

MINUTES

SPECIAL MEETING OF MAY 5, 2021 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 5, 2021 at 3:30 p.m. This meeting was conducted virtually via Zoom.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF TRUSTEES*

On roll call, present were Trustees Tim Callicrate, Sara Schmitz, Matthew Dent, Kendra Wong (absent), and Michaela Tonking.

Also present were District Staff Members Director of Finance Paul Navazio, Director of Public Works Brad Underwood, Interim Director of Human Resources Erin Feore, General Manager Diamond Peak Ski Resort Mike Bandelin and Director of Golf/Community Services Darren Howard.

No members of the public were present in accordance with State of Nevada, Executive Directive 006, 016, 018, 021, 026 and 029.

C. INITIAL PUBLIC COMMENTS*

Dick Warren said once again the Director of Finance has created hundreds of pages of garbage which does little to highlight the issues confronting IVGID. But there are at least 2 decent pages, pages 29 & 39 of his Budget Workshop packet. Page 29 is the income statement for Community Services Funds (CSF), and page 39 is the income statement for the Beach Fund (BF). Unlike the many, many worthless pages of cash flow statements, these 2 pages are useful to review because they show ALL revenues & ALL expenses related to CSF and the Beach Fund; however, the CSF page should be expanded to show every Venue that comprises CSF, like Golf, Ski, Tennis, etc. For CSF operating net income is about \$1.4M; however, that includes a Facility Fee subsidy of around \$5.3M. BTW Moss Adams specifically pointed out that the Facility Fee SHOULD NOT BE shown as operating revenue, it should be shown as Non-Operating Income (but the Director of Finance chose to ignore that advice). So without the Facility Fee CSF loses \$3.9M; that is how far underwater IVGID is when it comes to breaking even on all the Venues in CSF. In other words, revenues must be increased and expenses decreased to breakeven, especially labor costs, but is our GM ready to do that?

The same is true for the Beach Fund, it loses \$31k in operations even with a Facility Fee subsidy of almost \$1.4M, without it the loss in operations is around \$1.4M. As we all know the Venues should be breaking even on operations, but they aren't even close. Without that Facility Fee CSF & the Beach Fund are losing around \$5.3M combined. That is horrendous, and shows just how poorly managed IVGID is. Will any Trustee ask the Director of Finance why this kind of information (losses by Venue, the expansion of page 29) is not being shown? Perhaps even demand that it be shown? General Manager, you have been a terrible General Manager, you do not have a clue what to do to fix IVGID, and pages 29 & 39 document your failures. Bagman Director of Finance tried to limit the damage, but the simple fact that you cannot breakeven operating IVGID's Venues points to the need to go outside and outsource where necessary and bring in "COMPETENT" folks to run these Venues. Trustees, are you willing to challenge the General Manager on his Budget? Are you going to ask him why IVGID loses \$5.3M in Operations? Or are you going to roll over and do nothing? My prediction, the latter. Thank you.

Ellie Dobler said she would like to address the end of the April 29 Board meeting. But first some history, Trustee Wong has been trying since last January to have Audit Committee At-Large Member Cliff Dobler removed from the Audit Committee with no concrete reason except she doesn't like his behavior. Audit Committee At-Large Member Dobler was largely pointing out all the inadequacies of the previous Audit Committee of which Trustee Wong was a member; actually he reported accounting irregularities for the last 5 years which she ignored. At the same January 13, 2021 Board meeting, Trustee Wong accused Trustee Schmitz and to a lesser extent Trustee Dent, both members of the Audit Committee, of being the cause of Senior Staff leaving. You can read about it in the January 15 edition of the *Tahoe Tribune* titled "IVGID Trustee Wong addresses exodus of District Staff". Is this professional behavior on Trustee Wong's part? She thinks it is unethical. Getting back to April 29, at the end of the meeting, she enjoyed Trustee Callicrate's remark in thanking the Board for their professionalism. She assumes it was sarcastic as she didn't see much professionalism in Trustee Wong referring to Audit Committee At-Large Member Dobler as a racist and needs to be removed from the Audit Committee. Here we go again, Trustee Tonking seconds Trustee Wong's remark as if it was a motion on the floor then District General Manager Winquest chimes in as if he was a member of the Board. She doesn't recall Chair Callicrate calling on him. All so professional – really? Even the attorney had to pop in to stop the deliberation. Racism is a hot topic now so calling someone a racist is a very serious accusation in our present climate and should not be used lightly. Is slander and name calling your best attempt to have Audit Committee At-Large Member Dobler removed from the Audit Committee Trustee Wong? You obviously can't come up with a better one. She would expect an apology from Trustee Wong, thank you very much.

Cliff Dobler said tonight's budget presentation has several pages titled Statement of Sources and Uses which are not appropriate and the format may possibly have come from a Chinese government accounting manual using names like function, class, funded capital resources and transfers in and out. The format is certainly not GAAP or what the States wants nor in any Board policy. Nowhere in these pages can a reader determine what revenues, expenses and standby service charges or facility fees are intended for each of the recreational venues. So these pages are worthless. GASB and the State requires two specific statements for enterprise funds – a statement of revenue, expenses and a change in net position and a statement of cash flows. The formats can be found in GASB 9 and GASB 34. Only one page which aggregates all of the Community Services venues is presented according to GAAP. A related statement of cash flows does not exist. Another matter, in his conversations with the Moss Adams representative, he claims that the facility fees subsidizing Community Services venues are not operating revenues but are non-operating revenues and should be classified as such. The fees are imposed on citizens and the classification is a charge for services is bogus as many citizens may or may not use the facilities or join the community programming. Concept statements have been published by the GAAP of supporting his claim. Trustees for years have stated that the facility fees are a subsidy since the Board has never been able to establish its charges for services to cover the aggregated bloated expenses, depreciation and debt service. Why? Because they can impose a lien on citizens' properties. Lastly, he believes it is wrong that 3 Trustees who have been on the IVGID Board for the past 5 years have approved budgets to collect unnecessary facility fees in the Community Services fund which has resulted in a massive over amount of money far and above appropriate reserves. At the end of the new budget year, over \$7 million will exist and there is no indication of the Trustees willingness to commit these excess funds to anything. According to the 5-year forecast, the excess will grow to \$8.5 million. The budget for the upcoming year alone reveals \$1.8 million of facility fees is budgeted for direct operating expenses however only \$400,000 is needed. Why? Can the Trustees please put the brakes on IVGID's management appetite for excess charging of facility fees and tell citizens how they intend on spending the money on hand and committing it to something otherwise return it? Thank you very much.

Mike Abel said he would like to refer you all to the deplorable behavior of two of our Trustees and our General Manager on Thursday evening 4/29/21 at the very end of the meeting. In the public comments section, Mr. Cliff Dobler brought up a serious issue of a lack of clarity on couple discounts on our Golf Courses and at the Rec center. Mr. Dobler was not acting as a member of the Audit Committee, but rather as a private citizen. In his comments he used a twist of the English

language that in Latin is referred to as, “argumentum ad absurdum”. In this nuance, he drew the most absurd (and also quite humorous) reference to the most absurd situation, where he would present himself holding hands with Chairman Callicrate and demand the couples discount. He was obviously pointing out the lack of clarity on partner discounts, and obviously suggesting that the Board and our GM address the issue at some point in the future. Trustees almost never answer the public’s questions or comment on any member of the public’s 3-minute comments. Chairman Callicrate did decide to respond which is fine. And to his credit he brilliantly responded with an entertaining and humorous rejoinder to Mr. Dobler. Then in an outrageous, inappropriate and disgusting manner, Trustee Wong attacked Mr. Dobler as a **sexist and racist** and saying that she was appalled by his comments and saying that he should be removed from the audit committee. Then as a rejoinder Trustee Tonking and District General Manager Winquest echoed Wong’s comments. Only the intervention of our attorney stopped this outrageous and illegal display of inappropriate behavior. As a long-time friend of Mr. Dobler, I know him to be kind and respectful to every person that he encounters. To call him **sexist and racist** is totally unjustified and outrageous. It is evident that in the last months that Mr. Dobler has been on the Audit Committee that he has uncovered scores of errors of mismanagement in the halls of IVGID. The fact that Trustee Wong is now embarrassed that she presided over a do-nothing Audit Committee for 5 years and let former General Manager Pinkerton and current General Manager Winquest operate on autopilot is no reason to attack Mr. Dobler. The fact that the two Trustees and General Manager Winquest like the “no oversight” status quo and as a result detest Mr. Dobler is no reason to call him **sexist or racist**. You three have absolutely no basis to make this accusation. **Your hatred for him blinds you three to the:** 1) Obvious humor of his comment. 2) The serious nature of his critique of the “couples” discount which was never addressed. 3) Your ignoring District policies regarding non-agenda items. 4) His superior ability to understand complex accounting issues at a level that none of the three of you are capable of understanding or reconciling. 5) The fact that speaking as a private citizen your comments border on libel and slander. Your ignorant and outrageous comments would not be justified in a 6th grade playground spat and certainly were not justified at the Trustee meeting on Thursday night. He continues to demand that all three of you apologize to Mr. Dobler publicly.

Joe Wolfe said he is calling in reference to what Mr. Dobler said at the last meeting, it is inappropriate, it was unfortunate and it just goes to show that Mr. Dobler speaks before he thinks. It is a terrible situation that the Board of Trustees has created themselves by allowing private citizens in a place where it should be people who are elected and only elected to look at the finances and get it done. You are shrieking your own duties by allowing private citizens on this committee. If you want outside advice, go to your auditors. That is all he has to say, thank you.

