

MINUTES

SPECIAL MEETING OF MAY 7, 2020 Incline Village General Improvement District

The special meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Tim Callicrate on Wednesday, May 7, 2020 at 4:00 p.m. This meeting was conducted virtually via Zoom.

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, and Matthew Dent. Absent at roll call, Trustee Kendra Wong (she joined the meeting in progress at 5:39 p.m.).

Also present were District Staff Members Director of Public Works Joe Pomroy, Director of Finance Paul Navazio, Director of Golf/Community Services Darren Howard, and General Manager Diamond Peak Ski Resort Mike Bandelin.

No members of the public were present in accordance with State of Nevada, Executive Directive 006 and 016.

Chairman Callicrate asked Board members to reach out to those preparing memorandums that are in the Board packet so as to respect one another's time. We are a small group who is trying to work together and do so in the right spirit.

C. PUBLIC COMMENTS

Aaron Katz said that he will be submitted a written statement; instead of zero budgeting, Staff increases the Recreation Fee and that is absolutely wrong so stop it. On agenda packet page 43, there is \$6.03 million of overspending which gets covered by the Recreation Fee. Staff can only reduce expenses in four categories as all the others are relatively fixed. Staff has presented budgets where items are reduced but it doesn't reduce the Recreation or Beach fees. To get off that merry go round, you must reduce the Recreation Fee because Staff will continue to spend. The Recreation Fee will never, never be reduced. Look at the multi-year capital plan as Staff is purposing more projects and no reductions at all. You need

to reduce expenditures and reduce what is not necessary. You can get rid of \$1.2 million in Marketing. He is hopeful that the Board will do the right thing this time.

Cliff Dobler said this afternoon we have one hundred and sixty pages of razzle dazzle and a whole bunch of numbers with two days to review. We have a new kid on the block, the Director of Finance, who has decided to create a new set of accounting applications which are not backed up by Generally Accepted Accounting Principles, NRS statutes, or Board policy. He also wants somebody else to do IVGID's financial statements. So here are a few items in the packet – the Director of Finance has decided that the facility fee designated for capital projects and debt service by venue are now considered revenues of the recreation administration. Then he creates more revenues by recording \$4.5 million of transfers from that administration department to the venues. So what do we get, a double booking of revenues. Look at agenda packet page 63 and see facility fee revenues of \$5.8 million and revenues from transfers of \$4.5 million. The Director of Finance decides that \$450 million of the Utility Fund net position and five hundred and fifty thousand dollars of the Community Services fund balance are now revenues disguised as other revenue sources. Agenda packet pages 51 and 63, the General Fund lists central service cost allocations of \$1.5 million as a revenues when GASB 34 clearly states that these types of reimbursements must be netted against expenses. Agenda packet page 45, now the big one, agenda packet pages 45, 51, 63 and 92 which are revenues and expenses of each fund and compared to the total of the totals in the first column on agenda packet page 109. Notice that the revenues and expenses do not match but they should. On April 1, 2020, a CPI budget was presented in the new report format and states that there would be approximately \$15.4 million carried over from 2020, \$9.8 million appropriated for new projects and \$6.3 million would not be used and carried over into new Fiscal Year 2021 thus we are spending \$18.9 million. Agenda packet pages 38 and 41, today we get a revised report that somehow the same formats stating that \$17.5 million will be carried forward from 2020, \$9 million will be appropriated for new projects and nothing will be carried forward into Fiscal Year 2021 thus we are going to spend \$26.5 million which is a staggering extra \$7.6 million in spending. Agenda packet pages 129 and 132, he thought we were going the other way. What really hurts him is what gives the Director of Finance the right to adjust last year's budget reclassifying all facility fees and revenues from venues capital projects and debt service into the administration department thus depressing the true amount of facility fee required for each venue. Have him show you this right.

Linda Newman said that Nevada law requires that all financial statements be prepared in accordance with Generally Accepted Accounting Principles. That

includes the Final Budget you will be submitting to the State. Before this Board can consider any of the financial scenarios presented, they must all comply with Nevada law, Government Accounting Standard Board Statements as well as Board Resolutions, Policies and Practices. And they don't. This is just a short list of violations that Mr. Dobler and she have already documented to the Board in previous memorandums that must be corrected:

1. Central Services Cost Allocation Transfers from the Community Services and Beach Special Revenue Funds to the General Fund are not permitted under NRS 354. Only Enterprise Funds can make CSCA transfers. The Community Services and Beaches are governmental funds. In addition, the General Fund cannot report CSCA transfers as Revenue.
2. The District cannot collect money from the Recreation Fee in Community Services Administration to transfer to the Beach Fund as a contra revenue for the use of punch cards at the beaches. First, these transfers are not disclosed and worse, they are unlawful. This practice of creating fictitious revenues by reporting punch card use at the Beaches and offsetting these fictitious revenues by creating contra revenue in the Rec Administration, enables the District to double book revenue at the Beaches and supply that revenue to pay Beach expenses from payers of the Recreation Fee. Of these payers, close to 500 cannot legally use the beaches.
3. The District cannot report the entire collection of Rec Fees and Beach Fees in the Special Revenue Funds. Only the dollars collected for operations can be reported in the Special Revenue Funds. The dollars allocated for capital projects and debt service expenditures must be reported in the respective Community Services and Beach Capital Projects and Debt Service Funds. Preparing the budgets for these funds any other way, violates NRS 354 and GASB Statements as well as Board Resolution 1838 establishing these funds. The budgets presented are reporting all the funding for capital projects and debt service in the Community Services Recreation Administration.

Before you consider any of the 160 pages presented, please request Director of Finance Navazio's written warranty that these budgets were prepared in accordance with Generally Accepted Accounting Principles and comply with all relevant GASB Statements, Nevada Laws, Board Resolutions, Policies and Practices. That is your starting point. Without that, you are just wasting time and setting yourselves up for directing a final budget that will violate the law.

Margaret Martini said that last night had to be the most embarrassing meeting IVGID has ever had due to lack of control of an outburst by board member Peter Morris. Hopefully Mr. Morris will be sanctioned by the Board for such outrageous unprofessional behavior. It was obvious that Mr. Morris and Ms. Wong were totally unprepared for the meeting. Mr. Morris wasting Board and participant time by flipping through pages of a document that was received in plenty of time for review for content so comments could have been appropriate and succinct - and seriously - typos and grammar correction was totally an inappropriate waste of time. Ms. Wong did not even have her concerns available for discussion at the meeting. How very unprofessional. Mr. Morris' comment about the voting process as being in his opinion retaliatory only reinforces the collaborative conduct that he participated in with the voting block of the previous board and highlights the totally professional conduct of the current board's actions of thorough discussion and fact finding of the current board before voting. I am sincerely expecting that this type of disruption will not be allowed at this budget-meeting. Per Cliff Dobler's public comment analysis, this is very disconcerting. We are only into one budget cycle and already it is evident that Mr. Navazio clearly does not understand financials and is unwilling to reach out to those who have studied IVGID financials for years and understand NV law and IVGID policies. This is getting old. This is amazing. This is totally unacceptable. Mr. Navazio needs replaced NOW. He is obviously ill equipped to handle the needs of this district.

Frank Wright said he is a candidate for the Board and that he mirrors what Ms. Martini just said. Emphasize that Chairman Callicrate was making a statement about Trustee Morris' behavior last night and to show up at a meeting like that last night was unacceptable. He could have reached out to Trustee Schmitz without wasting time. He is assuming that Trustee Morris is ready to do that same thing as last night. On agenda packet page 3, he was stopped in his tracks, because it had the term "facility fee" and it should be Recreation Fee and Beach Fee – this is unacceptable. The budget in the past has been unrelated and now you have a chance to do it right. Members of the community have identified items and Staff needs to reach out. He has talked to Staff and in order for them to do their job correctly, this needs to continue so it doesn't leave people having to file reports with auditing firms and the State of Nevada. Sit down with these people and get things worked out as it is the logical thing to do. The biggest thing for him is the amount of employees. We have the same amount of employees which is a big part of our budget. To not report the amount of employees is just an absolute atrocity. He is asking that this budget be prepared correctly so going forward we don't have any problems.

