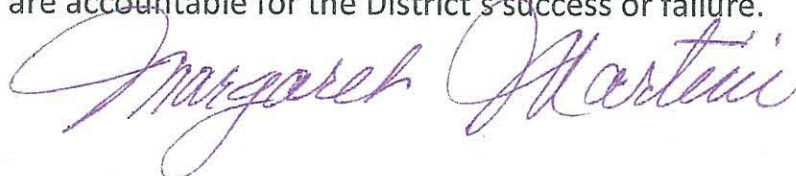
We have deferred maintenance on our facilities, we have delayed implementing our community's top priorities, stalled on building reserves in our utility fund and continued to postpone taking action on replacing the 6 miles of our effluent pipeline as well as lining our emergency storage pond.

During this crisis, you can take action to correct past mistakes and exercise strong leadership. Begin by directing staff to deliver you line item budgets and 2021 operating and capital budget that recognizes the new reality we are all facing.

Request our new Finance Director provide you with a manual for internal controls and the proper way we should be accounting and reporting our funds to comply with the law and our own Board policies and practices. End the punch card utilization scheme that double books revenues and unlawfully transfers money from Community Services to the Beaches and defrauds Crystal Bay property owners who cannot legally use the beaches.

Fill the deficits in Senior Level Staffing by engaging the independent experts you and our Interim General Manager need to professionally manage our District's government and business operations and capital needs.

We can no longer run our vital infrastructure to failure, pretend to have reserves we do not have, nor sustain costs that far exceed our revenues. We are in a crisis and you as a Board have a statutory and fiduciary responsibility to take the reins and lead. As our Trustees, you are accountable for the District's success or failure.



April 1, 2020 IVGID Board of Trustees Meeting Public Comment
By Margaret Martini- to be included with the minutes of the meeting

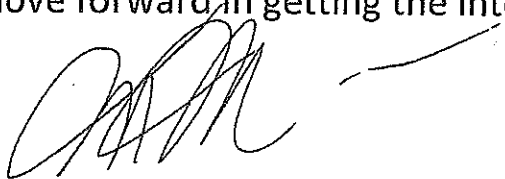
I would like to address Mr. Morris' comments about the qualifications for the audit committee. Some of his comments were absurd and insulting and inappropriate. The community members who have expressed concerned do not have animosity "against the district" but are very concerned and highly qualified residents who are concerned about the processes involved in the financial matters of our district.

Please keep in mind those community members have a vested interest in how monies are spent by the district. Mr. Morris also seems fearful of using qualified and concerned citizens who will be looking into past accounting processes as well as moving forward with using the knowledge of members who have expertise in financial practices, which by the way this area seems to get the most community complaints and certainly concerns. Mr. Morris seems to stick to the "same old dig heels in the sand and kick the can down the road "and NOT have an internal audit. WHY NOT !!?? That is just good business sense when there are obviously concerns for many years. What does Mr. Morris fear? Why is he so vehemently opposed to outside consultants?

Where has Mr. Morris been?? He proclaims that he has not any knowledge of community complaints that have come to Mrs. Schmitz from the community. He has been on the board for over 3 years. He must not have been paying attention at any of the meetings. The complaints have been loud and clear and obviously fallen on his deaf ears.

He is obviously not very astute in matters of financing and accounting based on his personal past business endeavors so he is one of the least qualified board members to have input as to financial processes.

Let's move forward in getting the internal audit and qualified consultants.



WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS APRIL 1, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM C – PUBLIC COMMENT – BECAUSE STAFF SEE IVGID AS BEING NOTHING MORE THAN A SERIES OF COMMERCIAL “FOR PROFIT” BUSINESSES RATHER THAN THE LIMITED PURPOSE LOCAL GOVERNMENT IT REALLY IS, THEY FEEL IT PERFECTLY ACCEPTABLE TO SPEND OVER \$400,000 ANNUALLY ON BANK FEES PAID TO PROCESS CREDIT CARD CHARGES IN LARGE PART MADE BY THE WORLD’S TOURISTS. BECAUSE I DON’T, I ASK THAT THE IVGID BOARD *REDUCE* THE DISTRICT’S PROPOSED 2020-21 COMMUNITY SERVICES/BEACH FUNDS’ BUDGETS BY A MINIMUM OF \$405,336 TO FORCE STAFF TO MODIFY ITS BEHAVIOR.