Aaron Katz said he has written statements to be included in the minutes of the meeting. Each of you Board members owes a fiduciary responsibility to each of us parcel owners to follow the law and not to lie to us yet you are proposing a CIP budget which contains millions of dollars of unnecessary, wasteful Staff wish list projects and proceeded to go over specific items. He shared his list that would slash the aforementioned and others by \$3.14 million that would reduce the Recreation Fee to \$343 and if the Board members had any guts, that is what you would do. Why tells us you require a Recreation Fee when on page 27, you require less which would reduce the Recreation Fee by \$184. Why tell us that there are 8,203 parcels accessed the Recreation Fee when you have been put on notice that the number is considerably more? Why adopt a Recreation Roll report that lies to the public in so far as what the Recreation Fee really pays for? It is because none of you care, breaking fiduciary duties, and you put Staff first and we parcel owners last. It is all wrong and we know it. He hopes you will too.

Margaret Martini said whoa, what an ending to the last board meeting! The false accusatory comments directed at Cliff Dobler, Audit Committee member, by Board Member Trustee Wong, and seconded by Mina bird Tonking, and then to be endorsed and added to by the General Manager Winquest was breathtaking. Our Board Chairman Tim Callicrate seems to forget the malicious diatribes that were distributed by Trustee Wong and her True Blue Facts group during his campaign. There are printed statements of bigotry and racism galore directed at Mr. Callicrate along with quoted statements like "worthless shits" ... directed at the Union soldiers who fought to end slavery. And "cannot believe so many folks think BLM AND ANTIFA are ok but neo-Nazi and white supremacist are not". Yes, we have printed copies of these postcards paid for and distributed by Trustee Wong and her group. Yet, Board Chairman Callicrate jumps in to the accusations against Mr. Dobler. She finds it astonishing that a political hack, Trustee Wong, would attempt to discredit one of the finest members of our community, an outstanding citizen and member of the Audit Committee which has uncovered so many financial irregularities that have ripped off this community for millions of dollars. And the General Manager has the audacity to not only chime in on the racist and sexist accusations made by Trustee Wong, but to call for Mr. Dobler to be removed from the Audit Committee. Is this just an excuse to remove one of the committee members who is knowledgeable and outspoken of the mess and misappropriations of funds that seem to be prevalent in the IVGID financials? Mr. Dobler's statement was NOT racist by any stretch of the imagination or sexist and to accuse him of that is public slander by Callicrate, Tonking, Wong and Winquest. He was asking for clarification of the "couples" designation in pricing at the venues. Their comments qualify them for removal from their positions as Board members and General Manager and she is going to include exhibits with her public comments.

Frank Wright said good afternoon. He is going to draw a picture of absolute bizarre behavior by our governing Board. At the last Board meeting we all know that Trustee Wong, Queen of the True Blue Facts, pretends that she is the matron of community consciousness. Trustee Wong launches an attack against our fellow residents and stellar member of the Audit Committee. This vicious and totally unwarranted tirade against Mr. Dobler was plain pathetic. Trustee Wong alleged that Mr. Dobler's public comments were sexist and racist, we have heard that today and she states that she was offended and appalled, really. To add to the ludicrous outburst, Trustee Tonking jumps in, she seconds it, she agrees with it. He doesn't think she understood it but not to be outdone, here comes the General Manager. He jumps in and starts acting like the sixth Board member, which he thinks he thinks he is, and without permission, which has been explained today, he starts his tirade against Mr. Dobler and he demands that he resigns or that he be removed or that he shouldn't be on the Audit Committee – unbelievable. If you watch the Livestream, you will see the General Manager typing away prior to his comments and he believes that he was in direct communication with Callicrate, Wong and Tonking and which prompted Wong's comments. The General Manager thinks he is a member of the Board and Callicrate has basically given him the Board Chair. Callicrate said that he believed that Trustee Wong has something to say. Now how would you know that? Serial polling during a live Board meeting as all three asked for Mr. Dobler to remove from the Audit Committee is a coincident, orchestrated absolutely. Not one of these fine upstanding Board members had concerns that Mr. Dobler had uncovered another rip off. Trustee Wong, the architect behind True Blue Facts, a pathetic politic PAC that slammed Chair Callicrate and Trustee Schmitz using the words "Hitler" "Kul Klux Klan" to imply that Chair Callicrate was a Nazi and to top it off, she lies about her involvement. She tried to undermine the candidacy of those opposing her to enhance her own candidacy. Mr. Dobler pointed out that a couples group walking in and getting golf passes is going to save \$1,150 on their two passes. That is outrageous. Are they all couples or do they just say they were? Anyway, what he is getting at here is that Mr. Wolfe has popped in here and he just has outstanding information, yeah, right. We got problems and someone needs to tell the General Manager that he should be asked and that he should have permission before he interjects himself into any Board meeting. You are not a Trustee and every time you do that, it's an open meeting law violation. And your comments about asking for Mr. Dobler's head, is really, really unprofessional. You know that is just not stuff that happens in real life.

Chairman Callicrate asked District General Counsel Nelson that if he has been accused of something that is blatantly false, does he have the opportunity to rebut that or should he do that via a letter to them rather than in the public comment section? District General Counsel Nelson said it is your discretion, to a certain

extent, as the Board members have the ability to briefly respond to public comments but we don't have the ability to allow those discussions to turn into deliberations and that is an issue that the Attorney General pointed out in a recent open meeting law complaint. but not turn into a debate. So, in response to your question, you can briefly respond or in another way; it is up to you. Chairman Callicrate said he will respond privately as he doesn't want to give the accusers any more time than they have already wasted in today's meeting. It is one thing to be bringing forth valid public comments than to turn it around and attack the people that you are accusing of attacking someone else as it is just ridiculous and ludicrous so that will end that.

D. APPROVAL OF AGENDA (for possible action)

Chairman Callicrate asked for changes to the agenda; no changes were submitted thus the agenda is approved as submitted.

E. GENERAL BUSINESS (for possible action)

E.1. 2021/2022 Budget Workshop: Continuing discussion of the District's Fiscal Year 2021/2022 Budget (Presented by District General Manager Indra Winqest and Director of Finance Paul Navazio)

District General Manager Indra Winqest said he wants to apologize to the Board and the community as he was frustrated during the restroom item and would have been more productive to address that outside the meeting. His emotions got the best of him, which is not like him, and he does apologize and desires to move forward.

District General Manager Winqest thanked the Board for starting this meeting at 3:30 p.m. today and gave a brief overview of the submitted materials.

Director of Finance Paul Navazio went over a PowerPoint presentation which will be posted to the website following this meeting. During this presentation, the following questions/answers were made:

Trustee Schmitz: Diamond Peak revenues were reduced because of the Hyatt Shop – puzzled by that?

Director of Finance Navazio: Staff discovered a double counting of revenue as there is another cost center where revenues were assumed.

General Manager Diamond Peak Ski Resort Mike Bandelin: Added that this was admission and fees and that the Hyatt Sport Shop was included in one account and that all tickets sales were done through e-commerce so we will be going to that method thus we removed those monies from that cost center because it was included in another account.

Director of Finance Navazio: On page 58, it is reflected in the line item budget where they were removed.

Trustee Schmitz: What was interesting was that Director of Finance Navazio stumbled on his own words and adding \$233,000 to fund balance up here in sources using \$317,000. The fund balance needs to be brought down so we can see it because as this is presented it is not clear to the public to see the funded public resources and the use of fund balance. We need move these, rename them and have them brought down so the general public and everyone can understand where we use fund balance and where we don't. She has reviewed all the project data summary sheets and she is really pleased that they are classified in four ways – capital maintenance, equipment and rolling stock, major projects, and capital improvement. Thrilled by that as classified as maintenance projects is another delineation we need to make and we have to update our policies. And if we have updated project data sheets, it will be pretty simple to have that broken out and using those terms differently.

Chairman Callicrate: Is the way Trustee Schmitz wants to do it more correct or for clarity or how it is done here?

Director of Finance Navazio: Prefer the method that Trustee Schmitz is presenting because (1) he typically shows revenues and expenses and if there is a delta, then by definition that is fund balance; and (2) the reason why traditionally shown under sources is because that is how we are asked to show on the State Form 4404. Personally, he would prefer how Trustee Schmitz said. When we show the funded capital resources, it is never going to be an actual against that budget, we will always have to explain it, under budget because there is no transaction to do that, and more than happy to pursue the approach noted by Trustee Schmitz with the understanding that it will show differently on the State forms.

Trustee Dent: Agree with showing how Trustee Schmitz suggests as it would make it a little clearer. Data sheets for the projects – flipping back and forth between 5 year CIP and the data sheets, it is difficult to pinpoint, can a reference be made between the summary and the data sheet?

Director of Finance Navazio: Included here are only the data sheets for Year 1. They are produced by project number. We will work on that suggestion to make it easier.

Trustee Dent: By pulling all the rolling stock out of here, it will make it much smaller.

Director of Finance Navazio: The data sheets do have drop down menu items, these have been in these data sheets all along, just note, pending update of the policy, it is not uncommon, and more common, that equipment and rolling stock and including IT infrastructure to remain in capital and can have that conversation, yes, we will be able to segregate it more. Working on setting up different cost codes as well as further delineating information.