Dick Warren said you guys are amazing, but he has to give you credit for having an incredible amount of “chutzpah & hubris” in delivering this FY2021 Budget. Not only do you wait until two days before the meeting starts to deliver 160 pages for individuals like the Board of Trustees and interested residents to digest, but, based on page 43, you are recommending that the Rec Fee remain at \$705 for 8,203 residents, and \$125 for 7,748 residents, a total of \$6.751M, basically the \$830 Rec Fee from previous years. Please tell him that my analysis is wrong, page 43 does not represent your recommendation, etc. But if he is correct that you are as audacious as revealed, then, if he were the Board, he would immediately approve a Rec Fee of \$400 per parcel and demand a revised budget from Staff in seven days. He doubts this Board has the intestinal fortitude to do that but that’s the only way you “IVGID Malcontents” will be forced into doing your job as managers. Further down in your 160 page epistle you discuss the allocation between the Rec Fee & the Beach Fee...who gives a damn? It still stays at \$830. Indra, he knows, you are the Candy Man, you abhor eliminating worthless expenses, especially labor expenses, because this is your source of community support (My God, Indra wouldn’t eliminate my daughter’s job????!!????). But Indra, as the interim GM, don’t you at least feel a little quiver of fairness to do what is right for the resident who pays the bill? He finds your thinking, and Paul’s thinking too since it’s obvious that Paul has bought into the “IVGID Way”, really amazing. You really do not mind screwing the residents for the benefit of locals that get benefits but do not have to pay for them. Please tell me that my facts are wrong, that you are not as worthless as you appear to be. How do you guys sleep at night? No problem, we’re going to get that \$830 Rec Fee....all problems solved! Worthless Management at the top of IVGID.

Ms. Crisack said that she is blessed to live in this community and raising her young kids here. IVGID provides many services that we greatly enjoy such as Brunch with Santa, Tiny Timbers, etc. The child care is amazing which allows her to work out and the Recreation Fee is really affordable. It is sad that a few take away from all of those that are satisfied. She hopes that the Board considers the families in the community when doing this budget.

Bret Weinberg said her comments are similar to that of Ms. Crisack as she takes advantage of the Recreation Center and she wants to make sure the Board is taking into consideration the reasons and the services that those of us choose to take advantage of that live here.

D. APPROVAL OF AGENDA (for possible action)

Chairman Callicrate asked for changes to the agenda; none were received thus the agenda was approved as submitted.

E. GENERAL BUSINESS (for possible action)

E.1. Review, discuss and provide direction to Staff on the District's Fiscal Year 2020/2021 Operating and Capital Budgets (Requesting Staff Member: Director of Finance Paul Navazio)

Chairman Callicrate said that the Interim District General Manager has spoken to each of the Trustees directly; Interim District General Manager Indra Winqest confirmed that statement. Chairman Callicrate said that he didn't see the need to rehash what we have gone through on many occasions and that he wanted to move this along as the Board may need another meeting.

Interim District General Manager Winqest said that Staff would have loved to have gotten this information to the Board earlier and that he apologizes to the community. He appreciates the support of what we are going through at this time and that he agrees that a follow up meeting and that we will talk about that closer to the end of the meeting. The goals are to work through the items that the Board has identified to Staff and that are important to this upcoming budget and have a robust discussion with some good direction for what Staff is to bring back to you at your next meeting and gave an update on the status of the District's venues.

Director of Finance Paul Navazio went over the submitted materials.

Interim District General Manager Winqest commented on agenda packet page 68.

Director of Finance Paul Navazio went over the submitted materials.

Trustee Schmitz said thank you so much for putting this together and that she had one clarification question, on agenda packet page 68, where it has all of the programs and then talked about the beach. She didn't see where the programs are financially divided and then what is being provided at the beaches, we need to be clear on that segregation because some of our community members don't have beach access so that is a concern. On

agenda packet page 68, it doesn't have Diamond Peak or the golf programs listed so are they in their respective venue budgets. Next is a philosophical question – she recalls that Staff did a lot of work on punch cards and that all sorts of scenarios were put together; she is curious what your analysis determined and what you have learned from all of that effort.

Director of Finance Navazio said, referencing agenda packet page 63, is all the entities and there are discreet programs within those venues and the following page is a sample and that the final budget will include the programs across all the funds. On the beaches, we have food and beverage, beach hosts, parks services and aquatics programs. If Staff can provide additional details, Staff will provide that.

Interim District General Manager Winquest said for the golf camps, those are in the golf budgets; lessons and any type of programming at Diamond Peak is in that budget. For Tennis, camps and clinics are in the Tennis budgets. Those are programs that provide revenue and in some cases, subsidy. Staff has looked at separating out programming but camps, lessons, and clinics at Tennis are truly for Tennis. The only programs at the beaches are a couple of weeks of swim lessons and paddle board lessons and that he will double and triple check with our team to ensure those programs are separated out.

Director of Finance Navazio said on punch card accounting, from his perspective, admittedly he is still trying to gain understanding and it is a work in progress. He has three takeaways – somewhat convoluted which contributes to maybe the confusion on how the revenues get accounted for and posted and with that said, to some degree, particularly on a budget basis, the punch card is, in theory, within the Community Services fund and within the Beach fund and it should tend to basically wash out. As punch cards are used at the venues, we record the transaction that is maybe budgeted one way and accounted for in another way. If we do away with the punch cards, in theory, it shouldn't make a difference however it does impact the different funds but it should basically be a wash. However, it has been pointed out that the practice of accounting for punch card transactions that occur at Community Services venues, it splits that transaction between the Community Services Fund and the Beach Fund for those who receive the punch card. It is an 85/15 split which equates to the \$705 and \$125 so the accounting currently treats every transaction at every venue via punch card with beach only and it sends fifteen cents to the Beach Fund and eighty five cents to the Community Services Fund. That is the part of the puzzle that he

needs to unravel. He thinks that there has been some interest in not only changing how we do this accounting and maybe doing away with punch cards altogether. The goal that should be pursued is so we don't have the punch card complicate the accounting. He is at a little bit of a disadvantage because there are no venues open and he has only seen this on paper and not in practice so he is a little hesitant to render a short term recommendation absent having seen them in use.

Director of Finance Navazio continued his presentation.

Chairman Callicrate said that he appreciates the Staff putting this information together and having to come up with multiple scenarios as we slowly or quickly reopen. The Director of Finance and I have talked and he has gotten a sense of the percentage of the budget from last and he is thinking that eighty percent is more prudent and realistic. He doesn't want to belabor every scenario and that he would like to have each Board member weigh in as we, as a Board, need to have discussions amongst ourselves. He just gets antsy when it is just a constant narrative and he would like to hear from his colleagues and where they think we might be going.

Director of Finance Navazio said that Staff and the Interim District General Manager are probably thinking that this is in the ballpark and that there is no one percentage that applies uniformly across the District and that it will probably be in that ballpark and wherever we land, it probably won't be that way.

Director of Finance Navazio continued his presentation with Interim District General Manager Winquest commenting on agenda packet pages 108 and 109.

Chairman Callicrate said that this was based on your conversations with the Board members and that Staff agreed that it was fairly realistic and that this was based on those conversations and what we have gleaned from the community. It has been stated that a lot of times through the year, the Staff runs the show and that the Board of Trustees rubber stamps. This Board has tried to be as proactive as possible especially with COVID-19 and trying to have a realistic budget, bringing down our budget and coming into the new normal. If we shot for eighty percent of what we have been doing and providing that we are open with almost all of our venues, it not all of them, then that is what we are trying to manage to. The point he is trying to get across to the community is that they understand that we are trying to be

adaptive and that we aren't just sitting back and freezing. He wants to do something that is realistic and that we can afford and then move forward.

Trustee Morris said that he definitely wants to applaud the team for the amount of work they have done and that one of the things that we have to take forward is that we can trust our team to keep their eye on the ball because since the lockdown came about, they have managed to it. We know they will do the right thing and they will keep reporting to the Board of Trustees. If we approach it from that framework and to the best of our current knowledge, which is changing on a daily basis, we know it won't be one hundred percent and that some may be down to seventy percent but we all hope that ski will be up there and that we will be fully operational at that venue. He would hate to the Board slash and burn everything and look at each other in three months and learn that we have underserved the community. Trustee Morris concluded by stating that he thinks that is sort of where Staff is with the ranges.

Trustee Dent said that he too appreciates the presentation and that he is still digesting it as we had a long meeting last night and that he got his packet the night before and that he is looking forward to our next meeting to discuss this a little bit more. He appreciates Trustee Schmitz' question and clarification and that somewhere around eighty percent is okay with him. One of the things that he doesn't see in here and that we should address is that the homeowners are subsidizing the venues and they haven't had access. This year, the District will land pretty well and he would like to take that into consideration as to what the Recreation Fee should be next year; could that translate into say one hundred and forty dollars per parcel – he doesn't know and he doesn't know how we go about a discount going backwards or going forward. Could the District offer something to the passholders and add some sort of value there; he would like to have this as a part of the conversation especially during this shutdown. He is also looking forward to the discussion of the flipping of the Recreation Fee as the beaches have been neglected. We have built up the reserves by over collecting and getting lucky with the snow so this is an opportunity that we talked about in the fall, last budget season and now. He is looking forward to seeing it flipped and funding Burnt Cedar pool and the beach house as well as looking forward to having a deeper dive into capital. He would like to have the Board prioritize their top five projects and stating what are the funding sources and discussing if we are willing to bond Ski Way, etc. and that if the community approves that, we can do that.