Introduction: One of my complaints with the way our district is and has been administered is that when you own/operate commercial “for profit” businesses (which is exactly what IVGID staff does), you do all of the things private sector businesses do. And one of those things is accepting credit cards for purchases made at your businesses. And when most of your purchasers are made by non-residents, it means that most of those purchasers are made with non-resident credit cards.

However when you administer a local government (which is exactly what IVGID is), there is no need to accept credit cards for purchases; especially credit cards belonging to the world’s tourists. Or in the alternative if there is, you accept those cards but you charge those using credit cards additional convenience fees to make up for the cost of any bank fees associated with that use¹.

So when you don’t understand the difference between government and business, and for this reason you don’t assess convenience fees on the purchases your customers make with credit cards, the public as a whole is required to absorb those fees which is what IVGID does. And here those fees exceed a whopping \$400,000 annually! And that’s the purpose of this written statement.

Initially, Let’s Understand Exactly What IVGID Is: We’ve had this discussion before. IVGID staff want the Board and the public to believe the District is some sort of a “quasi-public agency.”² In other words, some hybrid between local government and commercial business. However nothing could be further from the truth. NRS 318.075(1) instructs that once created, general improvement districts (“GIDs”) are “governmental subdivision(s) of the State of Nevada...body corporate(s) and politic and a quasi-municipal corporation(s).”

¹ Take a look at IVGID’s water/sewer utility billings. Although customers are permitted to “pay by credit card or eCheck,” that payment is “subject to service fees...EChecks will be charged a flat rate of \$1.50 per transaction and credit cards will be charged a service fee of 2.45% with a \$2.00 minimum transaction amount” (go to <https://www.yourtahoeplace.com/public-works/rates-billing/rates-reading-your-bill>).

² Go to <https://www.yourtahoeplace.com/ivgid/about-ivgid>.

Not Only is Does Staff Tell the Public IVGID is a Series of Commercial Business Enterprises, it's a Series of NOT "For Profit" Businesses: Each year staff budget to overspend close to \$7 million. This overspending is masked by inartfully labeled subsidies known as the Recreation ("RFF") and Beach ("BFF") Facility Fees. Although I have demonstrated this many times before, for those not familiar let's go over the facts one more time.

Take a look at the District's current budget³ for its Community Services (aka "recreation") and Beach Special Revenue Funds. Pages 17-18, Schedules B-12 and B-13 (copies of these pages are attached as Exhibit "A" to this written statement) set forth budgeted revenues and expenses assigned to the District's Community Services Special Revenue Fund. Page 19, Schedule B-14 (a copy of this page is attached as Exhibit "B" to this written statement) sets forth budgeted revenues and expenses assigned to the District's Beach Special Revenue Fund. Although revenues and expenses for both funds balance one-another, in order for this to have occurred in the District's Community Services Special Revenue Fund it had to include \$5,783,115 of "Facility Fee" revenue (note the asterisk placed next to this number on Exhibit "A"), and it had to draw down \$4,037,091 [the difference between a beginning fund balance of \$13,183,167 and an ending one of \$9,146,076 (note the asterisks placed next to both of these numbers on Exhibit "A")]. And in order for this to have occurred in the District's Beach Special Revenue Fund, it had to include \$968,500 of "Facility Fee" revenue (note the asterisk placed next to this number on Exhibit "B"), and draw down \$625,729 [the difference between a beginning fund balance of \$1,748,171 and an ending fund balance of \$1,123,442 (note the asterisks placed next to both of these numbers on Exhibit "B")]. In other words, *both funds evidence massive overspending and rely upon the involuntary subsidy of our Rec Fee.*

So Let's Understand IVGID is Losing Nearly \$7 Million Annually Selling the Public's Recreational Facilities to the World's Tourists, and That These Losses Are Being *Involuntarily* Subsidized by Local Parcel/Dwelling Unit Owners:

And Let's Understand That When You Overspend, Essentially *Every* Expenditure You Make Contributes to That Overspending: In other words, it's disingenuous to "cherry pick" which expenditures are being subsidized, and which ones are not. *They all are!*

On March 17, 2020 I Made a Public Records Request to Examine Records Evidencing One of Those Expenditures – Credit Card Bank Processing Charges: A copy of that request along with Susan Herron's March 18, 2020 responses are attached as Exhibit "C" to this written statement.