Trustee Schmitz: Understand that refinements that are forthcoming and that this is not all capital improvement and should change it to capital project as the terminology is not correct and should be changed.

Trustee Schmitz: Wants to express her concern about the Utility Fund, page 20. Funded capital resources which is fund balance and look at the bottom line, the utilities are negative for this particular year. Her concern is because the Board has restricted all of the \$2 million, which is now up to \$11 or \$12 million, that setting that aside, there is only \$800,000 remaining and that takes it down to \$520,000, and with \$150,000 being for TWSA, it leaves us with \$150,000 as a balance so she is very concerned with that. Based on central services allocations, without IT, and we are negative for this year. The Utility Fund does not have enough reserve, we all know that, and it is not a surprise, but that she wanted to articulate that for her fellow Trustees as part of it is TWSA.

Trustee Dent: We have \$2 million rolled into \$12 million so should that be pulled out as non-operating income because we know it is part of the effluent pipeline?

Director of Finance Navazio: The Utility Fund has consistently shown the full amount for revenue there, thus far, those have been considered operating revenues. Don't know if it changes the budget, it is a question worth considering and raising with our new auditors when it comes to the financial statements when we are segregating out items. If one wants to focus on the \$2 million for effluent pipeline, the capital includes a large number for the effluent pipeline and if you remove that then you must remove the revenue and expense components. When we get to the five year forecast, it has been confirmed by both past auditors and Moss Adams, the amount of the funds reserved for pipeline is part of our unrestricted financials and that these are not legal restrictions rather just a policy thus the net position is fairly positive however Trustee Schmitz has pointed out that with the reservation made by the Board, the Utility Fund does not meet the 25% reserve as to policy with the drawing down of fund balance and potentially dipping into the reserved funds.

Trustee Dent: The point he was trying to make is that we are underwater, \$500,000 on page 20. If we were doing these things correctly, in years past, we didn't restrict those funds and try and show them differently and how we are separating them, did we all understand that we were running really tight and adjusting such that money was to go to operations and then, depending on the rate study this fall, do we let the client know that it isn't for the pipeline if that is what we need to cover the shortfall?

Trustee Schmitz: She agrees with Trustee Dent. Agenda packet page 20 shows that with that funded capital resources and stated fund balance, it would be really clear to see how close we are. With the TWSA, we cannot have a fiduciary fund co-mingled, which is on agenda packet page 25, where it shows TWSA is going to be negative by \$12,000 so do they have their own fund balance and will they be dipping into their own and if it is co-mingled into our Utility Fund, we should take corrective action to get that removed.

Director of Finance Navazio: He wants to be careful with terminology as TWSA is treated as a liability account, is not in our unrestricted position, and showing as a liability on our balance sheet. He would note on page 20, part of the things we need to work through on this is that it doesn't meet the definition of a pure fiduciary fund because we have Staff costs charged to the fund. There are District Staff that are funded out of this fund and that if this was a true fiduciary fund, we should be billing an amount to TWSA. He is working with our Controller and we will bring it up with our auditors as we will segregate it from Fund 200, as a minimum as a sub fund, and make adjustments accordingly. The 5-year forecast does show exactly what is going on.

Trustee Schmitz: If we could all look at page 27, look at the line, facilities fees, \$5,300,000 and that it is the entire facility fee for community services include capital projects and debt. So this is the full amount. Operating, capital and debt. Down to transfer in of \$3,000,400 for capital projects and debt – appears it is in here two times – she is concerned about it as it is a big number, big change and it affects the bottom line and she wanted to highlight that.

Director of Finance Navazio: It is a roll up of all the funds and that Trustee Schmitz is correct on the entire fee under Facility Fee which is a presentation issue that doesn't impact the bottom line. Rather than considering the \$3.4 million is offset by the transfer out by uses, it is kind of a wash, so you end up with \$5.3 million. We are showing the roll up with the majority of this in Fund 360 and transferred out of Fund 360 and into Funds 320, 340, and 350. Go to Fund 360, the Facility Fee that is being collected, transferred out, and then what is coming to golf is \$600,000.

Trustee Schmitz: It doesn't make sense what is getting transferred out and added in again as that \$3.4 million hasn't been transferred out.

Director of Finance Navazio: It is into those other funds.

Trustee Schmitz: Keep the \$3.4 million in here and adding capital and debt again and taking it out; if this is presentation, then the presentation should be changed.

Director of Finance Navazio: When we had this in an earlier presentation, comes into Fund 360, it is transferred out, and then it goes to golf and ski, etc. The confusion is that this is a roll up and that if we just show the individual funds, we don't have this issue. When we roll it up, we have this issue and he will argue that it is a presentation issue. This transfer doesn't even exist because the State views differently.

Trustee Dent: Why is everything going into Community Services Administration? It is almost like saying we are doubling up and we are double counting. If it is just a reporting thing perhaps we could clear it up with a definition or putting a note in here explaining it? Trustee Schmitz does have a valid point.

Trustee Schmitz: Moss Adams has told us that the facility fees are supposed to be down below and identified as not necessarily a revenue. Facility fees are an issue with the reporting.

Director of Finance Navazio: It speaks on how we are showing it on another document. This doesn't impact the bottom line. Go to page 16 where we have the same problem - dual appropriations - three categories are transfers, internal services, and central services overhead. Anytime we have expenses and revenues rolled up, it is not wrong, as it is between funds. It is just a budgetary reality when we do fund accounting and transferring. Staff will work on the presentation and will meet with Trustee Schmitz. Do need to maintain some items for the State.

Trustee Tonking: When we give this to the Department of Taxation, this won't show up?

Director of Finance Navazio: We don't give them this document as the State doesn't want to see these transfers.

Trustee Tonking: What about interfund transfers?

Director of Finance Navazio: Yes, that will be on the form. Example: General Fund to Community Services Fund, same problem, want to see that because it is between funds but Staff can delete it from this form.

District General Manager Winquest: Staff understands where Trustees Schmitz and Dent are coming from as he has the same questions. It doesn't impact the integrity, it is clearly a presentation issue, and we can look at how we can show it in a more transparent way. After getting an explanation, he can see it both ways and it doesn't impact the overall integrity of our financial statement.

Trustee Schmitz: It sounds to her, based on the explanation, we have created this problem with transfers in and out. Why don't we move the money into the venue where we allocated it and if we did that, we don't have all the transfers going on which is causing the duplications and align it with the Recreation Fee allocations? She doesn't know why we can't move this immediately into those funds as it would fix this particular problem.

Director of Finance Navazio: Yes, he was going to note that and yes, we could do that however that is not how it has been handled in the past. We will look at that and his concern is that we don't set the Facility Fee based on any year's given capital plan, we don't designate what projects are set for what year, etc. Staff has told him that even the transfers that are put in there are somewhat subjective because there is no expectation on funding and we record to actuals. This is definitely worth exploring as it would solve the problem.

Trustee Schmitz: We used to do it that way as it was clearly delineated by capital and debt and she would ask that we incorporate this into our Recreation Fee, go back and tie it together as it allow us to direct allocations of the Recreation Fee which make things much clearer and much more clear to the parcel owners.

Director of Finance Navazio: What would happen when we do that, and it would be helpful to do this at the end of each year, is those dollars reside in the Community Services Fund as opposed to have it in each fund. The concept is sound and the concept would preclude the need for transfers.

Trustee Schmitz: It would communicate to the parcel owners to see what we are allocating and how much we are subsidizing. When it is grouped all as one, it doesn't make it clear and that this is a very important step to take as part of our budget.

Trustee Dent: He does not remember the reason we got away from showing the numbers and it not matching up. There were some discrepancies and there was a reason why we removed it. We just need a simple way to show how it is divided up between capital and debt.

Trustee Tonking: Is it possible to run both side by side as we will still have some transfers at the end of the year but to see what that suggestion looks like?

Director of Finance Navazio: The budget is easy but the actuals may be another issue. Another way to solve this is to have all the capital in one fund. Struggle with the Ski Way project because he doesn't know if that actually belongs to Diamond Peak. We do have capital that might be split and the more we go down to pigeonholing things into funds, it does tie the District's hands. There are implications for how we do this and if the concern is presentation, that is easy to fix. Staff is hesitant to change how we are

fundamentally doing it without working through an entire year. Our auditors will only look at one fund.

Trustee Schmitz: Suggested going back to prior to 2020 and looking at those forms as that is where it shows there is no debt funding and the debt is assigned to them.

Director of Finance Navazio: There was a time when all of the facility fees were lumped into together and there was debt paid by all and that happened because of allocation. Yes, changes can be made and this discussion is really helpful going forward.

Trustee Schmitz: This is very clear and the public gets a clear picture on what they are subsidizing and if we can avoid the problems created by the transfers, then let's do it.

Director of Finance Navazio: The District is not short on revenues.

Trustee Schmitz: Did she hear correctly on the statement of income and expenses and on moving the facility fee to non-operating income - did she hear that correctly that will be a change?

Director of Finance Navazio: It will still be a revenue source and Staff still needs clarification on as it is one thing if it is operating or non-operating income. Mr. Dobler and Ms. Newman argued that it should be shown be as charges for services and Moss Adams agreed as shown as charges for services and on this statement is a different question. As an example in the Utility Fund, all charges are shown as charges for services. Non-operating is not by way of routine operations, that said, something we will look at and we may be modifying our financial statements as we prepare the comprehensive annual financial report and audit but not this budget that the Board is approving.