Trustee Schmitz said that she appreciates the work that has been put into these materials. On agenda packet page 109, she doesn't have the coloration and that costs are going to increase with the additional need for cleanliness while the need for services is probably going to go down. We need to understand even if we turn the spigot on, there are a lot of people who have been financially damaged by this event. The economy is going to change for a period of time and our costs are going to increase and she wants to make sure that Staff is taking that into account. As it relates to the Beach Fee and doing things, the community can support it as long as there is enjoyment and us being careful. As it relates to the Recreation Fee, two hundred and seventy four dollars of that fee has been for retired bonds that we have been continuing to collect and that is why we have driven up our reserves. Our reserves are between four and five million dollars in beaches and between twelve and thirteen million in community services. At a minimum, we need to remove the two hundred and seventy four dollars for the retired bonds and then we need to look at the overage in our reserves so as to be good fiduciaries for the community.

Chairman Callicrate said that all Board members have expressed potential for flipping the Recreation Fee and that there was more interest in doing that and that would alleviate continuing to building up our reserves. However, it works out to be, Trustee Schmitz does bring up a valid point and if we open up at one hundred percent, will the people be there. Depending on how quickly people bounce back, ski is at the higher end as it is fairly consistent in that sport. He does appreciate all that has been brought up and that the costs will be going up for safety and health reasons which we want to do but that it is still fluid at this point. He would like to hear from Trustee Wong once she comes on. Because he has only had two days to digest this, he needs more time to talk to folks that understand this far better than him. What information does Staff need and how do we move forward to get to the Recreation Fee and capital?

Director of Finance Navazio said Staff will be bringing this back to the Board at a follow up meeting and that he thinks we can hone in on the highlighted areas and that we can be explicit on the level of assumptions that are behind these. If we can hone in on something between scenarios two and three, then Staff can give the Board enough information to come in for a landing. There were a couple of things that came of the analysis, as it relates to the finances of the District, and that is that ski and golf have the biggest impact in terms of where we land and the revenues they represent which is about seventeen million dollars and that he wouldn't sweat the tennis programs in

terms of fine tuning. The baseline budget for ski is well under our historical conservative budgets and that is because of the impact to all the other venues.

Trustee Schmitz said that if we have been off by that much, let's make sure we do a better job rather than underestimating by millions. Is your objective tonight as Trustees who are looking at what the crystal balls say to reach a consensus on what the crystal ball says?

Director of Finance Navazio said that his objective, and this is not about a crystal ball as those went out of vogue during the recession, is what is a prudent budget and then we can manage to it but it won't match reality. A prudent budget that acknowledges that reality, and he is hearing that it is not to be too conservative, but that a prudent budget that is comfortable and that we have the tools to manage whatever the future might hold. What he is looking for is not a decision but that is the Board overall comfortable zeroing in somewhere between scenario two and three. Going back to Ski, there are folks in the room and at the District that have much more knowledge and that the biggest concern is the seasonal nature of skiing. History desires are to be conservative because you don't know about the snow thus the budget is conservative as it is better to have a better year than a conservative year. There is a lot of conservative projections that go into ski given the recent history and where we are at today.

Trustee Schmitz said that she appreciates that and that she wishes she knew that the snow was going to fall. On golf, the yellow box should be at eighty six percent; facilities down to eighty one percent, and ski, if you think \$9.8 million is conservative, she is okay but she is concerned about the economics. For Recreation, she is looking at more like between scenario three and four and for Parks it is ninety nine percent. Tennis, we should be good and that is her feeling. She doesn't know what is going to happen but she wants to share that openly relative to those yellow boxes.

Chairman Callicrate said that we do go through cycles with Ski and that we may have one or two more banner years but that being conservative is the way to go. Better than expected on golf because of the pent up demand but we do have limited use.

Director of Finance Navazio said that we did include that presentation and it is on agenda packet page 114. Even though it shows up eighty six percent overall, it is pretty conservative in level of activity. There is a certain

conservatism built in with a reduction in number of rounds but starting soon, by July and August, there will be as many golfers as the Governor will allow, for the budget, all of the reduction in number of rounds are assumed to come from non-residents which are the higher paying participants. We downgraded that revenue per round to allow residents as much access as possible. He is looking forward to that discussion should the Board want to delve into it and that he thinks the golf staff has done a good job looking at this and them opening on May 18.

Interim District General Manager Winqest said that we have heard from the Trustees and everyone else that it is somewhat between scenario two and three and that our professional staff has done a good idea of what they are hearing from customers and participants and that the biggest unknown is the Recreation Center and the community programming that is part of that service. This is larger driven by Ski and how the golf courses perform and that after we hear from Trustee Wong, we will have what we need to bring back a proposed budget for each of the venues.

Trustee Wong said that no budget that we will ever create will be correct and that we take our best estimate knowing where we are economically. Her personal preference is to keep our normal budget and that as you get into variances year over year, we adjusted our budget for this outrageous, exceptional item. She doesn't want to adjust too much but rather face the reality of what it is going to be. She is optimistic about golf and that we have a normal ski season which is a crap shot because of weather, etc. Because of where our fiscal year ends, it is always going to be difficult to create an accurate budget and that she thinks the scenarios are reasonable and that she has no heartburn with falling into scenario two or three or staying within the working budget request and most of the analysis is because of the COVID pandemic.

Chairman Callicrate summarized that we are between scenario two and three and that we have narrowed it some but obviously there is flexibility and we will change immediately if needed. He wants to make sure that we are abiding by all the rules and suggested moving to prioritization of capital projects followed by the Recreation Roll or leaving that for the next meeting.

Director of Finance Navazio continued his presentation.

Chairman Callicrate called for a ten minute break at 6:00 p.m.; the Board reconvened at 6:11 p.m.

Chairman Callicrate asked about the Board's top three or four projects. Director of Finance Navazio said that the last time the Board formally set their priorities was in 2019 and then he proceeded to agenda packet page 146 and did a review.

Trustee Dent said, referencing agenda packet pages 149 through 151, that the Board has a new Board member so we should reprioritize. He would like to see the Incline Tennis Center renovations and Bocce removed because they are underway in regards to awarding a project and that he doesn't know where he stands on what comes next. He does have a question about the Diamond Peak Master Plan and that is do we need to have a half million dollars sitting there.

General Manager Diamond Peak Ski Resort Mike Bandelin said that Trustee Dent makes a good point and that it comes down to the fact that because we haven't had much success with the Bureau of Land Management and because we have made some progress with the United States Forest Service (USFS) that there is an opportunity to work with the Tahoe Regional Planning Agency (TRPA) and that we may need an advisory committee to steering us with activities and making an amendment to the plan. It is a really slow moving process and noted that our friends at Mt. Rose Ski Resort just received their approval after nine and a half years. Staff can discuss with the Trustees the details and amending the plan and what that looks like in the future. Staff does keep applying for a temporary permit with TRPA but TRPA has said that we can't continue on this path because our current permit allows downhill skiing only. We do have a permit request with USFS but we don't have the Staff resources to work through all the permitting requirements.

Trustee Dent said the part he is confused about is the five year capital project as it shows \$160,000 for permitting and entitlements so do we need the additional \$500,000 or what is that for.

General Manager Diamond Peak Ski Resort Bandelin said that the entitlement is approximately \$750,000 and we have spent \$87,000 with the carryover being \$682,000. If we are to use the USFS and TRPA then that is about the dollar amount we need if we are going by the amenities and activities that are in the Master Plan. He can't say that any of those dollars would come before the Board within this fiscal year because of what it would take to do those projects.

Chairman Callicrate said that the Diamond Peak Master Plan that came before the Board several years ago had mountain coasters, etc. which the bulk of the community is not supportive of at this time so it is a moot point. What of the Diamond Peak skiable terrain do we own and what facilities are on our properties versus what do we lease because in 2023, our lease is going to come up with the USFS. General Manager Diamond Peak Ski Resort Bandelin said that is true and it is 361 acres.

Chairman Callicrate asked how much of the expansion is included; General Manager Diamond Peak Ski Resort Bandelin said about twelve acres at the top of the Great Flume Trail. The reasons these agencies are involved in this is because Phase 4 has the lift on the backside and because of some of the activities that are in the plan, like the coaster, trails, and canopy tour, are on USFS properties. They were involved from the get go because of the studies that need to be performed and they need to be done on the USFS properties.

Chairman Callicrate said that things have changed and the community has spoken. If we were to contain the bulk of the activities on the IVGID owned parcel and if we dispensed with the canopy tour, coaster, etc., is there an opportunity to pare down the permits we are asking for and cut the amount of money while getting the permanent permit? It is pretty confusing but if we don't need to spend the money then let's take it off the books and not spend \$650,000 on stuff people don't want. General Manager Diamond Peak Ski Resort Bandelin said that is why we are having the conversation now. Chairman Callicrate said that was a rhetorical question. What do we need to operate what people want and get a permanent permit?