What I Learned is That For 2020-21 Staff Are Requesting Approval of a Budget Which Spends \$405,336 on Credit Card Bank Processing Charges: As you can see from Exhibit "C," Ms. Herron provided me with a file which evidences actual 2017-18 and 2018-19 expenditures on credit card bank

³ Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/2019-20_Operating_Budget.pdf ("the 2019-20 Budget"). Pages 17-18, Schedules B-12 and B-13 (copies of these pages are attached as Exhibit "A" to this written statement)

processing charges, as well as 2019-20 and 2020-21 budgeted credit card bank processing charges⁴. And what it reveals is that for 2018-19, the District *actually spent* \$400,985 on credit card bank processing charges. And that for 2020-21, staff propose budgeting \$405,336 on credit card bank processing charges.

If the Board and the Public Buy Into Staff's Narrative That \$405,336 of Credit Card Bank Processing Charges Are a Legitimate Expenditure For IVGID to Be Making, Then You Have Bought Into the Narrative Essentially Every Endeavor IVGID Undertakes and Every Expense it Makes in Pursuit Thereof is Justified: And this is because you're wrongly thinking of IVGID as the equivalent of a private commercial business rather than the local government it really is.

But GIDs Are Not Authorized to Operate Public Recreation Facilities as Commercial "For Profit" Business Enterprises: We've had this discussion before. Although IVGID is government, it's not government like a city, county or town. Because Nevada has adopted *Dillon's Rule*⁵ [*Ronnow v. City of Las Vegas*, 57 Nev. 332, 341-43, 65 P.2d 133 (1937)], IVGID only possesses *limited* or "quasi municipal" powers⁶. In other words, those *limited* to the ones expressly enumerated as "one or more of those authorized in NRS 318.116" with the *proviso* they must actually be granted in IVGID's initiating⁷ and supplemental⁸ (if any) ordinance(s) "as (further) supplemented by the sections of... chapter (NRS 318) designated therein,"⁷ and no others⁹.

So let's look at NRS 318.116 to see what basic powers can be granted to GIDs in the statute's *express words*. The closest which would permit staff to operate a public recreational facility as if it were a commercial "for profit" enterprise would appear to be NRS 318.116(14): "furnishing recreational facilities, as provided in NRS 318.143." And since NRS 318.143(1) is expressly mentioned, let's examine its *express words*:

⁴ That file is attached as Exhibit "D" to this written statement.

⁵ *Dillon's Rule* declares "that a municipal corporation possesses and can exercise...those...powers... granted in *express words*...those *necessarily* or *fairly implied* in or *incident* to the powers expressly granted (and)...those *essential* to the accomplishment of the declared objects and purposes of the corporation – not simply convenient, *but indispensable*...(Should there be) any fair, reasonable, substantial doubt concerning the existence of power is resolved by the courts *against* the corporation, and...*all acts beyond the scope of the powers granted are void*" (*Ronnow, supra*, at 57 Nev. 343).

⁶ "A municipal corporation possesses no powers or faculties not conferred upon it, either expressly or by fair implication, by the law which created it, or by other laws, constitutional or statutory, applicable to it" (*Ronnow, supra*, at 57 Nev 338).

⁷ See NRS 318.055(4)(b).

⁸ See NRS 318.077.

⁹ See A.G.O. 63-61, p.103 (August 12, 1963) and *Ronnow, supra*, at 57 Nev. ["it is a general and undisputed proposition of law that a municipal corporation possesses and can exercise the... powers (specified above⁷), and no others"].

“Subject to the provisions of subsection 2 (which are not applicable insofar as the subject examination is concerned), the board may acquire, construct, reconstruct, improve, extend and better lands, works, systems and facilities for recreation.” And NRS 318.143(3) states that: “Such recreational facilities may include without limitation exposition buildings, museums, skating rinks, other type rinks, fieldhouses, sports arenas, bowling alleys, swimming pools, stadiums, golf courses, tennis courts, squash courts, other courts, ball fields, other athletic fields, tracks, playgrounds, bowling greens, ball parks; public parks, promenades, beaches, marinas, levees, piers, docks, wharves, boat basins, boathouses, harborages, anchorages, gymnasiums, appurtenant shower, locker and other bathhouse facilities, amusement halls, dance halls, concert halls, theaters, auditoriums, aviaries, aquariums, zoological gardens, biological gardens and vivariums (or any combination thereof).”