Trustee Schmitz: She believes that we have all been informed that contra revenue was no longer being done, yet it is still being done, on agenda packet pages 62 and 67, punch cards utilized which is only reflected in Community Services Administration and she thinks that should be changed.

Director of Finance Navazio: He does have a discussion a little later in the presentation; it is an excellent topic for discussion.

Chairman Callicrate called for a break at 5:31 p.m.; the Board reconvened at 5:48 p.m.

Trustee Dent: He would love to see the Incline Beach House funded and to see more than \$100,000 going there. He would like to see whatever we need to fast track this project and begin working on it next summer as that would be awesome. Back on page 73, the Mountain Golf course, the Board did ask

Staff to look into electric carts however he doesn't remember it coming back to made the switch to electrical carts when our carts use a few hundred gallons of fuel. This is spending \$500,000 to mitigate this problem, which seems like a lot money, so he would love to see this project removed from this year's budget. He is all for being green where it makes sense however he doesn't see it for this project with the little amount of fuel we use at the Mountain Golf Course.

District General Manager Winqest: He would love to get the Incline Beach House project going as soon as possible and that the plan was to bring back an item this summer to determine a path with a scaled down facility and discussion about other items at the beaches such as the gates, etc. The Board needs to have that large discussion so that Staff understands the expectation for project development. Staff can look at utilizing the money for design, depending on timing, we can get it started. On the Mountain Golf Course golf carts, it was left off at the analysis, and Staff is open to more discussion on the evaluation of electric golf carts.

Chairman Callicrate: In agreement with Trustee Dent on the Incline Beach House as the majority of community said it is time to do something and not the grandiose plans and ideas but something that is more appropriate. Let's get that at the forefront as it is at the top of the legacy projects/priority projects for the Board so it is important to not let it get lost; let's bring it up at one of the upcoming meetings. If we need to engage outside assistance to help us move it along, let's do it. At one point, it looked like electric carts might work at the Mountain Golf Course, however he is with Trustee Dent, as he can't see how we can justify an electric cart fleet that will be used minimally.

Trustee Schmitz: As it relates to Parks, the bike park was not completed per the permit. There is landscaping and protection that was supposed to be implemented for the SEZ area and she doesn't see anything on that as we do need to protect that SEZ area. On the beaches, something that District General Manager Winqest has said, with COVID, we have had far fewer issues with reserving chairs yet there is \$12,500 in here for them so do we want to be spending that? As it relates to flatscaping and retaining walls, we are doing a lot of hardscaping and not softscaping. Along the fences, it is looking unkempt so we should expend some monies to visual improve and do some additional landscaping that would be more visually valuable instead of hardscaping.

District General Manager Winqest: Bike park – we do want to have a grant funded project at the bike park, we have been working with ITF and there are some monies left in accounts to do some site civil work to work through Phase 2. There has been a request to look at County 4B funds, do

know that the permit is expiring this October, and we are hoping for an extension if a project is a go. The monies in the budget is for picnic tables as Staff really enjoys not having to deal with the chairs. Flatscaping – have deferred and we are replacing railroad ties. Have talked about the landscaping along the fences and he will make sure that Parks has enough dollars to do the improvements there.

Trustee Schmitz: Landscaping outside the beaches – is that Parks or the Beach Fund?

District General Manager Winquest: Beach Parks as a maintenance expense.

Trustee Dent: One of the things that has been neglected is the fence – can we get them re-powder coated or have the paint touched up? If we weren't irrigating them, we wouldn't have to repair them. Maybe painting is a better alternative especially how we like to irrigate our fences.

District General Manager Winquest: Agree and we will check with Parks on that situation. It would be helpful to hear from Trustees Schmitz and Tonking about the Incline Beach House and golf carts as it would be important to know if there is a consensus.

Trustee Schmitz: She agrees.

Trustee Tonking: She agrees on the Incline Beach House. On the carts, she would like to have the information and be cognizant of the effect on the lake so she would like more facts on the electric carts.

Chairman Callicrate: Dog park – how are we moving forward on that? Have people who have been patient for 22 years so where are we on that project?

District General Manager Winquest: We are trying to coordinate schedules to set up meeting at that parcel. If we can get a special use permit late spring/early summer, we can work through whatever we need. Staff will be coming to you during the next budget cycle for a project.

Trustee Schmitz: In our General Fund, we have excess fund balance over and above what we should have for reserves. For some of these projects like the dog park, bike park, etc. can we consider having those projects funded by the General Fund and recognize it can be used by the general public or move the operations of the Parks over to General Fund – where are we in evaluating this process?

Chairman Callicrate: Complete renovation/rebuild of the Village Green and we have this fund balance and how can we best use it for items that are available to the general public?

Trustee Dent: The Recreation Center has public restrooms – can we use the General Fund to pay for that project?

Director of Finance Navazio: Generally speaking, the Board has maximum discretion on how to spend so that is entirely up to the Board. There is capacity to support one-time capital or other expenses and there needs to be some thought about funding reoccurring expenses.

Trustee Dent: He is throwing it out there as an idea as this is what the General Fund is for. We had been kicking around separating the rolling stock from the capital – when will we see that? Love to see this revamped as we did really good with the popular reporting and revise CIP reporting would be a win-win.

Director of Finance Navazio: Reformatting this presentation to separate Fleet is relatively easy and Staff may include that in the materials for the final budget adoption. As to changing where it is shown, Staff will look at that over the next several months as there is a lot of rolling stock that is capital equipment and not a capital project but a fixed asset. We can roll up to one-line item or make it an Internal Service Fund and he likes the idea of looking not at just this list. We will take the next step and then work with Staff on how we might revamp it.

Trustee Dent: He keeps bringing it up, did so several years ago, brought up having a policy and a clear plan for Staff. He has said, in the past, that some of these items should be going a lot longer than they do given that we are a small little town and it doesn't take too many miles to go across it. He likes repairing where we can, creating a policy for Staff, understand the pros and cons, the Board needs to way in and the Board should have a policy.

Director of Finance Navazio: Fleet Staff went through this plan and pushed out as many pieces of rolling stock they could so this might be a good window to have that conversation.

Trustee Schmitz: Is planning for the life cycle for rolling stock a component of the capital policy that is being refined and developed?

Director of Finance Navazio: Yes, determined by policy and part of the policy should be informed by the assets in our organizations – experience and management thereof.

Trustee Dent: Raftelis did ask him about that; seems like something they were going to weigh in on.

Director of Finance Navazio: Assumption is looking at entire organization, Fleet represents a pretty big component of our fixed assets and he assumes they will be looking at this as part of our study.

Trustee Schmitz: Maintenance of pavement - given the fact that our Utility Fund is upside down, these things really need to be evaluated and there needs to be a way to find a path to improve the Utility Fund.

Director of Finance Navazio: Concur with Trustee Schmitz, you will see on page 72, some changes that were made to reduce costs which he explained.

Trustee Schmitz: Can we have the labels on the Capital Maintenance Projects cross reference each other?

Director of Finance Navazio: We are heading there.

Trustee Dent: Asked about expensed versus capitalized.

Director of Finance Navazio: Provided an explanation that yes these are expensed.

Trustee Schmitz: Page 96 doesn't match page 75 for beaches.

Director of Finance Navazio: Page 75 is just year one, page 96 would be the five year.

Trustee Dent: The bridge at the beaches - Ski Beach replacement for \$250,000 – can we shrink the budget or do just one bridge?

District General Manager Winquest: Reduced the budget but the bridges are expensive.

Trustee Dent: If for two, seems more reasonable.

District General Manager Winquest: Will verify and get back to Trustee Dent.

Schmitz: Did we skip over the Central Services Cost Allocation?

Director of Finance Navazio: Shows this year and next year.

Trustee Schmitz: Part of the costs is Information Technology (IT) because IT isn't being charged out. Central services cost allocation needs to be reviewed and made more robust. A comment was made that the General Fund was up to the Board – does that mean that the Board could use the excess funds at beaches or at Utility Fund? Is it that liberal?

Director of Finance Navazio: There is very little to no legal restrictions on the General Fund dollars but that does need verification. He believes the Board could but Board policies, etc. may come into play. In terms of State of Nevada, GAAP, GASB, etc., the General Fund is the only funding source available to the governing body and there are some items on Utility Funds – generally speaking, fully discretionary.

Chairman Callicrate: Because the beaches aren't available to all, he doesn't know.

Director of Finance Navazio: Will look at that, one could argue that it has public benefit.

Trustee Dent: He wants to allocate as much of the Recreation Fee to the beaches to fast track the beach house project. Let's fund the beaches and put \$780 to beaches and \$0 to Community Services – huge win to be funding the beach house and the other projects, nest egg is now there and putting the money where the community wants to put the money. He likes putting money aside to do the projects.

Chairman Callicrate: He likes the idea of building up the beach reserves because we have been talking about this for over 20 years; it is one opportunity.