Trustee Morris said that it is incorrect to say the community has spoken and that they don't want these things. There were a few that showed up and said they didn't want it. We haven't revisited the community so it is wrong to say that. General Manager Diamond Peak Ski Resort Bandelin said that when he spoke to some of the Trustees on the telephone he said that there was an opportunity to reach out with people and that what is currently being done is the biological study which takes two years and that was started last year. If doing only activities within the District's private property, without USFS involvement, is something that we want to entertain then the process would probably go faster. Back on October 9, 2015, Staff made a reference to what TRPA needs to do for permitting on District property and that is a lengthy process that can take anywhere between eighteen and thirty six months. We

have started a little bit of that work and he will do his due diligence to see if he can get the activities, surveys, etc. It might be worthwhile to reach back out to the community to amend the plan and it would be a plan amendment if we went within the IVGID properties.

Chairman Callicrate asked with what is hanging out there, what do you want to see Trustee Dent? Six plus years out from when it was started and that sooner rather than later let's see if we can pare it down. He is all for putting together a small group to review the master plan to see what the community wants.

Trustee Dent asked how far are we into the process; we have spent \$87,000 in four years and we have \$663,000 so when are we going to spend that money. Let's go with what we know and fund it when we have the information. We are five years into this process and it seems like there is a lot of money hanging out there that is overcommitted. When are we spending this money or do we need \$163,000 to get this project done.

Interim District General Manager Winquest said that he agrees with what Trustee Dent said and that he will ask Staff to see what they need in year one and then anything that we are projecting for the years beyond that and we can put that into the longer range plan. He does know that we don't need \$663,000 in the 2020/21 capital budget.

Trustee Dent said that he searched the March 13, 2020 material and it doesn't exist in there and that he only found \$160,000 for permitting which was part of the 2019 project summary; if Staff could get some information on this, it would be awesome.

Trustee Dent then said that we need to get donor funds for the dog park, for the beach house, we need to flip the Recreation Fee, and then we need to get funding for the Burnt Cedar pool.

Trustee Morris said that everyone is on the same page with those numbers on Ski and the priorities. He is quite pleased with the list and the A, B, and C's and that one thing he would ask to be broken out is the A priority budget is X and the B priority budget is Y and the C priority budget is Z and then see what that total is and what is likely to be done. We have got two projects underway and he would like to know where we are going with the others. At a different Board meeting, it would be a good thing to set our new top five

priority list. As to the beach improvements, he doesn't understand the sense in trying to do those out of cash when we should be doing those with bonds and he hopes that we can have that discussion later.

Chairman Callicrate said he appreciates that comment and because the beach is private, we wouldn't be able to bond but bonding would be a great opportunity.

Trustee Morris said but we have had a bond for the beaches as we are paying debt for the Burnt Cedar pool house.

Chairman Callicrate said we will have to check into that and get the figures on what we can and can't bond for.

Trustee Schmitz said to reflect back, she is thrilled that all of you worked together to these priorities. We do have utility projects that are going on and that has Staff implications. The community wants us to focus on maintaining our facilities. Diamond Peak is a blessing to our parcel owners because it brings in so much revenue and that when we put money someplace we should be making sure that we are taking good care of the venue that is taking good care of us. There are maintenance projects at the Recreation Center and rather than taking on something new, we have an opportunity to look at existing venues and what type of maintenance projects we would want to take on in this coming year.

Trustee Wong said that still on the list is the dog park, Incline Beach house, and the Burnt Cedar pool renovation and that she recalls having a conversation with our former Director of Asset Management who had mentioned some alternative funding for bonding and that was bonding from ourselves for the beaches. We have to repay the Beach Fund and not Community Services. Because our beaches are private and only certain people pay in, we need to make sure that the funds stay separate. Upcoming next would be to explore what we can do at Diamond Peak within our properties. We all talk to different community members and she hears about Diamond Peak so it would go a long way to explore what could be possible. The other one is Ski Way and the Diamond Peak parking lot. We all know what a traffic nightmare this is and until there is a problem, there is not a problem and she doesn't want to see us get to a problem.

Chairman Callicrate said that he is aligned with everyone and that he agrees that the dog park should be done as it has been on the list for twenty years

as has the Incline Beach house improvement and now is the time to do the Burnt Cedar pool renovation as we got another ten years out of it and it is now twenty years later. Ski Way is a nightmare and we do have a lot of legacy projects that we need to attack. He thinks that we are relatively close and he is glad to see that we have two of the top five done. Now that Trustee Schmitz is on the Board, we want to take her concerns into consideration.

Interim District General Manager Winquest said that once we can get through finalizing the budget submittal and then we get through the budget production, we can discuss this. As to the dog park, the District has always said they will provide the seed money which is then contingency upon fundraising and donors and that it is not something that is planned to go out and build. Washoe County should be helping us because it is a service that Washoe County provides to those residents and it is an opportunity to engage with them. There may be 4B funds that may be available but there are a lot of perimeters out there and there are other options that we can look in to. We do need to focus on the venues that give back and those that are heavily utilized. Chairman Callicrate said let's not forget about our colleagues in Crystal Bay as we need to work closely with those folks on something there. Interim District General Manager Winquest said the funds are split into two funds – 4A and 4B. Chairman Callicrate said we are not ignoring those in Crystal Bay as we know that we did merge with them and we need to be in tune with those folks in Crystal Bay; we need to have good direction on prioritizing the projects related to this aspect.

Chairman Callicrate asked Trustee Schmitz how she felt about the Recreation Fee and the Beach Fee.

Trustee Schmitz said her first feeling is that we need to manage the budget and our Recreation Fee to remove the \$274 for the bonds that have expired as it has no negative impact on our budget nor on our spend down. We have ten million dollars in excess funds in Community Services so let's look at our costs and align our Recreation Fee with those costs. We need a reduction in that fee and if we can get rid of the punch card transactions and keep things neat, simple and clean as we need to increase the Beach Fee to support operations and she will support that; she believes that the Recreation Fee should come down from \$830.

Chairman Callicrate said if we want to come down from \$830 and if we were at about \$705 for the Recreation Fee which would be reducing it by \$274 or more than are you talking about the collective being at \$830 and doing the

flip and drawing down the reserves to get to \$4.5 or \$5 million or lessen the \$830 by \$274 or \$705 by \$274.

Trustee Schmitz said that she is looking at each of these separately and do so realistic and look at the budgets for the beach and put out a well thought budget for the beaches to bring us to the numbers.

Chairman Callicrate said he is in agreement with that.

Trustee Wong said that she is fine with staying at \$830 especially given the economic situation as we can't raise it. She wants to be cognizant of the fact that we need more in the Beach Fund and that as a Board we need to discuss a long term plan to shift the balance so we have the funds for the projects we are doing. She doesn't want to chop it in half and would prefer a phased approach with a longer term conversation that doesn't happen tonight. She thinks that our budget supports the \$830 and our community has placed such a large focus on service levels and expectations and that anything less wouldn't be acceptable.

Trustee Morris said he thinks it is important to maintain the \$830 and that adjusted for inflation it would be \$968 so holding at \$830 is terrific. For the majority of lot owners, it is a minimal sum, and that he agrees with something that Trustee Wong said and that people have 100% buy in for the facilities and the services around the facilities. If we cut the services, we are reneging on that and doing a disserve to our community. We have to be careful on spending the money twice as we have a healthy Community Services Fund and we want to spend that money on the facilities we have. If we put the Recreation Fee down to \$400 or less and keep the beach the same, we would have to take a bunch of that money out of the Community Services Fund so we have to be careful about spending the money twice. He is open to the discussion between the two numbers. It is silly to save up money for the projects and to pay cash when the Beach Fee can go up a bit to pay for those things that the people want and keeping the money available for the Community Services Master Plan. If we cut the Recreation Fee because it is so comparatively small, \$830 is a tremendous value for all that we provide.

Trustee Dent said we do have a \$6 million surplus and we have been collecting the Recreation Fee and the users haven't been able to use the venues and it will be on a limited capacity moving forward so he feels that there is some sort of discount and maybe it applies to next year. One thought would be to having the Beach Fee be around \$330 and the Recreation Fee

be around \$430 and have another \$100 as a refund for no use during this time. We have a savings, we have collected too much, we have cut back on Staff, we have collected excess funds so do we leave it at \$830 or put it higher at the beaches and draw it down. We need to get the money over to the beaches so we should move the money over there and make sure we are at the minimum requirements as this is putting our money where we are saying our priorities are. One other thing, as far as preparing budgets as enterprise funds and preparing as government funds, let's prepare as a supplement and if something changes in the near future, it is something that we are still doing and have that as a part of our approval process in the next few weeks.