Do you see where the *express words* of either NRS 318.116(14) or 318.143 state that GIDs can be granted the basic power to operate their recreational facilities as commercial “for profit” business enterprises? I don’t. Do you?

Might operating the public’s recreational facilities as if they were commercial business enterprises be a basic power which is *essential* to the accomplishment of IVGID’s declared objects and purposes – not simply convenient but *essential*? I don’t think so.

Might operating the public’s recreational facilities as if they were commercial business enterprises be a basic power *necessarily* or *fairly implied* in or *incident* to...powers expressly granted? Or might it be a power “necessary or incidental to or implied from (another) specific power...granted in...chapter” NRS 318¹⁰? Again, I don’t see so.

However, assuming *arguendo* there is some doubt in your mind as to whether public recreational facilities can be operated as if they were commercial “for profit” business enterprises, we can look to the last portion of *Dillon’s Rule*⁵ for guidance:

Where there is “fair, reasonable (or) substantial doubt concerning the existence of power,” that doubt “is (to be) resolved...*against* the corporation, and...*all acts beyond the scope of the powers granted are void.*”

In other words, because of the lack of reasonable doubt, if not otherwise, IVGID does not have the power to operate public recreational facilities as if they were commercial “for profit” business enterprises. Consequently accepting credit cards subject to bank processing charges, a commercial “for profit” business enterprise mainstay, should not be allowed.

¹⁰ See NRS 318.210 assuming *arguendo* it is a section which supplements a GID’s powers.

According to staff, since IVGID is in direct competition with private sector recreation businesses, we must do what they do. Well I'm sorry, that's not a good enough. Just because these kinds of activities are appropriate for privately owned commercial business enterprises, doesn't mean they are appropriate for government. And because IVGID staff are in denial that we're government, inappropriate conduct like this plagues staff's activities.

Given the Stated Purposes of Our RFF/BFF Are *Not* to Pay the Processing Costs of Credit Card Charges, the Subsidy of Budgeted RFFs/BFFs Should be Reduced by a Like Amount: We've had this discussion before. According to Staff the RFF/BFF represent NRS 318.197(1) standby services charges for the availability of services offered at the district's recreational facilities¹¹. Do credit card processing fees represent a serviced offered by IVGID at public recreational facilities? Since the answer is no, continued use of the RFF/BFF to subsidize this cost should be terminated. Which means the RFF/BFF should be reduced by a comparable amount.

It's Not Just Credit Card Processing Charges: According to local resident Joy Gumz, staff spent over \$400,000 of the RFF/BFF on staff food and beverage over the last five (5) years. And if staff provided line item budgeting of services and supplies expenses, I am certain the public would discover a plethora of additional similar expenditures.

Conclusion: In addition to massive capital costs, Staff propose assessing local parcel/residential dwelling unit owners at least \$405,336 in operational overspending to subsidize credit card processing charges. This means Staff must generate a minimum of \$405,336 in revenues from the public's various recreational facilities just to cover the costs of credit card processing!

Staff attempt to mask this truism when it comes to payment of our water/sewer utility rates with a credit card. Just listen:

"Why is there a service fee when paying with Online Account Access?

The payment processor and your credit card collect these fees. IVGID does not collect this fee or any of the revenue."¹¹

If this is true, ***why doesn't the "payment processor and your credit card collect these fees" when a purchase at any of our recreational facilities is made by credit card?***

Did our Board and Staff ever stop to realize that if we weren't in the commercial "for profit" recreation business, we wouldn't have to incur operational expenses such as credit card processing charges? So the simple answer to the question of how to reduced our operational expenses is to ***GET OUT OF THE COMMERCIAL "FOR PROFIT" RECREATION BUSINESS!***

¹¹ See pages 250-262 of the packet of materials prepared by staff in anticipation of the Board's regular May 22, 2019 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/BOT_Packet_Regular_5-22-19.pdf ("the 5/22/2019 Board packet")] in general, and ¶I at page 259 of the 5/22/2019 in particular.

