

MINUTES

REGULAR MEETING OF MARCH 30, 2022 Incline Village General Improvement District

At 5 p.m. on Tuesday, March 30, 2022, Board Chairman Callicrate made a motion to enter into closed session, Trustee Dent seconded the motion. Board Chairman Callicrate called the question and the motion was passed unanimously. The closed session started at 5:05 p.m. At 5:15 p.m., Board Chairman Callicrate made a motion to leave closed session. Trustee Dent seconded the motion. Board Chairman Callicrate called the question and the motion was passed unanimously.

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Board Chairman Tim Callicrate on Tuesday, March 30, 2022 at 6:00 p.m. at the Boardroom located at 893 Southwood Boulevard, Incline Village, Nevada.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF TRUSTEES*

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

Members of Staff present were Director of Human Resources Erin Feore, District General Counsel Josh Nelson, Director of Finance Paul Navazio, Director of Public Works Brad Underwood, General Manager Diamond Peak Ski Resort Mike Bandelin, and Director of Golf/Community Services Darren Howard. Members of the public physically present were Katherine Holland, Joe Schulz, Gayle Krolick, Jack Dalton, and Michael Briggs.

C. INITIAL PUBLIC COMMENTS*

Katherine Holland said she has been a resident of Incline Village for 22 years. She is just one of the over 1000 golfers who are residents and voters that play our golf courses. They are one of many wonderful recreational assets that we residents pay a rec fee to use. These and our other rec facilities should continue to be for the primary use of residents. She is also a member of the golf advisory committee which was requested to be created by the Board. We all have worked very hard to review the golf course operations including the financials. We are proud of our courses and strongly support our golf course personnel. And importantly, we support the proposed pricing, including the increases for the upcoming year and recommend the Board approve the proposal being presented tonight. However,

we are disturbed that the golf course revenues are grossly understated due to bizarre accounting used by IVGID. Community, public golf courses, and even most private golf courses include all the revenues that are directly attributed to golf operations as part of overall golf financials. This would include merchandise sold in the golf shop, range balls, golf club rental fees and food and beverage at the grill & snack bar. Additionally, our golf course revenues also exclude the over \$100,000 annually in revenue that our resident golf clubs spend on the food and beverage events held at the Chateau. We urge you to keep our golf courses for the primary use of all residents, approve the golf fee proposal being presented tonight and fix the accounting to accurately reflect all golf and golf associated revenues. Thank you.

Michael Briggs said he is a resident of Incline Village. He is the Vice President of TIGC. These comments are my own. First, he endorses the proposed 2022 Golf Rate Schedule. Second, he has a big concern that IVGID is placing all of the golf course maintenance and operating costs and a vast majority of the depreciation of the Chateau into the “cost per round of golf” while golf-related revenues are excluded from the “revenue per round of golf.” That is not right. Despite a venue-specific pricing policy set by this Board, the Golf Advisory Committee was told that members of the Board of Trustees require golf-related revenues be placed into silos and not aggregated for the Championship Golf Course venue. Golf-related revenues excluded from the “revenue per round” include:

- a. Driving range
- b. Pro shop merchandise
- c. Food & beverage in the grille and snack bar
- d. Pre-booking fees and no-show fees
- e. Golf lessons
- f. Golf club rentals
- g. Banquets, luncheons, weddings and other events at the Chateau.

The result is that it appears that golf course greens fees and play passes are expected to cover the vast majority of golf course and Chateau costs while all the related revenues that likely wouldn't exist or be as great without the golf course pay only their direct costs. It's not right. Either put everything – revenues and costs – in one bucket and hold the person-in-charge accountable or allocate all of the golf course and Chateau costs fairly. For example, the depreciation of the Chateau is allocated 55% to Golf Operations and 45% to Facilities, but golfers don't use the building to that extent. The vast majority of the pro shop floor space is for golf merchandise sales – but those revenues are in a separate silo. Same with the Grille. Another example, the weddings held at the Championship Course are not staged in the parking lot, they are held on the 10th tee of the golf course. Apparently, costs of maintaining the golf course and most of the Chateau's depreciation are not allocated at all to weddings. The same is true for lunches and

dinners at the Chateau where the golf groups spent almost \$150,000 in 2021. The bottom line is the Board of Trustees is asking that greens fees and play pass holders cover all golf course maintenance and operating costs plus 55% of the Chateau's depreciation while excluding too many golf-related revenues that get a free ride on the cost of the golf course and Chateau.