Trustee Schmitz: Page 255, this is the Community Services Fund, operating revenue - \$18 million. Look at the operating expenditures, it is roughly \$18 million so we don't need a facility fee for operations or we need a minor one at \$500,000. We have capital projects for \$3 million and debt at \$310,000 so let's say that is \$4 million and the excess is \$7 million so let's take the \$4 million and reducing the excess to \$3 million which is just showing the math on Trustee Dent's idea. We still fund everything and take our excess from \$7 million to \$3 million as continuing to build it up is not what we should be doing. She doesn't know if going to \$780 is too much but that is the direction we should go and spend down the fund balance in Community Services and build up the Beach Fund. Maybe we need \$700 so how much does that put at the beaches if we did that?

Trustee Tonking: She is fine with the idea of moving the fee to a lower amount however she is concerned with allocating all to beaches – that makes her uncomfortable. Keeping at \$830 and adding more, not 100% comfortable at being at \$780 or putting \$700 into the beaches.

Chairman Callicrate: He liked what we did this year with \$500 for the beaches. Maybe we do \$650 at the beaches and he does want to draw down the Community Services reserves, we do need to move that direction and get back to Board policy because it got out of control. Don't want to go below \$500 at the beaches, maybe \$600 and no more for Community Services. Be wary of unintended consequences and not getting on the up and down roller coaster as he has lived through that and incremental is fine.

Trustee Dent: Agree about roller coaster and we were on a path that we shouldn't have been on and go on a roller coaster for a year. He is not backing away from the \$780 with it being \$680 and \$100 and making sure that we adequately fund the capital projects that are coming down the pipeline as well as we want to say we are funding the beaches. Like doing the \$50 reduction in the Recreation Fee, being responsible, and he really thinks we really need to focus on putting a lot of cash into the Beach Fund.

Director of Finance Navazio: Entirely a Board decision, he would suggest that he likes the idea of more incremental, go down to \$780, and reducing Community Services by \$50. This means we are counting on excess revenue from Ski, building a budget on coming out of a pandemic, don't know what new business will look like, Staff has some work on identifying projects in beaches as well as Ski Way, and would suggest that we will have a lot of more information on projects as well as the financing and deferring to 2022/23. Under the current structure of going to near zero, residents who

don't have beach fees, those residents would have zero on their punch cards if they are not paying recreation fees.

Trustee Tonking: It is important to think about Diamond Peak as it makes her very nervous as we can't predict the snow thus she is super nervous about putting all of it at beaches; it is a risky financial decision to put all in the beaches.

Trustee Schmitz: Diamond Peak beat their expectations, we are not to be sitting on \$7 million in excess, and standby service charges are not to build up reserves. If we go to beaches, we should not be collecting more than what we need, \$330 was collecting more than we need. We need to do our fiduciary duty and either allocate or restrict and work to dwindle it down. If we leave it near \$330, we are not doing anything to dwindle down that excess fund balance. We have a policy of protection, we have a budget, they identified what their forecasts and their needs are and we don't need it. Build up some excess funds in beaches then we have the ability to execute projects. She agrees with Trustee Dent, as a fiduciary, we can't sit here with \$7 million in excess funds; we cover costs of operating and not sit on excess fund balance.

Director of Finance Navazio: Went over the split of the Recreation Fee and noted that with the compounding, the impact is significant. Staff is happy to run scenarios and with \$500 to beach, Community Services is gone in 24 months.

Trustee Dent: Can you explain the changes?

Director of Finance Navazio: The change occurs in the capital plan and he went over the future projects that will take up the fund balance.

Trustee Dent: He stands by what he said earlier – compromise \$680 at beaches, \$100 for Community Services or go \$780 at the beaches - we have a huge fund balance and collecting when we don't need it.

Trustee Tonking: She worries that the fund balance will get extremely low. Allocate more to the beaches, can dip into reserves, very nervous and not putting into reserves – she doesn't feel comfortable knowing that we have to dip into reserves.

Chairman Callicrate: Trustee Wong sent her feedback and concerns and she wants us to stay at \$830 and how it was allocated for this year, would like this sent to everyone – also concerned about fund balances and reserves.

Director of Finance Navazio: Went over the scenario for \$830 - \$500 to beaches and \$330 to Community Services and the impact over several years. In two years, with \$330 for Community Services, excess fund balance is gone with this forecast, spent down sooner, and it just means jacked back up in a year. Staff really prefers an incremental approach.

District General Manager Winqest: This is a Board decision. He likes the idea of pushing a little higher more towards \$600 and go with the rest to the Community Services fund. We are spending down the Community Services fund balance, we are showing that we are committed to spending fund balance, do support reallocation, and we are projecting \$3 million in Ski revenue. It is a bit of a gamble but he is comfortable with \$780 and the Board can consider going higher than \$500 but not higher than \$600.

The Board then discussed a couple of scenarios that they wanted Staff to run during a break that is going to be called.

Chairman Callicrate called for a break at 7:33 p.m.; the Board reconvened at 7:43 p.m.

Director of Finance Navazio: The challenge is what happens after this year and he then shared a rough draft of some calculations which he went over.

Trustee Dent: If we pull Ski Way out and finance it, what happens?

Director of Finance Navazio: Things change drastically and it would be really helpful to just focus on 2021/2022 and then we will have a lot more information in 2022/2023.

Trustee Dent: Push off the Ski Way project for six years and then we have no issue or let's fund it with a bond and no issue there.

Director of Finance Navazio: Instead of doing a capital plan and setting the fee and fitting the plan to the fee, we are trying to manage the District one year at a time. Agree that we have over collected for a period of time.

Trustee Dent: Hear you and he doesn't want a project to dictate and he found \$3.6 million in the Ski Way project.

Chairman Callicrate: Ski Way project has to be bonded because it is going to be 20-30-year project. It was originally done in 1968 with repairs, it is going to be a long term project and then the Chateau comes up in 5 years and the Recreation Center is 30 years old. He doesn't have an issue with \$600 and \$180. More money goes to beaches and he doesn't know what our bonding capability is, know it was done for other projects at the beaches, however he doesn't want to misspeak. We need more information on that bonding opportunity.

Director of Finance Navazio: If we just look at the impact of a reduction to \$780 and it is allocated \$680 to beaches and \$100 to Community Services, to summarize that, Community Services fund balance is cut in half and after construction of the pool project, have almost \$3.5 million in fund balance in the beaches. Is that a reasonable place to plan to end this fiscal year while having the conversation on the other projects and working on other items?

Trustee Dent: Can we show that on the screen?

Director of Finance Navazio shared his screen.

Trustee Dent: That looks great.

Trustee Schmitz: \$680 and \$100 looks good. With the beaches, we don't know what we will need there. Have the restrooms at Burnt Cedar, the beach house and then the entrance and exit, and so it might be significant dollars at the beaches and we need to keep things moving forward. If we need to make changes to egress etc. we need to start doing it.

Chairman Callicrate: Agree that we need to do it. Because of the excess we have in Community Services, we do still need to be diligent. Getting down to where we need to be and need to have a policy in place for putting money into reserves and know that Staff is working on policies and procedures. He can support \$680 and \$100. Need to proceed and set dates.

District General Manager Winquest: Should the Board take action here?

District General Counsel Nelson: This item is for direction and it is the next item that you can make a motion.

Trustee Schmitz: Appreciative that you put this in here. When punch cards are being utilized at venues, backing out should occur at the venue because the venue is the place where the revenue is being recognized and to back it out in a completely different fund misrepresents the cash situation at the venue; requesting that the contra revenue in the account where the actual punch card is being utilized is done to clarify our accounting.

Director of Finance Navazio: Backing out is not to clarify, punch cards were purchased and they are used for guests, etc. purchased with facility fee revenues, revenue is recorded and the goal of contra revenue is to pay not in that venue.

Trustee Schmitz: Understand, used at golf, records \$100, revenue has already come into the District, back it out of that revenue.

Director of Finance Navazio: Golf sells a round, full cost and backing the punch card piece, suggesting if we did that, understating at the venues, revenues relies on certain amount of selling for cash or punch card.

Trustee Schmitz: This revenue is already received by the District.

Director of Finance Navazio: Not in golf, treat as deferred revenue and not record until it is used, however the Board allocates it and we deduct it from the allocation. It is a little frustrating.

Trustee Schmitz: We all thought this was all going away.

Director of Finance Navazio: The punch cards have to go away in order to do that, apologize if that assumption was made. Given the conversation earlier, we should track how people are using so it mirrors utilization but that's not how they are allocated at all. Will look at it as there were a lot of changes and recommendations made this evening. See a different picture with the allocation of the Recreation Fee.

E.2. Review, discuss and possibly approve (with modifications if applicable) Resolution Number 1887: A Resolution primarily approving the report for collection of Recreation Standby and Service Charges per parcel of \$830 with beach privileges and \$650 without beach privileges, Fiscal Year 2021/2022 and setting the public hearing date for Wednesday, May 26, 2021 at 6 p.m. Modifications may include the amount or structure of the proposed charges. (Requesting Staff Member: Director of Finance Paul Navazio)

Director of Finance Navazio gave a brief overview of the submitted materials. Trustee Dent asked if can we leave it at \$830 and \$100 without beach privileges. Director of Finance Navazio said yes, we can't go above the \$100 without beach privileges. Chairman Callicrate said that the District General Manager felt comfortable going with \$780 and \$780 with beach privileges and that this doesn't hamstring us and that we want to send a clear message on what we are discussing. Director of Finance Navazio said if the Board is comfortable with not exceeding \$780 and that is a high as you can go and give flexibility on the split contingent on action from full Board. Trustee Tonking said she is not comfortable with \$100 and that she wants \$180 and yes, she is ok with the \$780 cap but not the other.