Director of Finance Navazio said that Staff hadn't been planning on doing that but we could. Staff's focus, between now and May 27 and the June 1 submittal, is to make sure we have all the other issues addressed and then we will have to see if we can do that before June 1. As we continue to look at that issue, the Board indicated that they wanted to have a discussion after the budget was adopted and that timing is still to be determined. There are some things that are related that can and should be addressed prior to the budget submission and priorities that would have to be re-established with Resolution 1838.

Chairman Callicrate asked Trustee Dent if he got his concerns addressed; Trustee Dent said he is just trying to get ahead of it and would like to see it both ways. Having a bare bones budget allows us to see what it is like to run these venues at minimum service levels and who knows as the community is so used to high levels of service that they haven't tried a scaled back version so let's see what it is going to take and how people will react. It will be valuable to us going into the next budget cycle and maybe we don't need all the bells and whistles at some venues. It also allows us to see what the community is willing to accept and may create a savings at some of these venues because we do operate at a deficit at some of the venues.

Chairman Callicrate said he is more prone to \$530 at the beaches and \$300 for the Recreation Fee as that gives an opportunity to those that don't have beach access and he is open to looking at some more scenarios. At this point, we do have a better idea of the general direction that the Board is going and before we wrap up, are there any Trustees that would like to weigh in with any additional information to share or make us apprised of.

Trustee Schmitz said that she appreciates all the effort as it is really a trying time and she appreciates the three different scenarios and everything that Staff has done and, as Trustees, if there is anything we can do to help bring this to a comprehensive closure, she looks forward to anything to help.

Trustee Morris said that this has been an excellent discussion as we have narrowed the funnel but we haven't finalized it and there is a lot of work to be done by the team.

Trustee Wong said she is good.

Trustee Dent thanked Staff and said it is a starting point, we got some good feedback, and that he is looking forward to the next meeting. He did like the priority for the Ski Way project and that we shouldn't assume that we are going to do the most expensive option and that we need to go a little lower and be a little more conservative on those numbers because the Board hasn't given any direction; thanks for the work put in.

Interim District General Manager Winquest said that he absolutely agrees that it is time to start committing those funds as we obviously have some big projects coming up. Increasing the Beach Fee is fine in order to do those projects and Staff really needs to hone in on the Burnt Cedar pool project costs and that we should know more in the next few months. Drawing down the reserves and doing projects is the way to proceed and our residents have told us to maintain and improve what we have and that is what we have been doing. Yes, bocce was an add on. As to the shutdown that has been going on for two months, the District is predicting to coming in better to budget. We are exploring crediting something back or a discount next year as it is an idea worth exploring which we should consider working through. Staff got clear direction on what we are going to be bringing back and with capital, Staff will work with the Board on beefing up the priority list and at the next meeting we will focus on flipping the Recreation Fee and drawing down the reserves; Staff appreciates all the discussion.

Director of Finance Navazio said regarding the Recreation Fee that a couple of Trustees appropriately pointed out to be helpful in doing the analysis that we should play out the Recreation Fee over five years and include different amounts and distributions and then the amounts for what we are trying to raise. If there are some scenarios that the Trustees want to see, it would be helpful to provide those specifics.

Chairman Callicrate said that he would like to talk about the next workshop which would have to be either May 18 or May 19. Trustee Morris said that he is unavailable on May 18. Chairman Callicrate said then let's do it on May 19, Tuesday, and start at 5 p.m. Trustee Dent said that he would like to have an Audit Committee before this meeting and he would like to start that at 4 p.m. so could we start the Board workshop at 6 p.m. Chairman Callicrate said that we are scheduling two meetings for May 19 with the Audit Committee Meeting being at 4 p.m. and the Board Workshop being at 6 p.m.

F. PUBLIC COMMENTS

Cliff Dobler asked that Staff provide him with pages 146 and 148 as they don't agree with the Board packet as there is different pages in the Board packet; he appreciates it. Now, at any rate, listen up everyone, State law requires that all budgets and financial statements be prepared in accordance with generally accepted accounting principles. Now the Director of Finance has stated that he is still doing research and do not know if the current budget is being prepared in accordance with generally accepted accounting principles. As the Director of Finance, you have the requirement to make representations to the Board of Trustees, the auditors and the State that the budget and financial statements are prepared in accordance with generally accepted accounting principles. So he guesses that you have three choices – first, finish your research and commit that the budget is being prepared in accordance with generally accepted accounting principles prior to submitting it to the Board and the State, number two, you can ask the State for an extension until your research is complete and you are willing to commit to representations, or three, you can ask your Board of Trustees to approve the budget without your commitment that the budget is being prepared in accordance with generally accepted accounting principles and submit it to the State with your representation that you do not know if the budget is prepared in accordance with GAAP. He does not believe that you can hang your hat on the auditors because they get representations from the former Director of Finance that all budgeting and financial reporting was in accordance with GAAP. The former Director of Finance is now gone and you are in the hot seat. Now as to the Interim District General Manager a couple of things – you promised him that you would move the catering operations to the facilities departments and away from the golf courses but it has not been done and number two, you must have all community programming for all venues looked at as one as the law requires that the facility is limited to making the facility available and not used to subsidize programs and number three, you must restrict the interest earned on cash set aside for the effluent pipeline to be in accordance with Board policy. He thinks you guys have had a good discussion, he thinks it has been great and you are working hard, he

knows this is difficult but we really need to get this requirement for the budget squared away because he doesn't want anyone to be violating the law and at the end result somebody has to rely on someone.

Aaron Katz said you know that he is concerned with the history of IVGID and he brought up part of the history about Harold Tiller last night which was ignored. He applauds Trustee Schmitz' comments about reducing the Recreation Fee however he doesn't see how you can do that without reducing expenses or increasing revenues so here is an easy way to increase revenues. When the beach deed was written, hotel and motel were given access. Each room was given access until 1982. Is that when the Hyatt acquired Kings Castle? Our General Manager, at the time, was alleged to be in bed with the Hyatt and the hotel and motel rooms dropped off and no one knows why. It is time to bring that back as we are talking about 700 rooms which is about \$500,000 that we are leaving on the table. We have time because we haven't sent out the notice. All people who should be paying the Recreation Fee should be paying it.

Margaret Martini said that the discussion was enlightening but she did not hear anything about zero based budgeting for all venues. This is always a topic when election time comes and almost every candidate shouts it from the rooftops. Then the IVGID culture reality sets in. The "I want it" are then pushing the cart and it seems as if every board capitulates to that mind set. Why does zero based budgeting always get swept under the rug?? What is everybody's purpose in avoiding the elephant in the room?? Beaches are always the #1 venue property owners want to maintain, improve and use. That would seem to be clear that re-allocation is absolutely necessary. There should be no reason to spend money on other venues when the beaches need so much. Close the venues or sell them that do not meet zero based budgets. IVGID has become a socialistic governance not a prudently operated governance. It has been noted that there has been no support for any new recreation venues...and then here we are with board members voting in a new venue...bocce ball... this shows that the Board is not listening to the majority of the property owners who pay for all the subsidies. What is next? Sneaking an ice rink? It is noted that there is a significant reserve. We should not be bonding for anything!!! We should look at a reserve study that would be adequately funded for the larger capital projects. Especially if the recreation fee is voted in to remain the same. Former board member Bruce Simonian was assuring everyone that there was a reserve fund (as yet that has not been produced)...then Mr. Eick said that funds were famously "repurposed" ...mostly for unnecessary items or repairs needed due to deferred maintenance.

Frank Wright said that he is a candidate for Trustee and that he has a few questions. He would like the Board to look into the Board in 2014/2015 which was not retired and was called smoothing. Good luck with getting a bond when you won't retire the ones you have and that this is a travesty that is still hanging around. If you want to bond in the future, you have to get rid of the bonds in the past. There is no value in the Recreation Fee; there is a punch card and golf gets a reduced rate but a homeowner doesn't realize any benefit. It is unbelievable this Recreation Fee. Mr. Katz left out a lot of Recreation Fees that aren't paying as there is another one with an apartment building who pays sixty five Recreation Fees. Another thing that needs to be checked out is it by parcel or by dwelling unit. If it is by parcel, then it is one and that is simple. Look into those things before you get into this discussion. You did a good job tonight.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 7:36 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 Aaron Katz (pages): Written statement to be included in the written minutes of this May 7, 2020 regular IVGID Board meeting – Agenda Item E – Operational and capital budget workshop – No matter what Staff do to reduce costs, they continue to budget to overspend to the subsidy of Recreation (“RFF”) and Beach (“BFF”) facility fee(s). In order to meaningfully reduce costs, the Board *must* reduce the RFF/BFF!