Joe Schulz said what a pleasure to be here and that he wanted to thank each of every one of you and collectively for holding this meeting in person. It has been a long time since we have had a face to face meeting and noted that he is not a fan of Zoom meetings as they don't affect the communications of everything. He didn't expect to talk about the golf courses but, he will. It is a complicated issue that can be seen as a quagmire.

Dick Warren said Item F7 – Mark Smith v. IVGID - Approve funds for a third-party review of the remaining privileged emails at a not-to-exceed amount of \$10,000. Why are we doing this? Is the other side putting up \$10K? What will we gain by having this review done? What is the purpose of this review? How much have we spent to date on this ludicrous review of emails.... \$100,000 or more? Is this court ordered? Is this to resolve the dispute with Smith? Will IVGID honor the results or reject them? What is the end game? How many emails remain to be reviewed? Other than certain current and former Trustees, along with current and former General Managers being concerned that some of these emails might be embarrassing to them, what value does this have to IVGID, specifically the Parcel Unit Owners? Absolutely no value! Release all the privileged emails now! This is crazy and fiscally irresponsible. Is there one Trustee that can state why this is money well spent? He thinks the answer is no. Thank you.

Ellie Dobler said please include the comments in the minutes of this meeting. In a previous meeting, Trustee Wong determined that the three contracts issued to Moss Adams, an independent CPA firm, to review and report findings on financial reporting, internal controls and contract administration were "Ridicules" and nothing was "earth shattering." (Which is defined as "Material", by the way.) The comments were directed to members of the Audit Committee for their efforts. Trustee Wong seems to forgot that a majority of the Trustees voted to expend money for the contracts. The findings by Moss Adams were extensive requiring several prior period adjustments to financial statements, overpayment to contractors, lack of internal controls and deficient Board Policies and Practices. Davis Farr, our current auditor and Eide Baily, our previous auditor, considered these findings material weaknesses. In Trustee Wong's opinion, the \$180,000 spent on Moss Adams could have been better used for the Bunny Trail and Trail of Treats, which to her knowledge, were never cancelled or reduced in scope. If you had spent your time in recovering the more than \$250,000 overpaid to a

contractor that was assessing the effluent pipeline, you could fund these projects in perpetuity. Let's go over a few more facts about internal control deficiencies: Over \$4,000,000 in capital costs, (not \$400,000, but 4 million) have been charged off as expenses on wasteful endeavors. \$300,000 was wasted for an EIS on the effluent pipeline which was never needed. \$100,000 wasted trying to ramrod the purchasing of the Parasol Building after citizens repeatedly indicated a purchase could not be made. Engaged in litigation to stop Flash Vote from sponsoring surveys on IVGID activities. That cost about \$50,000. Citizens and certain Board members requested policies and practices be clarified. She did nothing. Instead we now have a Utility Fund with no reserves for emergencies. Sole source contracting became the norm violating Board Policies and NRS. Trustee Wong did nothing to improve purchasing procedures. The Army Corps of Engineers never had available funds for the effluent pipeline but she kept the fantasy alive spending untold millions to do nothing. Now she understands the Fantasy Land backdrop Trustee Wong has on her Zoom feed. "Ridicules?" It would be too time consuming to put a number on the amount of waste during her tenure, especially as chair of the Audit Committee. At least, she will be gone in nine months. God only knows what she'll give away during that time. Rest assured that she is the only person who was "Ridicules".