And since it's against the interests of our 1,012 or more employees¹² to eliminate the jobs required when operating commercial "for profit" businesses, they will never, never eliminate expenditures such as these. So we have to do it for them. And how is that?

REDUCE THE SUBSIDY OF THE RFF/BFF BY A LIKE AMOUNT and direct staff it figure out how to get by.

And to those asking why your RFF/BFF are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

¹² Go to <https://transparentnevada.com/salaries/2019/incline-village-general-improvement-district/>.

EXHIBIT "A"

EXPENDITURES	(1)	(2)	(3) BUDGET YEAR ENDING 06/30/20	
	ACTUAL PRIOR YEAR ENDING 6/30/2018	ESTIMATED CURRENT YEAR ENDING 6/30/2019	TENTATIVE	FINAL
			APPROVED	APPROVED
Championship Golf Course				
Salaries and Wages	1,450,745	1,495,000	1,592,508	1,592,508
Employee Benefits	378,678	425,000	512,154	512,154
Services and Supplies	2,226,279	2,301,600	2,587,477	2,598,977
Capital Outlay	-	-	613,782	653,200
Subtotal Championship Golf Course	4,055,702	4,221,600	5,305,921	5,356,839
Mountain Golf Course				
Salaries and Wages	327,821	380,000	372,113	372,113
Employee Benefits	88,958	110,000	115,629	115,629
Services and Supplies	555,392	510,800	540,035	540,135
Capital Outlay	-	-	1,541,238	2,420,700
Subtotal Mountain Golf Course	972,171	1,000,800	2,569,015	3,448,577
Facilities (Chateau and Aspen Grove)				
Salaries and Wages	80,095	86,000	89,488	89,488
Employee Benefits	38,460	43,000	47,157	47,157
Services and Supplies	330,241	394,600	412,290	412,390
Capital Outlay	-	-	180,400	180,400
Subtotal Facilities	448,797	523,600	729,335	729,435
Ski				
Salaries and Wages	2,767,963	3,043,000	2,970,495	2,970,495
Employee Benefits	847,817	950,000	985,297	985,297
Services and Supplies	3,408,547	3,762,000	3,662,826	3,609,576
Capital Outlay	-	-	2,482,166	2,770,850
Subtotal Ski	7,024,327	7,755,000	10,100,784	10,336,218
Community Programming (Including Rec Center)				
Salaries and Wages	1,093,852	1,112,000	1,164,024	1,164,024
Employee Benefits	319,199	335,000	368,533	368,533
Services and Supplies	819,054	862,300	948,366	942,566
Capital Outlay	-	-	413,700	468,650
Subtotal Community Programming	2,232,105	2,309,300	2,894,623	2,943,773
Parks				
Salaries and Wages	332,157	327,000	345,389	345,389
Employee Benefits	71,527	80,000	85,289	85,289
Services and Supplies	414,614	429,600	459,201	460,601
Capital Outlay	-	-	880,252	1,028,752
Subtotal Parks	818,298	836,600	1,770,131	1,920,031
Tennis				
Salaries and Wages	120,151	139,000	139,281	139,281
Employee Benefits	19,854	27,500	29,131	29,131
Services and Supplies	88,525	99,200	102,011	102,011
Capital Outlay	-	-	793,500	1,363,950
Subtotal Tennis	228,530	265,700	1,063,923	1,634,373
Community Services Administration				
Salaries and Wages	144,815	135,000	183,759	183,759
Employee Benefits	41,518	43,000	60,652	60,652
Services and Supplies	171,165	189,000	199,660	199,660
Capital Outlay	-	-	-	-
Subtotal Comm. Serv. Administration	357,498	367,000	444,071	444,071
Debt Service - G.O. Revenue Supported Bond				
Principal	-	-	355,188	355,188
Interest	-	-	29,166	29,166
Subtotal Debt Service	-	-	384,354	384,354
Subtotal - Comm. Services Expenditures	16,137,428	17,279,600	25,262,157	27,197,671
Transfers Out	4,960,341	4,241,577	-	-
ENDING FUND BALANCE	10,645,469	13,183,167	10,453,105	9,146,076
TOTAL COMMITMENTS & FUND BALANCE	31,743,238	34,704,344	35,715,262	36,343,747

Incline Village General Improvement District

Community Services Special Revenue Fund

Note prior to July 1, 2019 Capital Outlay and Debt Service were reported under separate funds.