Submitted by Dick Warren (2 pages): E-mail dated Saturday, May 9, 2020

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MAY 7, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM E – OPERATIONAL AND CAPITAL BUDGET WORKSHOP – NO MATTER WHAT STAFF DO TO REDUCE COSTS, THEY CONTINUE TO BUDGET TO OVERSPEND TO THE SUBSIDY OF RECREATION (“RFF”) AND BEACH (“BFF”) FACILITY FEE(S). IN ORDER TO MEANINGFULLY REDUCE COSTS, THE BOARD *MUST* REDUCE THE RFF/BFF!

Introduction: Again staff have overwhelmed the IVGID Board and the public with over 160 pages of numbers over numbers to allegedly represent the effect of reduced costs under a variety of scenarios. But one scenario remains constant. Staff budgets expenditures to the given of constant of given RFF/BFF subsidies. And if you think about it, staff do the same thing with central services transfers from the Community Services, Beach and Utility Funds. What they’re doing is subsidizing overspending in the District’s General Fund. The greater the overspending, the greater the central services’ subsidy. As long as staff refuse to budget to a lower RFF/BFF or central services cost subsidy, it doesn’t matter what cost cutting measures they implement. And that’s the purpose of this written statement.

Insofar as Possible Cost Cutting Measures Are Concerned, the Only Realistic Categories Are Personnel, Services and Supplies, Central Services and Capital Improvement Expenses. But For Attorney’s Fees and Public Relations Expenses, All Other Categories Are Pretty Much *Incapable of Being Reduced*: Look at proposed reduced central services revenues and the five (5) proposed alternative budget scenarios assigned to the General Fund¹. There is no proposed reduction in professional services (\$347,975), utilities (\$53,100) nor services and supplies (\$780,940) costs nor capital expenditures (\$370,150). And the story is pretty much the same thing with the Utility Fund². There is no proposed reduction in professional services (\$132,060), utilities (\$932,594), insurance (\$203,880), services and supplies (\$1,963,445) nor fuels management (\$100,000) costs. Nor capital expenditures (\$4,586,500).

When it comes to the Community Services³ and Beach⁴ Funds, although there are no proposed reductions in professional services, the fact there are proposed reductions in personnel, utilities, services and supplies and central services costs is testament to the fact these are the only realistic expense categories where cost cuts can take place.

¹ See page 111 of the packet of materials prepared by staff in anticipation of this May 7, 2020 Board meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/5-7-2020_Workshop_Packet.pdf (“the 5/7/2020 Board packet”)].

² See page 112 of the 5/7/2020 Board packet.

³ See pages 115-122 of the 5/7/2020 Board packet.

⁴ See page 123 of the 5/7/2020 Board packet.

So With This in Mind, Let's Examine Staff's Proposed Cost Reductions to Each of the District's Recreation Venues (Including the Beaches) Under its Five Hypothetical Scenarios: I have created spreadsheets (below) depicting staffs proposals insofar as the relevant four cost cutting categories are concerned:

Championship Golf					
	Proposed ⁵	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 2,263,958	(\$ 105,256)	(\$ 133,160)	(\$ 230,687)	(\$ 230,687)
Services & Supplies	\$ 1,113,183	(\$ 49,600)	(\$ 52,380)	(\$ 89,269)	(\$ 89,269)
Central Services	\$ 254,820	(\$ 0)	(\$ 9,500)	(\$ 19,114)	(\$ 19,114)
Capital Improvements	\$ 1,535,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000
Totals	\$ 5,166,961	(\$ 135,856)	(\$ 176,040)	(\$ 320,070)	(\$ 320,070)

Mountain Golf					
	Proposed ¹⁰	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 551,847	(\$ 23,947)	(\$ 26,464)	(\$ 165,164)	(\$ 165,164)
Services & Supplies	\$ 352,789	(\$ 1,576)	(\$ 1,651)	(\$ 2,401)	(\$ 2,401)
Central Services	\$ 58,140	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Capital Improvements	\$ 199,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Totals	\$ 1,161,776	(\$ 16,523)	(\$ 19,115)	(\$ 158,565)	(\$ 158,565)

⁵ See page 115 of the 5/7/2020 Board packet.

⁶ "Budget Modifications Consistent with Venues Open and Operational July 1, 2020" (see page 108 of the 5/7/2020 Board packet).

⁷ "Facility Closure I Curtailment of Programs Thr(ough) July 2020 (1-Month)" (see page 108 of the 5/7/2020 Board packet).

⁸ "Facility Closure I Curtailment of Programs Thr(ought) September 2020 (3-Months)" (see page 108 of the 5/7/2020 Board packet).

⁹ "Facility Closure I Curtailment of Programs Thr(ough) December 2020 (6-Months)" (see page 108 of the 5/7/2020 Board packet).

¹⁰ See page 116 of the 5/7/2020 Board packet.

Facilities					
	Proposed ¹¹	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 136,083	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Services & Supplies	\$ 352,898	(\$ 4,659)	(\$ 7,610)	(\$ 11,492)	(\$ 13,292)
Central Services	\$ 27,420	(\$ 0)	(\$ 1,000)	(\$ 2,000)	(\$ 2,938)
Capital Improvements	\$ 100,000	(\$ 15,140)	(\$ 15,140)	(\$ 15,140)	(\$ 15,140)
Totals	\$ 616,401	(\$ 19,799)	(\$ 23,750)	(\$ 28,632)	(\$ 31,370)

Ski					
	Proposed ¹²	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 4,186,534	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 413,259)
Services & Supplies	\$ 2,058,216	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 2,401)
Central Services	\$ 417,600	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 198,328)
Capital Improvements	\$ 1,192,000	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Totals	\$ 7,854,350	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 613,988)

Recreation Center Community Programming					
	Proposed ¹³	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 1,655,644	(\$ 185,133)	(\$ 224,600)	(\$ 283,262)	(\$ 325,599)
Services & Supplies	\$ 563,979	(\$ 23,042)	(\$ 41,606)	(\$ 62,884)	(\$ 96,847)
Central Services	\$ 133,440	(\$ 0)	(\$ 3,100)	(\$ 6,200)	(\$ 10,600)
Capital Improvements	\$ 455,000	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Totals	\$ 2,808,063	(\$ 208,175)	(\$ 269,306)	(\$ 352,346)	(\$ 433,046)

¹¹ See page 117 of the 5/7/2020 Board packet.

¹² See page 118 of the 5/7/2020 Board packet.

¹³ See page 119 of the 5/7/2020 Board packet.

Community Services Administration					
	Proposed ¹⁴	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 251,978	(\$ 57,274)	(\$ 69,514)	(\$ 83,690)	(\$ 97,991)
Services & Supplies	\$ 79,068	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Central Services	\$ 21,300	(\$ 0)	(\$ 2,000)	(\$ 4,000)	(\$ 6,000)
Capital Improvements	\$ 90,000	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Totals	\$ 442,346	(\$ 57,274)	(\$ 71,514)	(\$ 87,690)	(\$ 103,991)

Parks					
	Proposed ¹⁵	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 428,742	(\$ 23,646)	(\$ 24,479)	(\$ 25,378)	(\$ 26,277)
Services & Supplies	\$ 302,862	(\$ 0)	(\$ 3,127)	(\$ 1,985)	(\$ 5,097)
Central Services	\$ 45,540	(\$ 0)	(\$ 1,000)	(\$ 2,000)	(\$ 3,000)
Capital Improvements	\$ 172,440	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Totals	\$ 949,584	(\$ 23,646)	(\$ 28,606)	(\$ 29,363)	(\$ 34,374)

Tennis					
	Proposed ¹⁶	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 158,007	(\$ 50,502)	(\$ 85,887)	(\$ 97,481)	(\$ 97,909)
Services & Supplies	\$ 63,830	(\$ 4,360)	(\$ 6,500)	(\$ 8,600)	(\$ 10,300)
Central Services	\$ 13,680	(\$ 0)	(\$ 400)	(\$ 800)	(\$ 1,200)
Capital Improvements	\$ 48,600	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Totals	\$ 284,117	(\$ 54,862)	(\$ 92,787)	(\$ 106,881)	(\$ 109,409)

¹⁴ See page 120 of the 5/7/2020 Board packet.

¹⁵ See page 121 of the 5/7/2020 Board packet.

¹⁶ See page 122 of the 5/7/2020 Board packet.