Trustee Dent made a motion to approve Resolution Number 1887: A Resolution primarily approving the report for collection of Recreation Standby and Service Charges per parcel of \$780 with beach privileges and \$100 without beach privileges, Fiscal Year 2021/2022 and setting the public hearing date for Wednesday, May 26, 2021 at 6 p.m. Trustee Schmitz seconded the motion.

Chairman Callicrate asked if that give us the flexibility to go higher on the without. Director of Finance Navazio said no, it doesn't, you can't exceed \$100 for Community Services.

Hearing no further comments, Chairman Callicrate called the question – Trustees Dent, Schmitz and Callicrate voted in favor of the motion and Trustee Tonking voted opposed. The motion passed.

F. FINAL PUBLIC COMMENTS* - Limited to a maximum of three (3) minutes in duration.

Aaron Katz said it has been an interesting meeting; resents all the talk about the beach house and that we have kicked the can down the road. We have never had

a survey of the property owners on if we want it and have never suggested the price tag, last time it was \$3.5 million and if you can't build a pool for under \$5 million, you can't do this for \$3.5 million. So if you are going to survey us, why don't you tell the truth. Do you want a restaurant that is going to cost you \$5 million, \$6 million, who knows what it is going to be? A beach house is not for parcel owners, it is for visitors and short term renters and we don't want it as we would rather have a lower beach fee. Now you have passed this resolution for the hearing on the 26th, he doesn't think that any of you have read the report. The report says specifically that the Board has found that these amounts are required. You have just admitted for the last 3 years that what we have been collecting hasn't been required and yet you adopted reports all of those years saying it is required. In other words, you didn't tell the truth and you are not telling the truth now and that bothers him probably more because everything this District does is not the truth. So he doesn't want you to go forward with this beach house, you send out a survey to the property owners and not the renters nor the visitors but the ones paying for it and you will find out if they want to spend 5 or 6 million dollars on a restaurant. Thank you.

Judith Miller said you know you has been up for this whole meeting well at our house we have anyways and that 4 or 5 hours does take its toll. We have something called a facility fee is a term that likely came about because originally it was needed to buy the beaches, a facility, and then it was used to buy golf and ski and then it was used to build the Recreation Center and then it was used to rebuild the Chateau. Former GM Bill Horn loved to talked about EBITA, earnings before deducting interest, taxes, depreciation and amortization and how his goals were that venues user fees should pay for their operating costs, essentially EBITA. Of course IVGID doesn't pay taxes so after deducting central services or at least all of the costs of central services, we still weren't really close to recovering operating costs. It looks like we may be close when Ski has a good year but she thinks once we start recalculating just what is included in the operating costs, moving these former capitalized expenses over to operations, it might be a slightly different story. I think you recognize for the past decade that IVGID upper management has made every attempt to convince the property owners that our venues were covering those operating costs, but we know they weren't. One of the other things they were doing was punch card revenue or punch card utilization and that was adding to a venues revenue to make it look like it had more revenue than it actually generated. We really need to look ahead and she admire Staff's desire to set a cost expectation, as that has never happened and it needs to happen. A former Board went through an exercise but never followed through with specific directors to Staff so she hopes you will put this on your list of things to tackle in Fiscal Year 2021/2022. We do need to get some direction from the Board, and input from the community, on what venues to subsidize and just how much. Do agree with her husband, that we need to survey our property owners, we always said we were

going to do that after we put all these plans in place and find out from the property owners if you expect to pay a higher facility fee. We don't mind subsidizing facilities but we don't think we should be subsidizing other peoples golf fees and things of that nature so go ahead and combine that with your survey that you are already going to do.

- G. CLOSED SESSION** – The Board may consider a motion to enter a Closed Session to consider negotiating strategy and labor negotiations pertaining to the Operating Engineers Local Union No. 3 (pursuant to NRS 288.220).

Trustee Dent made a motion to enter into closed session, Trustee Tonking second the motion. Chairman Callicrate called the question and the motion was passed unanimously.

H. ADJOURNMENT *(for possible action)*

The meeting was adjourned at 8:30 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: Written statement to be included in the written minutes of this May 5, 2021 special IVGID Board Meeting – Agenda Item C – Public Comments – Everything that's wrong with IVGID; overspend and subsidize to local parcel owners' detriment

Submitted by Margaret Martini: Exhibits to her public comments

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MAY 5, 2021 SPECIAL IVGID BOARD MEETING – AGENDA ITEM C – PUBLIC COMMENTS – EVERYTHING THAT’S WRONG WITH IVGID; OVERSPEND AND SUBSIDIZE TO LOCAL PARCEL OWNERS’ DETRIMENT

Introduction: After being a full time resident for the last fourteen (14) years, I’ve finally figured it out. It doesn’t matter what the District does. Staff will intentionally overspend which requires financial subsidy. So that’s it; overspend and subsidize! And that’s the purpose of this written statement.

The District’s Fund Structure¹: We’ve had this discussion before. “The accounts of the District are organized on the basis of funds and account groups...Our Governmental Funds include...the General Fund which is the general administration operating fund...Propriety Funds include Enterprise ...and Internal Services Funds...Enterprise Funds are used to account for revenue...expense...and net income for business-type functions...Included in the enterprise funds is the Utility[, Community Services (recreational venues other than the beaches) and Beach (beach recreational venues)] Fund(s). The Internal Services Fund is used to account for the financing of goods and services provided by one department to other(s)...on a cost reimbursement basis.”²

The General Fund is Budgeted to Lose Money: primarily as a result of overspending³. For 2021-22 that loss is budgeted to total \$1,312,249, and it is subsidized by a series of Central Services Cost transfers⁴ (for 2021-22 budgeted to come from the Community Services, Beach and Utility Funds totaling \$1,546,424.

The Community Services Fund is Budgeted to Lose Money: primarily as a result of overspending⁵. For 2021-22 that loss is budgeted to total \$3,819,845, and it is subsidized by the RFF.

The Beach Fund is Budgeted to Lose Money: primarily as a result of overspending⁶. For 2021-22 that loss is budgeted to total \$1,420,479, and it is essentially subsidized by the BFF.

¹ Go to <https://www.leg.state.nv.us/nrs/nrs-318.html#NRS318Sec201>.

² See page 16 of the 2015-16 fiscal year budget [“the 2015-16 Budget” (https://www.yourtahoepace.com/uploads/pdf-ivgid/2015-2016_Budget_Book.pdf)]. This page is attached to this written statement as Exhibit “A.”

³ See page 018 of the packet of materials prepared by staff in anticipation of the Board’s May 5, 2021 Meeting [“the 5/5/2021 Board packet” (https://www.yourtahoepace.com/uploads/pdf-ivgid/0505_-_Special_-_Searchable.pdf)].

⁴ See page 047 of the 5/5/2021 Board packet.

⁵ See page 027 of the 5/5/2021 Board packet.

⁶ See page 039 of the 5/5/2021 Board packet.

Because the Internal Services Fund is Financially Supported by the Charges Paid by the General, Community Services, Beach and Utility Funds, its Revenues Cover its Expenses⁷: Therefore whatever overspending is assigned to the District's Internal Services Fund is masked because it is subsidized by the arguably higher than necessary charges paid by its other funds.

Because the Utility Fund is Financially Supported by the Rates and Charges Paid by Users, its Revenues Cover its Expenses⁸: Therefore whatever overspending is assigned to the District's Utility Fund is masked because it is subsidized by the arguably higher than necessary charges paid by its users.

The District's Internal Services Department: is the department which provides "support" to its other departments¹. The Internal Services Department is divided into fleet ("maintenance and use of vehicles and equipment"), "buildings maintenance," and "engineering." And the cost according to the current proposed budget is nearly \$3.156 million⁷. Kind of like FORCED "central services," don't you think?

The theory propagated by staff is that by having this internal services workforce resource "in house," the District saves money compared to its comparable costs incurred by out-sourcing. But because the District has this "in house" expense, it needs to come up with a revenue source to pay for it because internal services is not capable of independently generating revenue of its own like a recreation venue or our utility department is able to generate revenue. So internal services bills out its expenses to other IVGID departments, whether needed or not. Which ends up increasing the expenses in other departments, and many times unnecessarily.

The first time I ever came across an example of the foregoing was years ago at the Mountain Golf Course with its then venue manager, Angie Rodriguez. Angie needed to get a golf cart mechanically repaired. She recounted to me that she could get it repaired locally for about \$160. But her superiors wouldn't allow her to outsource this expense. Instead, she was forced to go in-house where Mountain Golf was charged \$2,200 for the same work. Now compound expenses like this and one soon sees that Angie wasn't able to operate the Mountain Course at a break even or on a positive cash flow basis because her hands were tied. She was forced to unnecessarily subsidize internal services.

Less Than Competent Staff End Up Doubling the Costs of Many Internal Services Tasks: When our in-house internal services people are unable to complete a fleet, buildings maintenance or engineering task, like an engine rebuild or updating toilets and sink hardware in the Rec Center bathrooms, the District ends up having to outsource and add the surcharge to internal services because it needs to administratively "manage." In other words, the District pays far more than the direct, retail cost.

⁷ See page 041 of the 5/5/2021 Board packet.

⁸ See page 020 of the 5/5/2021 Board packet.