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Schedule B-13

REVENUES	(1)	(2)	(3) BUDGET YEAR ENDING 06/30/20	
	ACTUAL PRIOR YEAR ENDING 6/30/2018	ESTIMATED CURRENT YEAR ENDING 6/30/2019	TENTATIVE APPROVED	FINAL APPROVED
Charges for Services				
Championship Golf Course	3,765,419	4,130,000	4,516,321	4,516,321
Mountain Golf Course	630,214	700,000	678,573	678,573
Facilities (Chateau & Aspen Grove)	355,696	410,000	420,793	420,793
Ski	9,155,646	11,700,000	9,222,320	9,222,320
Community Programming	1,289,953	1,305,000	1,285,209	1,285,209
Parks	48,910	55,000	62,178	62,178
Tennis	145,197	159,000	156,100	156,100
Recreation Administration	(758,481)	(725,000)	(748,600)	(748,600)
Subtotal Charges for Services	14,632,554	17,734,000	15,592,894	15,592,894
Facility Fee				
Championship Golf Course	795,437	804,000	976,157	976,157
Mountain Golf Course	505,878	517,000	689,052	689,052
Facilities (Chateau & Aspen Grove)	458,325	467,000	524,992	524,992
Ski	220,978	238,000	(336,323)	(336,323)
Community Programming	1,293,131	1,305,000	1,574,976	1,574,976
Parks	957,571	968,000	992,563	992,563
Tennis	163,687	164,000	196,872	196,872
Recreation Administration	1,374,975	1,321,000	1,164,826	1,164,826
Subtotal Facility Fees	5,769,982	5,784,000	5,783,115	5,783,115
Other miscellaneous				
Operating Grants	17,000	17,000	17,000	17,000
Investment income	69,303	69,000	50,000	50,000
Sale of Assets	85,562	-	-	-
Interfund services (green spaces)	74,014	77,000	98,210	98,210
Intergovernmental (IV high school fields)	20,220	18,000	23,400	23,400
Miscellaneous other & Cell Tower Leases	109,462	118,000	110,361	110,361
Capital Grants	-	-	486,000	623,800
Insurance proceeds	-	-	300,000	300,000
Subtotal Other Miscellaneous	375,561	299,000	1,084,971	1,222,771
Subtotal	20,778,097	23,817,000	22,460,980	22,598,780
OTHER FINANCING SOURCES (specify)				
Transfers In (Schedule T)	645,000	241,875	561,800	561,800
BEGINNING FUND BALANCE				
Prior Period Adjustments				
Residual Equity Transfers				
TOTAL BEGINNING FUND BALANCE	10,320,141	10,645,469	12,692,482	13,183,167
TOTAL AVAILABLE RESOURCES	31,743,238	34,704,344	35,715,262	36,343,747

Incline Village General Improvement District

Community Services Special Revenue Fund

EXHIBIT "B"

REVENUES	(1)	(2)	(3) (4) BUDGET YEAR ENDING 06/30/20	
	ACTUAL PRIOR YEAR ENDING 6/30/2018	ESTIMATED CURRENT YEAR ENDING 6/30/2019	TENTATIVE APPROVED	FINAL APPROVED
Charges for Services	1,266,613	1,450,000	1,488,800	1,488,800
Facility Fees	967,414	969,500	968,500	968,500
Investment Income	2,288	13,500	22,500	22,500
Sales of capital assets	857	-	-	-
Capital Grants	-	-	150,000	-
Subtotal	2,237,172	2,433,000	2,629,800	2,479,800
OTHER FINANCING SOURCES:				
Operating Transfers In (Schedule T)	35,000	13,125	-	-
BEGINNING FUND BALANCE				
Prior Period Adjustment(s)				
Residual Equity Transfers				
TOTAL BEGINNING FUND BALANCE	1,070,237	1,413,091	1,729,521	1,749,171
TOTAL RESOURCES	3,342,409	3,859,216	4,359,321	4,228,971
EXPENDITURES				
Salaries and Wages	748,538	820,000	932,898	932,898
Employee Benefits	182,791	200,000	240,804	240,804
Services and Supplies	688,417	879,600	931,087	935,488
Capital Outlay	-	-	859,600	990,050
Debt Service - G.O. Revenue Supported Bond				
Principal	-	-	5,812	5,812
Interest	-	-	477	477
Subtotal	1,619,746	1,899,600	2,970,678	3,105,529
OTHER USES				
CONTINGENCY (not to exceed 3% of total expenditures)	-	-	-	-
Transfers Out (Schedule T)	309,572	210,445	-	-
ENDING FUND BALANCE	1,413,091	1,749,171	1,388,643	1,123,442
TOTAL COMMITMENTS & FUND BALANCE	3,342,409	3,859,216	4,359,321	4,228,971