Community Services Totals					
	Proposed	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 9,632,793	(\$ 445,758)	(\$ 564,104)	(\$ 885,662)	(\$ 1,356,886)
Services & Supplies	\$ 4,886,825	(\$ 83,237)	(\$ 112,874)	(\$ 176,631)	(\$ 219,607)
Central Services	\$ 971,940	(\$ 0)	(\$ 17,000)	(\$ 34,114)	(\$ 241,180)
Capital Improvements	\$ 3,792,040	\$ 12,860	\$ 12,860	\$ 12,860	\$ 12,860
Totals	\$ 19,283,598	(\$ 516,135)	(\$ 681,118)	(\$ 1,083,547)	(\$ 1,804,813)

Beach					
	Proposed ¹⁷	Scenario 2 ⁶	Scenario 3 ⁷	Scenario 4 ⁸	Scenario 5 ⁹
Personnel	\$ 1,174,638	(\$ 236,110)	(\$ 282,752)	(\$ 317,396)	(\$ 337,085)
Services & Supplies	\$ 573,175	(\$ 49,899)	(\$ 83,607)	(\$ 84,203)	(\$ 94,653)
Central Services	\$ 118,920	(\$ 0)	(\$ 6,000)	(\$ 12,000)	(\$ 12,000)
Capital Improvements	\$ 454,500	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Totals	\$ 2,321,233	(\$ 286,009)	(\$ 372,359)	(\$ 413,599)	(\$ 443,738)

Note That Under All of These Proposed Cost Cutting Scenarios, the RFF/BFF Remain at Their Current Excessive Levels:

Note That Under All of These Proposed Cost Cutting Scenarios, Capital Spending in Essence Remains at its Current Excessive Level:

Thus if the Board Wants to Reduce the RFF/BFF, and it Refuses to Reduce Personnel, Services & Supplies and Central Services Costs Any Further, the Only Expense Category Left to Reduce Are Capital Improvement Projects ("CIPs"): So with this said, let's examine staff's proposed \$3,792,040 of Community Services and \$454,500 of Beach (see above) CIP expenditures. At pages 144-145 of the 5/7/2020 Board packet staff go through an exercise in prioritizing proposed CIPs. Simply stated, CIPs with a priority of "B" or "C" are admitted to be discretionary and capable of deferral or outright cancellation¹⁸.

Not that I agree with staff's assigned priorities, but I have gone through their proposed Community Services Fund CIPs with a priority of "B," "C" or "A/B"¹⁹ and see they total \$1,905,600.

¹⁷ See page 123 of the 5/7/2020 Board packet.

¹⁸ See page 144 of the 5/7/2020 Board packet.

¹⁹ See pages 146-147 of the 5/7/2020 Board packet.

Thus they can be deferred or deleted and the per parcel/dwelling unit RFF savings over 8,203 proposed assesses²⁰, **will total roughly \$232!** And if I go through staff's assigned priorities of "A," I feel I can disagree with the following vital CIPs: Champ Golf Bear Boxes (\$6,000), Champ Golf parking lot pavement maintenance (\$55,000), 2017 (it's only three years old) Toro Aerator (\$26,000), resurface Chateau patio deck (\$36,000), replace two Diamond Peak shuttle buses (\$280,000), Diamond Peak parking lot reconstruction (\$300,000), replace Diamond Peak facilities flooring materials (\$55,000), Ski arc flash study (\$20,000), replace Diamond Peak staff uniforms (\$135,000), recoat Incline Park bathroom floors (\$13,940), and Community Services arc flash study (\$10,000). If these proposed CIPs were deferred or deleted, it would free up another \$936,940 in savings or over 8,203 proposed assesses²⁰, **another roughly \$114 per parcel/dwelling unit RFF!**

I have gone through staff's proposed Beach Fund CIPs with a priority of "B," "C" or "A/B"²¹ and see they total \$229,500. Thus they can be deferred or deleted and the per parcel/dwelling unit BFF savings over 7,748 proposed assesses²⁰, **will total nearly \$30!**

Let's Not Forget Staff's Phony \$1,132,381 of Proposed Community Services Administration Expenses: At the Board's April 1 and 14, 2020 meetings I submitted written statements objecting to approval of a proposed 2020-21 CIP budget²² and preliminary report for the collection of 2020's/2021's RFF/BFF²³. At pages 204-205 of the 4/14/2020 Board packet and 132-133 of the 5/6/2020 Board packet, I documented how the expenses assigned to the District's Community Services Administration sub-fund are *phony!*

With that said, I refer the Board to page 120 of the 5/7/2020 Board packet. This page represents proposed budgeting for the District's alleged Community Services Administration sub-fund. But for fuels management, the remaining approximate \$451,000 of expenses (over 8,203 proposed assesses²⁰, **another roughly \$55 per parcel/dwelling unit RFF**) represent a like amount of positive cash flow which should be returned to RFF payors.

²⁰ See page 153 of the 5/7/2020 Board packet.

²¹ See page 148 of the 5/7/2020 Board packet.

²² See pages 202-207 of the packet of materials prepared by staff in anticipation of the Board's April 14, 2020 meeting [https://www.yourtahoepace.com/uploads/pdf-ivgid/4-14-2020_BOT_Packet_Regular.pdf ("the 4/14/2020 Board packet")].

²³ See pages 128-134 of the packet of materials prepared by staff in anticipation of the Board's May 6, 2020 meeting [https://www.yourtahoepace.com/uploads/pdf-ivgid/5-6-2020_BOT_Packet_Regular.pdf ("the 5/6/2020 Board packet")].

Let's Not Forget Projected Excess Accumulated Community Services and Beach Fund

Balances: At the Board's April 1, 2020 meeting²⁴ staff shared with the public that as of June 30, 2020, the District was projected to have accumulated a Community Services Fund balance of \$11,590,180, and a Beach Fund balance of \$2,053,632. Remember, these accumulations were possible because of Mr. Eick's "smoothing" and "repurposing" of excess RFFs/BFFs when past bonds were repaid yet the District continued to collect their former servicing costs. Given these sums are well in excess of Policy requirements, they should be returned to the parcel/dwelling unit owners who paid them in the form of reduced RFFs/BFFs.

Additionally as a Cost Cutting Measure, Didn't I Suggest Elimination of a Proposed \$1.2 Million of Marketing Expenditures at the Board's March 11, 2020 Meeting²⁵?

And Didn't I Suggest Elimination of a Proposed \$72,000 of Public Relations Expenditures at the Board's March 11, 2020 Meeting²⁶?

And Didn't I Suggest Elimination of a Proposed \$1,609,000 of Very Easy to Eliminate Community Services and Beach CIP Expenditures at the Board's April 1, 2020 Meeting²⁷?

And Didn't I Suggest Elimination of a Proposed \$72,000 of Hutchison Law Firm Severance Charges at the Board's April 14, 2020 Meeting²⁸? My written statement on this subject recommended terminating the Hutchison firm's legal services agreement for a lesser period than six (6) months and avoiding the need to pay up to \$72,000 in severance fees. Yet at page 66 of the 5/6/2020 Board packet I see where the District is relying upon the severance clause in the a "retainer agreement (that) calls for a six month period of transition... that...will (not) be complete (until) on or about October 12, 2020." This is an unnecessary waste of \$72,000.

And Didn't I Suggest Elimination of a Proposed \$400,000 of Credit Card Processing Charges at the Board's April 1, 2020 Meeting²⁹?

And Didn't I Suggest Elimination of a Proposed \$700/Month in Weather Forecasting Charges at the Board's March 11, 2020 Meeting³⁰?

²⁴ See page 54 of the packet of materials prepared by staff in anticipation of the Board's April 1, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/4-1-2020_BOT_Packet_Regular.pdf ("the 4/1/2020 Board packet")].

²⁵ See pages 166-170 of the 4/14/2020 Board packet.

²⁶ See pages 127-131 of the 4/14/2020 Board packet.

²⁷ See pages 205-206 of the 4/14/2020 Board packet.

²⁸ See pages 104-105 of the 5/6/2020 Board packet.

²⁹ See pages 216-231 of the 4/14/2020 Board packet.

And Didn't I Suggest Elimination of a Proposed \$1,700/Month in Armored Car Pick-Up Charges at the Board's April 14, 2020 Meeting³¹? My written statement on this subject recommended eliminating expenses associated with operating commercial "for profit" business enterprises such as Loomis armored car pick-up services. This is an unnecessary waste of taxpayer monies to be charged against local parcel owners' RFF because it has nothing to do with making Diamond Peak or the Championship Golf Course "available" for their use.

And Didn't Fellow Resident Diane Heirshberg Suggest Elimination of Hundreds of Thousands of Dollars of Proposed Employee Food and Beverage Expenditures at the Audit Committee's April 14, 2020 Meeting³²? I have heard that over the last five (5) years our staff have spent over \$425,000 on their District credit cards for self/colleague food and beverage expenditures. I never knew of the particulars until I read Diane Heirshberg's April 8, 2020 e-mail to Trustees Callicrate and Schmitz³³. There I learned of "pizza for employees working non-stop," "Gung Ho" meetings at Brewforia, birthdays at MOFOS, lunch "after a tough week," food for a "going away party," and our former General Manager taking people out to dinner as "business entertainment." And this is on top of our former Diamond Peak venue manager taking the principals of one of our vendors, SE Group, out to dinner at the Lone Eagle Grille. These and expenditures like them are an unnecessary waste of taxpayer monies.