Margaret Martini said it appears that the IVGID staff would like to put the Mountain Golf Course Cart Path debacle, created by them and then blamed on Lumos and Associates and F.W. Carson. According the agenda item, after approval, Carson will receive \$68,000 in total change orders, an extra 20% over the original contract and then graciously give back \$10,000. Lumos% Associates after receiving \$148,400 in contracts will bestow a \$12,300 credit or 8% of the original contract. Whatever they want. What should be brought up, and will be, is the convoluted budget and accounting the last three years. The wisdom of staff created two separate accounts with only one having one project summary (they call them data sheets to confuse). With no budget in fiscal year 2019/2020 \$166,395 was reallocated from the new Carts budget to the Cart path budget. Nothing was spent and nothing was carried over into the next fiscal year. Why? Then in fiscal years 2020/2021 nothing was budgeted Then in fiscal year 2021/2022 \$550,000 was budgeted. In September, 2021 the Board approved a carryover report for fiscal 2020/2021 where suddenly appeared a \$50,000 carryover from 2021 which was then increased to \$77, 449. No documentation of how a non existing carryover could exist. Since the costs are scattered between the two projects with only one defined, she is providing everyone actual contracts and expenditures: Lumos \$136,000; Carson \$415,000; Reno Tahoe Geo \$5,600; Permits & other \$3,400; Staff Time through Jan 2022 \$51,500; Total \$611,600; Actual Budget including fake carryover \$627,500. Easy to say under budget by creating fictitious carryover budgets from thin air.

Yolanda Knaack, 2022 IVGID candidate, said in reviewing the payment of bills, she was curious as to what we purchased at the Country Club Mall and the Hyatt and wondering how we look it up. Perhaps a description could be added at the right as to what was purchased from each vendor.

Judith Miller said she thought the golf group was supposed to look for ways to reduce expenses. We heard a lot about that we are not including enough of the revenues into the golf buckets so to speak. She knows that at least one Trustee asked for this group to identify some places where we could get some savings and they know the operation well and she would have hoped that they could do that. We have been told by some very knowledgeable golfers that we don't have a revenue problem as much as an expense problem. So what cost lowering actions were recommended? She didn't hear any. The rate increases overall hardly keep up with inflation and the utility rates, it's similar to that because we have these inequitable rates for years and some increases need to be much greater than others. And speaking of utility rates, that is one example that is not included in the expenses for golf because the consultant told us that we needed to increase irrigation revenues by 75%. That's not anywhere in figuring out the cost per round nor is the central services complete because we don't allocate central services for IT and that's a very large expense. Even for golf we have all of these systems that we pay for and she doesn't know what else our IT Staff provides to Golf but she would expect that it is quite a large amount and that's not anywhere that the golfers are being asked to support. So she hopes that we can look for some ways to cut costs. The other thing that she just wanted to talk a little bit about was some steps to get things squared away. We need to get rid of the Rec Fee, it's not right for us to be subsidizing an activity like golf, this year \$2.6 million in subsidies. We need to set user fees for full cost recovery and use the General Fund, that's almost \$4 million in property taxes, to pay for community services like parks and governmental costs. We should include all reasonable necessary central services including IT in the costs allocated to our Enterprise funds. Venue services that can't charge fees sufficient to cover all expenses should be outsourced or perhaps sold or closed. Survey the property owners on their priorities for major improvements, new amenities together with the cost and their share of any bond payments. Hold a bond election to see.

Aaron Katz said he will be submitting some written statements to be attached to the minutes. Several items to talk about - locker room project. Bidding and administration assistance is the reason for an increase in the price. What that means is reimbursing your Engineering Staff. Do you realize that every time they pick up a pencil, it is costing us a minimum of \$160 an hour and then there is no accounting. These people aren't competent, they are wasting \$160 an hour and