And it's Not Just Personnel Costs: We now have to have all the latest and greatest tools and machinery, trucks, Deere tractors and Caterpillar loaders, a fancy building to house all of this, and etc., etc., etc. All of these costs need to be recouped because remember, internal services is not capable of generating independent revenue.

So Are You Starting to Get the Picture?

How This State of Affairs Came to My Attention: At the Board's April 29, 2021 meeting staff presented a summary of costs associated with the Burnt Cedar Pool reconstruction project; \$4,757,175⁹. Included in those costs was \$175K of unreimbursed staff time. What staff time? Internal services engineering staff time. In other words, Nathan Chorey. We all know that Nathan wasn't competent to handle management of complicated construction projects. So he required reinforcement. Which explains why he constantly pushed for the added expense of a Construction Manager (as an Agent) at Risk¹⁰ ("CMAR"). And it wasn't just the CMAR. According to Nathan, we had to pay TSK Architects \$105,680 for "construction administration." And Tri Sage an additional \$69,500 for "construction inspection services." And Core Construction (our CMAR) 3.95% of the cost of the project¹¹. And an additional \$37,500 to our CMAR for pre-construction services⁹. And \$5,440 (so far) with Cumming Management for "document review."¹² And now an additional \$175,000 for unreimbursed staff (engineering) services⁹. **AND YOU WONDER WHY A RELATIVELY STRAIGHTFORWARD SWIMMING POOL RECONSTRUCTION PROJECT ENDS UP COSTING \$5 MILLION?** Arnold Palmer used to ask this question as follows: So "what's the par on this hole?"

So What Precise Work Has Engineering Staff Performed to Warrant the \$100,000 Already Reimbursed⁹? I wanted to learn exactly what work in-house engineering staff had done and at what cost to justify the \$100K of unreimbursed staff time assigned so far. So I did a records request¹² and shared staff's response with the Board. Do you the reader remember when former GM Pinkerton asserted that \$788K of capital improvement project ("CIP") funds had been spent on the pond liner project? And I and others asked for a breakdown of the expenditures given we had independent evidence that this project had *not* been prosecuted? And Mr. Pinkerton came up with \$250,000 or more of unreimbursed staff time? Well it's the exact same here.

⁹ See page 21 of the packet of materials prepared by staff in anticipation of the Board's April 29, 2021 Meeting ["the 4/29/2021 Board packet" (https://www.yourtahoepace.com/uploads/pdf-ivgid/0429_-_Regular_-_Searchable_-_Part_1.pdf)]. That page is attached to this written statement as Exhibit "B."

¹⁰ See NRS 338.1685, et seq. (go to <https://www.leg.state.nv.us/nrs/NRS-338.html#NRS338Sec1685>).

¹¹ See page 19 of the 4/29/2021 Board packet.

¹² On April 28, 2021 I made a public records request to examine records evidencing every staff expense which went into this \$100,000 unreimbursed staff time expenditure highlighted on Exhibit "B" to this written statement. In response Ms. Herron provided a spreadsheet summary captioned "Burnt Cedar Swimming Pool Improvement Costs from 7/1/2019-4/15/2021." These expenditures were disclosed on the summary. That summary is attached to this written statement as Exhibit "C."

And although Ms. Herron has not yet provided detail of the records requested, I believe we're going to learn that whenever we talk to engineering, or ask them to do anything, we're charged a fee - just like an attorney like Mr. Nelson who is paid on an hourly basis (which explains why Board members are reluctant to ask our attorney anything). So we're paying Nathan and Company to do such mundane things as: attend Board meetings; draft RFPs; interview possible RFQ applicants; review proposals in response to RFPs; create staff memos; etc. Basically everything most of us expect any of our full time fully benefited engineering personnel to perform. In other words, the \$935,208 annual cost of engineering¹³ gets added on to **EVERYTHING! AND YOU WONDER WHY OUR COSTS ON EVERYTHING ARE OFF THE CHART?**

And It's Not Just the Burnt Cedar Swimming Pool Project: It's *EVERY* IVGID project whether or not the tentacles of IVGID's engineering staff are required. In fact according to local resident and member of the Audit Committee Cliff Dobler, so far we've reimbursed our engineering staff upwards of \$1 Million on the effluent pipeline project which we haven't even begun! That's just so far.

So What's my Point? Besides disclosure, we need to disband our Internal Services – Engineering Department. Another unnecessary and wasteful expense spent on less than competent personnel. If we're going to spend the money anyway, in my opinion we'd be better served by cutting out the middle man and simply outsourcing *directly*. That way we'd end up spending less in the long run, and getting for more competent “bang for the buck.”

For similar reasons, it's time to disband our Internal Services – Fleet as well as Buildings Maintenance Departments. Buildings Maintenance personnel are apparently not competent to handle simple construction projects like trash enclosures and toilet swaps at the Recreation Center bathrooms. And Fleet personnel are apparently not competent to handle Toro lawnmower and Caterpillar loader repairs. So really at a personnel cost of \$494,861¹⁴ and \$878,482¹⁵, respectively, what good are they?

Conclusion: So you see, here's the program from staff's point of view.

General Fund – overspend³ and subsidize the overspending with central services cost transfers³ from the Community Services, Beach and Utility Funds⁴ (because from where else does staff propose the subsidies come from?). These transfers in effect come from the RFF, BFF and utility rates we pay.

Community Services Fund – overspend⁵ and subsidize the overspending with the RFF⁵.

Beach Fund – overspend⁶ and subsidize the overspending with the BFF⁶.

Internal Services Fund – overspend⁷ and subsidize the overspending with forced use of Internal Services personnel⁷.

¹³ See page 044 of the 5/5/2021 Board packet.

¹⁴ See page 045 of the 5/5/2021 Board packet.

¹⁵ See page 043 of the 5/5/2021 Board packet.

Utility Fund – overspend¹⁶ and subsidize the overspending with higher forced utility rates, tolls and charges¹⁶.

In all of these examples the game plan according to staff is the same; overspend and subsidize to local parcel/dwelling unit owners' detriment.

The time for overspending and forced subsidies must come to an end. Staff need to learn to live within their financial means.

And to those asking why your RFF/BFF and sewer/water rates are as high as they are, never seeming 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!

¹⁶ See page 020 of the 5/5/2021 Board packet.

EXHIBIT "A"

signed by the Board of Trustees on the third Thursday in May and filed with the DOT on or before June 1st.

Fund Structure and Budget Basis

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expense as appropriate. Fund balance in the General Fund is the difference between assets and liabilities. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending is controlled. The various funds are grouped into Governmental Funds and Proprietary Funds. The District does not use appropriations for its funds.

Our Governmental Funds includes the General Fund which is the general administration operating fund for the District. This fund accounts for all transactions not recorded in other funds and receives financial support from property taxes, sales taxes, and Central Service Cost Allocation revenue from the Utility Fund, Community Services Fund, and Beach Enterprise Fund. Expenditures are authorized in the General Fund budget and include such areas as trustees, general manager, accounting, finance, information technology, human resources, risk management, health and wellness, general administration, and community relations. These services in turn are provided to all District venues in lieu of having separate staff or functions in each location. The Central Service Cost Allocation revenue comes from charges for Accounting, Finance and Human Resources to each benefitted funds. Beginning with 2015-2016 the District also reports Special Revenue, Capital Project and Debt Service funds for Community Services Fund and the Beach Fund.

Proprietary Funds include Enterprise Funds and Internal Services Funds. The enterprise funds are used to account for revenue earned; expense incurred, and net income for business-type functions. These businesses are supported from fees paid by their users. Included in the enterprise funds is the Utility Fund.

The Internal Services Fund is used to account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. Included in the Internal Service Fund is maintenance and use of vehicles and equipment, engineering, buildings maintenance, and Workers Compensation.

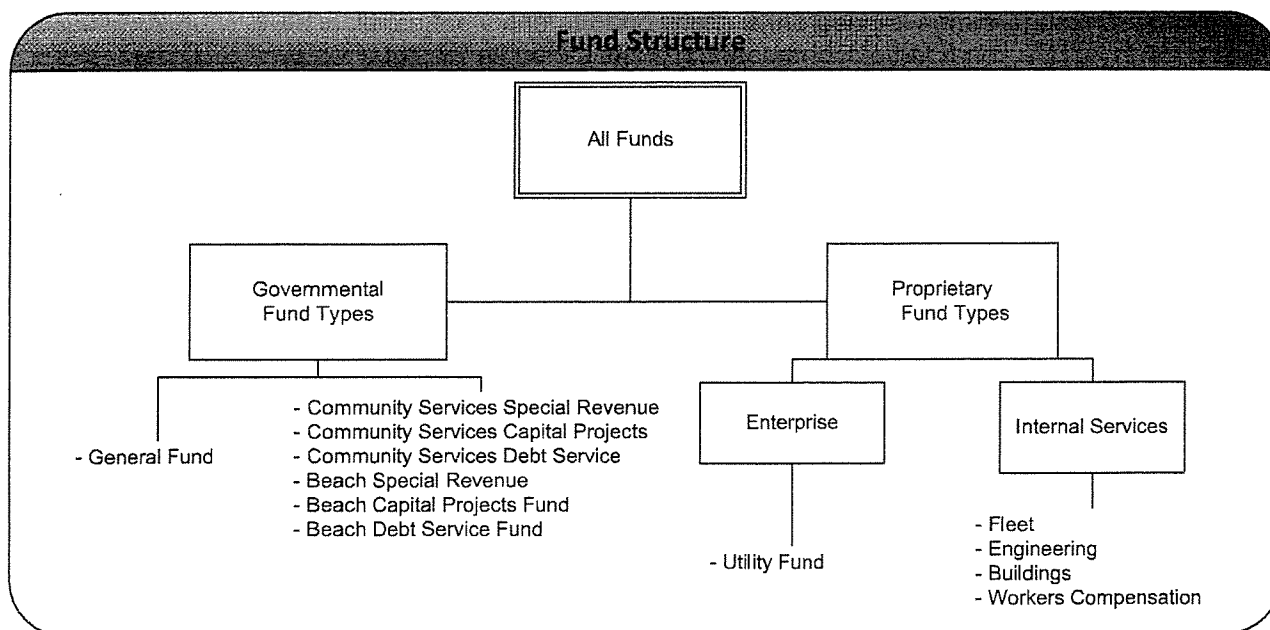


EXHIBIT "B"