Incline Village General Improvement District

Beach Special Revenue Fund

Note prior to July 1, 2019 Capital Outlay and Debt Service were reported under separate funds.

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Schedule B-14

FORM 4404LGF

Last Revised 11/30/2018

EXHIBIT "C"

RE: Assistance With Public Record Examination - Bank Credit Card Processing Charges Incurred in 2019-2020 and Budgeted For 2020-21 - Follow Up

From: "Herron, Susan" <Susan_Herron@ivgid.org>
To: "s4s@ix.netcom.com"
Cc: "Winqest, Indra S." <ISW@ivgid.org>
Subject: RE: Assistance With Public Record Examination - Bank Credit Card Processing Charges Incurred in 2019-2020 and Budgeted For 2020-21 - Follow Up
Date: Mar 18, 2020 2:25 PM

Yes.

From: s4s@ix.netcom.com [mailto:s4s@ix.netcom.com]
Sent: Wednesday, March 18, 2020 2:12 PM
To: Herron, Susan <Susan_Herron@ivgid.org>
Cc: Winqest, Indra S. <ISW@ivgid.org>
Subject: RE: Assistance With Public Record Examination - Bank Credit Card Processing Charges Incurred in 2019-2020 and Budgeted For 2020-21 - Follow Up

Thank you. Are you telling me nearly \$400K annually (which would be the actual 2018-19 costs as well as estimated 2020-21 costs)?

-----Forwarded Message-----

From: "Herron, Susan"
Sent: Mar 18, 2020 1:36 PM
To: "s4s@ix.netcom.com"
Cc: "Winqest, Indra S."
Subject: RE: Assistance With Public Record Examination - Bank Credit Card Processing Charges Incurred in 2019-2020 and Budgeted For 2020-21 - Follow Up

Yes, Mr. Katz, I saw it.

I have attached a file to answer your inquiry.

From: s4s@ix.netcom.com [mailto:s4s@ix.netcom.com]
Sent: Wednesday, March 18, 2020 12:37 PM
To: Herron, Susan <Susan_Herron@ivgid.org>
Subject: Re: Assistance With Public Record Examination - Bank Credit Card Processing Charges Incurred in 2019-2020 and Budgeted For 2020-21 - Follow Up

Hello Ms. Herron -

Yesterday (March 17, 2020) I made the records/assistance request below. I just wanted to make sure you didn't overlook the same because it was addressed to Indra (even though you were cc'd).

I don't know how the District is billed for such charges. Does it receive regular invoicing? If so then it should be pretty easy to provide the invoices. If not, then you need to instruct me what to request to examine. Note that recent modifications to the PRA mandate that you assist the public in such regard.

As for budgeted credit card processing charges, I want to examine records evidencing the same for 2020-21. I want to examine records evidencing the chart of account number(s) assigned for such charges.

Thank you for your cooperation. Aaron Katz

-----Original Message-----

From: s4s@ix.netcom.com
Sent: Mar 17, 2020 9:21 AM

To: "ISW@ivgid.org"

Cc: "Susan_Herron@ivgid.org"

Subject: Assistance With Public Record Examination - Bank Credit Card Processing Charges Incurred in 2019-2020 and Budgeted For 2020-21

Hi Indra -

I realize you're busy with all that's going on so again I apologize for the distraction.

However, I have another public records question.

I am attempting to learn the amount of credit card processing charges we incurred last fiscal year, and staff are budgeting to incur in the proposed 2020-21 budget. I have gone to IVGID's OpenGov tool and I am not able to determine these numbers. The closest I think I have gotten are bank service charges. But there's no further break down as to for what those charges represent. Are you able to help?

I am copying our Public Records Officer ("PRO") asking for assistance in identifying records which evidence the answers to my questions.