then you get surprised when we have to pay \$34,750 more. He has asked to eliminate this division – investigate and eliminate. Now, how many times are you going to stand for Staff attempting to retroactively modify the construction contract with Carson on the Mountain Course cart pathways? We went through this before and on the Consent Calendar no less so you can't even talk about it. Now that is being ethical and upfront, don't you think so? And this \$12,300 credit is a joke. And why does it come from Lumos? Carson is responsible for it and furthermore if you look at the terms of the contract, when there is a modification of materials which is what we have here, Carson is 100% responsible for Staff costs and we don't know the Staff costs but he is sure they are in excess of \$50,000 and nowhere are we asking to get that returned. The Staff memorandum suggests you have to go the attorney, that's what you have to do. The rates for the golf course – these are a joke. He is sorry but \$2.7 million of losses? Why do we have preferred pricing for the Hyatt? Why do they get a special rate? Why do we have special rates for the guest of the golfer? His guests at any other facility don't get a special rate. Why is there a couples' rate? There is no couples rate anyplace else except the Rec Center. And the non-profits – why do they get these preferred rates? You tell us you are going to charge our actual costs and then when he does the numbers, you are still saving them 50% of our costs. What is wrong with your Staff? Don't you people get it? Everything, address it. Thank you.

Monica Hill said first, thanks to all of our Board Members, IVGID Staff, and Volunteers for all you do. My parents, who were lifelong California residents, 30 years ago selected Incline Village as the community in which to buy a second home. They selected Incline Village because of all the wonderful community amenities, well planned and managed – including:

- the resident beaches,
- a local ski mountain,
- at the time, a brand new Recreation center,
- the community programs, and
- even the golf courses – which offered open, undeveloped space

She and her husband bought here almost 20 years ago for the same reasons - because of the variety of venues which were invested in by the community, to benefit, first and foremost, the members of the community! We understood that these amenities were for us and our guests. We also understood that these venues were not operated to be profit centers. They were operated to benefit the residents, and we were happy to pay the Rec Fee for that reason. We have always understood and felt that these separate amenities should be viewed as a whole, not individually, and especially not as individual profit centers. While the Beaches, the Rec Center, Community programs and the Golf Courses may never make a profit on their own, bundled together with Diamond Peak and the Rec Fee everything seems to work out fine. My parents never played a round of golf, never

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skied a single day, never played a game of tennis, but they were proud to be part of a community that had these amenities available and which, in the long run, made their property more desirable and valuable. She and her husband don't play tennis, pickle ball, or swim in the pools, and we didn't play golf or go to the beaches very much until our retirement about 8 years ago, but we have always been proud to financially support, through our annual Rec Fee, all of the IVGID venues since they are part of a total package that makes Incline Village such an amazing community. We believe that all of our venues, taken as a whole, benefit the entire community, adding to the joy of living here as well as to the value of our homes. And we liken the Rec Fee to paying property taxes that go to the schools, even though we have never had children in the Incline Village school district. Good schools, like our community amenities, can only add to the value of our community and homes! Thank you.

Cliff Dobler said these written comments are to be made part of the meeting minutes. Apparently the internal controls for budgeting and contract administration continues to remain in the abyss. Item F.1 Reservoir Coating and Site Improvements - Project # 2299DI1204, the Director of Public Works is requesting the Board award a contract to Olympus and Associates, Inc. for \$72,000 and also provide a contingency of \$7,200. He claims on page 013 that "sufficient funds" are available. Totally untrue. The 21/22 budget is an \$85,000 carryover from 20/21. There is no current budget. According to the CIP report presented by the Director of Finance 4 weeks ago, expenditures through last December were \$65,898 leaving only \$19,102 left to spend. A mere \$60,000 mistake. No approval can be granted until resources are budgeted. It is quite clear to me, that no one has a clue what is going on. The problem is that the cost accounting for two distinct and separate projects for the safety and security improvements (ladders) and the reservoir coatings got comingled. Just bad accounting. Item F.4 - Remodel of the Rec Center Locker rooms - Project #4899FF1202 - It is somewhat disturbing that Staff would request a change order of \$34,750 to Ward Young Architecture consisting of \$12,100 for design changes and bidding which has already been performed and then request an additional \$22,650 needed for construction of the project. At June 30, 2021, the \$60,000 design budget was overran by \$5,807 so there is no remaining budget for additional design work. In addition, the Director of Public Works cannot even get the budget correct as \$60,000 was budgeted in 20/21 and \$800,000 was budgeted in 21/22 not \$780,000. He is behind the times. According to the Underwood memo the bids for construction were received on March 22, 2021 (7 days ago) but nothing has been brought forth. The change order is the cart before the horse. In past years, all contracts for a project including design during construction, staff time, and other necessary consultants were brought forth for approval at the same time. Why is it that this change order to Ward Young for design during construction is being rushed through before anyone