Conclusion: Hopefully I have demonstrated that we just can't trust our staff's financial reporting. With the unnecessary and wasteful expenditures I and others have heretofore called to the Board's attention, realistically, the RFF/BFF can at the very least be reduced, if not eliminated altogether. And that's exactly what the Board should do. And to those asking why our RFF/BFF are as high as they are, and never seem to go down, now you have another example of the reasons why.

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

³⁰ See page 131 of the 4/14/2020 Board packet.

³¹ See pages 106-108 of the 5/6/2020 Board packet.

³² See pages 55-62 of the packet of materials prepared by staff in anticipation of the Audit Committee's May 6, 2020 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/Audit_Committee_Packet_5-6-2020.pdf ("the 5/6/2020 Audit Committee packet")].

³³ See pages 55-58 of the 5/6/2020 Audit Committee packet.

Herron, Susan

From: Dick Warren <bd1947@icloud.com>
Sent: Saturday, May 9, 2020 10:23 AM
To: Paul C. Navazio
Cc: Winqest, Indra S.; Tim Callicrate; Matthew Dent; Sara Schmitz; Wong, Kendra; Peter Morris; Herron, Susan
Subject: May 7th Budget Workshop

Follow Up Flag: Flag for follow up
Flag Status: Flagged

I just finished listening to the Livestream of the May 7th Budget Workshop. And you have provided 160 pages of numbers, but very little in terms of words behind your numbers. I think the strategy here is “confuse them with numbers but no explanations and/or clarifications”. A few questions/comments that I have:

I think Sara mentioned that \$274 of the Rec Fee relates to bonds that have already been paid off; why are parcel owners continuing to pay for bonds already paid off?

What was your rationale in asking for an \$830 Rec Fee? By July 1st you will have booked around 3-4 months of Rec Fee not needed, and during FY2021 you will probably have another 3 months or so of Rec Fee not needed. So how do you come to the determination that the full \$830 Rec Fee is needed?

I assume this FY20212 Budget is based on Special Revenue Accounting, similar to last year. Linda Newman & Cliff Dobler have volumes on why our Venues should be accounted for based on Enterprise Fund Accounting. I assume you have documentation which clearly stipulates that Special Fund Accounting is the way to go, not only for FY2020 actual results, but for future years too. Can you share with me why proper GAAP accounting should use Special Fund Accounting and not Enterprise Fund Accounting?

I believe that the only Venue that makes money without the Rec Fee is Diamond Peak (Ski). The Rec Center is woefully inadequate, with Community Programs numbering anywhere from 60-90 Programs. Have you reviewed these Community Programs to determine which programs at least breakeven, and how many lose money? For those that lose money, what is the rationale that they should be subsidized by the Rec Fee, and not charge the participants to cover the costs? The Rec Fee was never intended to cover the poor management of the Venues. Either one operates the Venues at breakeven, or you shut them down or outsource them for a fee. But this theory that the Rec Fee is there to cover the inefficiencies of IVGID Management is ridiculous. ZBB (Zero Based Budgeting) is sorely missed at IVGID, you do not have a clue what levels of staffing you need to get things done. And look at all the things you do that are not even needed; marketing, bus transportation, etc.

So let's have a robust discussion of the Rec Fee. This is not a business as usual year, IVGID Management really needs to get in front of a mirror and admit that they now see the problem.

Where is the Board on this Rec Fee issue? Other than Sara's comment on the \$274 relating to bonds already paid off, does any other Trustee think the Rec Fee at \$830 is excessive? If not, why not? The Board needs to remember that the IVGID GM reports to them, not the other way around. As mentioned previously, the only way to get IVGID Management to focus on raising revenues and reducing expenses for the Venues is to set a maximum Rec Fee. Until the Board does that, all you will have is “pie in the sky” discussions that go nowhere. Trustees, isn't it time to step up to the plate and force the issue? As I said before, let's show some intestinal fortitude on this matter.

CIP is still mushy, I have yet to see a definitive listing of what really needs to get done, and the costs associated with those projects. Matthew's comments on past projects that are still out there, but not moving, is indicative of how poorly CIP has been managed over the years.

In the interest of saving time and eliminating inane comments and questions, since Peter Morris can not do a meeting on Monday, May 18th, I would definitely recommend having the next Budget meeting on that date. I view it as "addition through subtraction".

Susan, please include this email as a written statement in the Minutes of the meeting. Thank you.

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2020	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS DUE DATES	ITEMS SLATED FOR CONSIDERATION
06/10	Wednesday	6 p.m.	Chateau	Regular Board Meeting	06/01/2020 8 a.m.	Tennis Center Renovation – Contract Award Water Reservoir Safety Construction – Contract Award Board of Trustees Handbook Board Policy 7.1.0 and Board Practice 7.2.0 (Trustee Dent) Construction Audit Item from 5/6/2020 Lakeview Ski Lift Maintenance and Improvements (Bandelin)
06/24	Wednesday	4:30 p.m.	Chateau	Special Board Meeting	06/15/2020 8 a.m.	Conduct interviews and possible appointment (Audit Committee Members At-Large)
06/24	Wednesday	6 p.m.	Chateau	Regular Board Meeting	06/15/2020 8 a.m.	Championship Golf Maintenance Drainage and Washpad Improvement Project Construction – Contract Award Martis Peak Road Water Main Replacement – Contract Award
07/08	Wednesday	6 p.m.	Chateau – CONFLICT	Regular Board Meeting	06/29/2020 8 a.m.	Back-up date for Champ Golf Maintenance Construction Export Project Manager 7/15 or 7/22 are available at the Chateau
07/29	Wednesday	6 p.m.	Chateau	Regular Board Meeting	07/20/2020 8 a.m.	Review and approve District Indebtedness Report including the Five Year Capital Improvement Project Summary and State Forms Utility Rate adjustments (fee schedules) – pushed out from the April 14, 2020 meeting Provide bid results for the installation of the electrical panels (Bandelin)
08/12	Wednesday	6 p.m.	Chateau	Regular Board Meeting	08/03/2020 8 a.m.	
08/26	Wednesday	6 p.m.	Chateau	Regular Board Meeting	08/17/2020 8 a.m.	
09/09	Wednesday	6 p.m.	Chateau - CONFLICT	Regular Board Meeting	08/31/2020 8 a.m.	09/23 is available at the Chateau
09/30	Wednesday	6 p.m.	Chateau - CONFLICT	Regular Board Meeting	09/21/2020 8 a.m.	09/23 is available at the Chateau
10/14	Wednesday	6 p.m.	Chateau	Regular Board Meeting	10/05/2020 8 a.m.	
10/28	Wednesday	6 p.m.	Chateau	Regular Board Meeting	10/19/2020 8 a.m.	
11/11	Wednesday	6 p.m.	Chateau	Regular Board Meeting	11/02/2020 8 a.m.	
11/25	Wednesday	6 p.m.	Chateau	Regular Board Meeting	11/16/2020 8 a.m.	Typically cancelled
12/09	Wednesday	6 p.m.	Chateau	Regular Board Meeting	11/30/2020 8 a.m.	
12/30	Wednesday	6 p.m.	Chateau	Regular Board Meeting	12/21/2020 8 a.m.	Typically cancelled

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2021	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS DUE DATES	ITEMS SLATED FOR CONSIDERATION
01/13	Wednesday	6 p.m.		Regular Board Meeting		
01/27	Wednesday	6 p.m.		Regular Board Meeting		
02/10	Wednesday	6 p.m.		Regular Board Meeting		
02/24	Wednesday	6 p.m.		Regular Board Meeting		
03/10	Wednesday	6 p.m.		Regular Board Meeting		
03/24	Wednesday	6 p.m.		Regular Board Meeting		
04/14	Wednesday	6 p.m.		Regular Board Meeting		
04/28	Wednesday	6 p.m.		Regular Board Meeting		
05/12	Wednesday	6 p.m.		Regular Board Meeting		
05/26	Wednesday	6 p.m.		Regular Board Meeting		
06/09	Wednesday	6 p.m.		Regular Board Meeting		
06/30	Wednesday	6 p.m.		Regular Board Meeting		

<i>Items sitting in the parking lot (to be discussed but (a) not yet scheduled for a specific Regular Board Meeting) or (b) a future Board not on this calendar</i>
RFID Picture Passes – Item for next Strategic Plan or three years from now – software not available nor is infrastructure/hardware
TRPA EIS Contract at Diamond Peak
WCSD Joint Agreement
Split Ordinance (allow 45 days ahead of action)
RFP for Legal Services

*Budget approval is required after the third Monday however whatever date is selected, a 10-day notice must be given. Must accomplished no later than June 1, 2021.

.ONG RANGE CALENDAR

Friday, May 22, 2020