Estimated Project Budget

Description	Amount
TSK Architects Conceptual design fees (not to exceed)	\$32,200
TSK Architects Schematic design fees (not to exceed)	\$68,104
TSK Architects Final design fees (not to exceed)	\$216,626
Reno Tahoe Geo Associates (not to exceed)	\$20,700
CMAR pre-construction fees	\$37,500
District staff time during design, 3 rd part cost estimator, permit fees, and miscellaneous project expenses (Period 7/1/19 – 4/15/21)	\$100,000
Design Phase sub-total	\$475,130
CMAR Construction Base Contract (CORE Construction)	\$3,508,440
Alternates #1, #2, #3, and #4	\$96,461
CMAR Contingency and Allowances	\$240,964
Total Guaranteed Maximum Price Contract	\$3,845,865
Construction Administration (TSK Architects)	\$105,680
Construction Inspection Services (Tri Sage)	\$69,500
Special Inspection and Materials Testing (Reno Tahoe Geo Associates, Inc.)	\$21,000
District Staff Time	\$75,000
IVGID Construction Reserves (Additional work, Permit fees, and District furnished material/FFE)	\$175,000
Construction Administration sub-total	\$446,180
Estimated Project Total	\$4,767,175

IVGID Construction reserves are to account for permit fees, deferred submittals, and certain project elements have been removed from the construction contract and will be completed outside of the construction contract. For instance, a TRPA requirement to paint the exterior of the Burnt Cedar Pool Building will be outside of the CMAR contract. District furnished material / Furniture, Fixture, and Equipment (FFE) includes pool elements, security cameras, and patio furniture, as examples.

The estimated project cost estimate for the Burnt Cedar Swimming Pool and Site Improvement Project is \$4,767,175, or \$66,114 below the total available budget. Upon project completion, all savings will revert to fund balance and be available for re-appropriation for future capital projects, subject to Board approval.

EXHIBIT "C"

3970BD2601 Burnt Cedar Swimming Pool Improvements

Costs from 7/1/2019-4/15/2021

DATE	DESCRIPTION	VENDOR	AMOUNT
08/01/2019	Burnt Cedar Swimming and Toddler Pool Resurface and Mechanical Improvements; project design development work.	Terracon Consultants, Inc	1,400.00
03/31/2020	CIP Engineering Charges - March 2020		2,100.00
04/30/2020	CIP Engineering Charges - April 2020		5,500.00
05/31/2020	CIP Engineering Charges - May 2020		2,500.00
06/30/2020	CIP Engineering Charges - June 2020		5,000.00
07/31/2020	Tahoe Daily Tribune ADDs 0000597028-01 and 0000597571-01	Nevada County Publishing CO/THE UNION	189.96
07/31/2020	CIP Engineering Charges - July 2020		5,700.00
08/31/2020	CIP Engineering Charges - August 2020		9,700.00
09/24/2020	Burnt Cedar Swimming Pool Improvements; professional survey services.	Resource Concepts, Inc.	5,897.50
09/30/2020	CIP Engineering Charges - September 2020		5,700.00
10/12/2020	Burnt Cedar Swimming Pools Improvements; Geotechnical Investigation per ASA 1.	Reno Tahoe Geo Associates, Inc	7,992.04
10/14/2020	Burnt Cedar Swimming Pools Improvements; Geotechnical Investigation per ASA 1.	Reno Tahoe Geo Associates, Inc	831.95
10/31/2020	CIP Engineering Charges - October 2020		6,400.00
11/30/2020	Burnt Cedar Swimming Pools Improvements; Geotechnical Investigation per ASA 1.	Reno Tahoe Geo Associates, Inc	3,088.50
11/30/2020	Burnt Cedar Swimming Pools Improvements; Geotechnical Investigation per ASA 1.	Reno Tahoe Geo Associates, Inc	410.00
12/01/2020	CIP Engineering Charges - November 2020		4,000.00
12/31/2020	CIP Engineering Charges - December 2020		3,000.00
01/26/2021	CIP # 3970BD2601 Permitting fees, Burnt Cedar Swimming Pools Project	Washoe County Community Services Dept	6,112.22
01/31/2021	CIP Engineering Charges - January 2021		3,800.00
02/28/2021	CIP Engineering Charges - February 2021		2,000.00
02/28/2021	Burnt Cedar Swimming Pools Improvement Project; 50% construction document review, per ASA 01.	Cumming Management Group, Inc	5,120.00
03/01/2021	WBLD 21-100609 Permitting fees, Burnt Cedar Swimming Pools Project. Previously paid \$6,112.22; additional fees required.	Washoe County Community Services Dept	1,371.00
03/03/2021	Expedited permit review, BCB Swimming Pool Project: IVGID Burnt Cedar Beach Pools Replacement Project; 893 Southwood Boulevard, Incline Village, NV; Washoe County APN 122-162-23, TRPA File No. ERSP2021-0078	TRPA	7,700.00
03/31/2021	CIP Engineering Charges - March 2021		4,300.00
03/31/2021	Burnt Cedar Swimming Pools Improvement Project; 50% construction document review, per ASA 01.	Cumming Management Group, Inc	320.00
	TOTAL		100,133.17

To: Board of Directors

From: Margaret Martini

To be added to the minutes of the meeting of 5-4-2021 as Public Comment

Whoa, what an ending to the last board meeting ! The false accusatory comments directed at Cliff Dobler, audit committee member, by board member Kendra Wong, and seconded by Mina bird Tonking, and then to be endorsed and added to by the general manager Windquest was breathtaking.

Our board chairman, Tim Callicrate, seems to forget the malicious diatribes that were distributed by Ms. Wong and her True Blue Facts group during his campaign. There are printed statements of bigotry and racism galore directed at Mr. Callicrate along with quoted statements like "worthless shits"...directed at the Union soldiers who fought to end slavery. And "cannot believe so many folks think BLM AND ANTIFA are ok but neo-nazi and white supremacist are not". Yes, we have printed copies of these postcards paid for and distributed by Ms. Wong and her group. Yet, Mr. Callicrate jumps in to the accusations against Mr. Dobler.

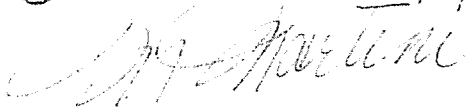
I find it astonishing that a political hack, Ms. Wong, would attempt to discredit one of the finest members of our community , an outstanding citizen and member of the audit committee which has uncovered so many financial irregularities that have ripped off this community for millions of dollars.

And Mr. Windquest has the audacity to not only chime in on the racist and sexist accusations made by Ms. Wong, but to call for Mr. Dobler to be removed from the audit committee. Is this just an excuse to remove one of the committee members who is knowledgeable and outspoken of the mess and misappropriations of funds that seem to be prevalent in the IVGID financials?

Mr. Dobler' statement was NOT racist by any stretch of the imagination...or sexist and to accuse him of that is public slander by Callicrate, Tonking, Wong and Windquest. He was asking for clarification of the "couples" designation in pricing at the venues.

Their comments qualify them for removal from their positions as board members and general manager.

3 Exhibits enclosed



THE SOLUTION TO BIGOTRY AND RACISM ISN'T A HACK ANSWER.



EXHIBIT 2
TO PUBLIC COMMENTS
MADE BY MARGARET MARTINI

TRUE BLUE FACTS
 P.O. Box 6616 Incline Village NV 89450

Candidate Callicrate says he was hacked, but...

- Shared bigoted and racist posts on Facebook from 2014 - 2018
- Posts were captured without modification by a Facebook group member
- Verified through forensic analysis

For more info visit TrueBlueFacts.com

Posts
 Tim Q Callicrate
 Shared 2/10/18 · RT
 This Day in History - Republicans have now been an
 Outlawing Democratic terrorist groups

Posts
 Tim Q Callicrate
 Shared 2/10/18 · RT
 I don't want to grow up to be abused as
 a woman sex slave. Please don't harm
 #GoatLivesMatter

*****ALH00**SC11 5-DIGIT 89450

CAYLE M HOLDERER
 P.O. BOX 3629
 INCLINE VILLAGE NV 89450-3629

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POSTAGE
 U.S. POSTAGE
 PAID
 PERMIT NO. 102

EXHIBIT 1 -
 TO public comments
 made by Margaret Martini



EXHIBIT 3: Comments
 TO Public
 made by Margaret Martini