(other than staff) has any idea if the bids for construction are appropriate and if the current budget of \$800,000 is adequate. Quite unprofessional. This makes no sense and is just another breakdown in internal controls and proper presentation of all facts. Is there any hope?

D. APPROVAL OF AGENDA (for possible action)

Board Chairman Callicrate asked for any changes to the agenda. Trustee Schmitz suggested moving General Business Item 1.a. to prior to the pricing decisions. There were no objections from the Board. Board Chairman Callicrate said that the agenda was approved as revised.

E. REPORTS TO THE BOARD* - Reports are intended to inform the Board and/or the public.

E.1. SUBJECT: Treasurers Report – Requesting Trustee: Treasurer Michaela Tonking

E.1.A. Payment of Bills

Treasurer Tonking went over the payment of bills with the following noted highlights:

- ✓ Flyers Energy –bulk fuel purchases for fleet and we paid two invoices, one in January and February;
- ✓ Country Club Mall – this is a reimbursement check that was paid to a solid waste customer who was fined, they appealed and this is just a refund of those paid fines;
- ✓ Kassborer – new snowcat that was approved by Board on July 13;
- ✓ First Nonprofit – that is our self-insurance;
- ✓ Avail Enterprises – last payment for Recreation Center lobby restroom;
- ✓ Staff has been working a lot with Tyler on our chart of accounts and they are working on re doing that and they have spending a lot of time on that; and
- ✓ Working with Wells Fargo and we have a meeting in April to work on the procurement card program.

E.2. SUBJECT: Nevada League of Cities Verbal Report – Requesting Trustee: Trustee Michaela Tonking

Trustee Tonking said that the Nevada League of Cities Executive Director Wesley Harper will be coming to speak to us on April 27 as they are trying to change how they are doing things with their pillars being education, coordination and resource funding. They are modeling themselves after California and Arizona and they are working with the larger entities within Nevada. There is going to be a change in the fee and Mr. Harper will talk about that when he presents and there is a OneNevada Plan that she can send to anyone that requests it.

E.3. SUBJECT: Long Range Calendar – Requesting Staff Member:
District General Manager Indra Winquest

District General Manager Winquest went over the submitted long range calendar. The following updates were noted:

- ✓ Hoping to have a special meeting on Wednesday, April 6 to deliver recommendations; Trustee Dent said he may have to call in, Callicrate said he can't make that meeting but he will send in his comments, and Trustee Wong said she can't attend. Will get an e-mail out to pick another date, goal is to do it at a special meeting and do so before the April 13 meeting. Will send out a feeler and get it set.
- ✓ Board Chairman Callicrate asked to have the Board meeting dates sent out as Outlook invites.
- ✓ Trustee Schmitz asked about another crack at the utility rates; service levels – didn't see anything related to that so wanted to bring that item up; annual contracts – can we set a date to review the list?

District General Manager Winquest replied that we are close to having the annual list of contracts and once we have that finished, we will include it in the General Manager's report and that this is a bandwidth item that we will get to. Staff's executive summaries, in the budget, is where we have identified our service levels so we really need to better define what Trustee Schmitz is wanting so he will meet with her and get that clarity. Trustee Schmitz said that she is looking for the things that are being delivered and then the choices that we have to make and yes, we should discuss it offline, and start with Golf. District General Manager Winquest said that is fine and that Staff looks at operation every year. Trustee Tonking said she wants to make sure it is at a higher level. Trustee Dent said it was used as talking point and he would like to define it instead of using it as a general term.