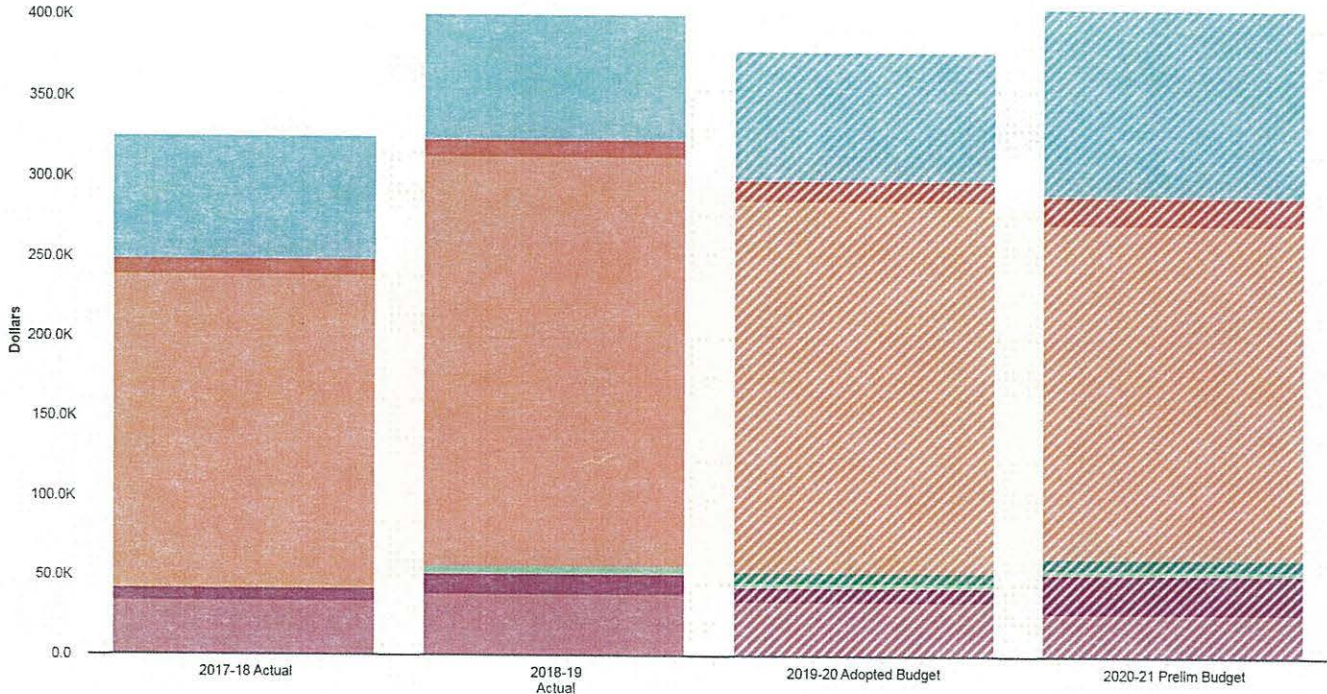
Thank you for your cooperation. Aaron Katz

EXHIBIT "D"

2020/21 Prelim Budget for Board Meeting 3/11/2020

Credit Card Fees

Visualization



Sort By Chart of Accounts

- Championship Course
- Mountain Course
- Diamond Peak Ski Resort
- Snowflake Lodge
- Incline Beach F&B
- Beaches
- Recreation Center

	2017-18 Actual	2018-19 Actual	2019-20 Adopted Budget	2020-21 Prelim Budget
Expand All				
▶ Championship Course	\$ 75,514	\$ 77,012	\$ 79,800	\$ 114,947
▶ Mountain Course	10,705	10,981	13,300	18,010
▶ Diamond Peak Ski Resort	196,478	256,504	233,250	209,905
▶ Snowflake Lodge	0	0	6,300	7,109
▶ Incline Beach F&B	0	4,439	2,900	2,856
▶ Beaches	8,023	12,740	9,800	25,034
▶ Recreation Center	34,515	39,309	34,000	27,475
Total	\$ 325,235	\$ 400,985	\$ 379,350	\$ 405,336

Data filtered by Functions, Banking Fees & Processing and exported on March 17, 2020. Created with OpenGov