E.4. SUBJECT: Bond Issuance Timeline(s) Report – Requesting Staff Member: Director of Finance Paul Navazio

Director of Finance Navazio gave an overview of the submitted materials. District General Counsel Nelson said that based on current research, regarding placement of an advisory question onto a ballot, it was done by Washoe County and we are doing some additional research on that. Trustee Dent asked if there was a limit on how big of a bond that the Board of Trustees can issue? Director of Finance Navazio said he doesn't think so but there is a limit as to capacity; we do need to research it. Trustee Schmitz said to follow up on Trustee Dent's question – is there a threshold of a bond value on a revenue stream? Is there some calculated maximum? Director of Finance Navazio said, using the utility fund as an example, they do look at the fundamentals, specifically the debt coverage ratio is 120% so what they need to see is net revenues that will cover your operations plus a 20% buffer. When you issue bonds, the bond holders have first claim, so the agency doesn't have the option to cut those payments. When you are going to the bond market, you are looking for net revenue coverage by 120%. Trustee Schmitz said do we anticipate any problems with getting the best rates given our current financials and those weaknesses? Director of Finance Navazio said he doesn't as they will be looking at primarily that we have an unmodified opinion. Trustee Schmitz said that this team that has to be put together, is that something we need to budget for and is it in this year's budget? Director of Finance Navazio said typically all the costs are rolled in the bond financing and it is not insignificant and we are in conversation with a bond advisor and that cost is in the \$10,000 range.

F. CONSENT CALENDAR (for possible action)

F.1. SUBJECT: Approve a construction contract for the 2022 Water Reservoir Coatings and Site Improvements Project – 2299DI1204 - Fund: Utilities; Division: Water; Vendor: Olympus and Associates, Inc., in the amount of \$72,000.00; plus 10% contingency

F.2. SUBJECT: Approve Main Line Extension and Authorize Staff to Execute an NDOT Permit for a proposed residence at 447 State Route 28 Crystal Bay, Nevada

F.3. SUBJECT: Approve Change Orders 3, 4 and 5, and make final payment for the Mountain Golf Course Cart Path Replacement Phase I Project – 3241LI2001 – Fund Community Services;

Division: Mountain Golf; Vendor: F.W. Carson; total Change Order amount \$30,666.72, Final Payment \$182,267.34. Approve Contract Amendment 3, Mountain Golf Course Cart Path Replacement Phase I Project – 3241LI2001 – Fund Community Services; Division: Mountain Golf; Vendor: Lumos and Associates; contract deduct of \$12,300.00.

- F.4. SUBJECT: Approve Architectural Services Amendment #5 – Owner Changes and Construction Phase Services for the Recreation Center Locker Room Remodel Project – 4899FF1202 – Fund Community Services; Division: Recreation; Vendor: Ward-Young Architecture; total amount \$34,750.**
- F.5. SUBJECT: SPS #13 – Award a cost increase Amendment to the Emergency Construction Contract for Reconstruction of Sewer Pump Station 13 – Fund: Utilities; Vendor: Burt & Burt Inc., in the amount of \$8,467, plus a 10% contingency of \$850, for a total of \$9,317.**
- F.6. SUBJECT: Approve Staff to execute Dell quote # 3000113905461.3 for the one-time purchase of 6 Dell Network Devices to be charged to the budgeted and approved Fiscal Year CIP Project#1213CE2102 for the not to exceed amount of \$70,472.06.**
- F.7. SUBJECT: Case No. CV18-01564 Mark E. Smith v. IVGID - Approve funds for a third party review of the remaining privileged emails at a not-to-exceed amount of \$10,000**

Trustee Tonking made a motion to approve the Consent Calendar as submitted. Trustee Wong seconded the motion. Board Chairman Callicrate called the question and the motion was unanimously passed.

G. GENERAL BUSINESS (for possible action)

- G.1. SUBJECT: Review, discuss and approve Tri-Strategies Scope of Work for task order services to follow up on and advocate on behalf of Incline Village General Improvement District with respect to possibly receiving Federal, State and local funds for applicable District projects; not to exceed \$20,000**

District General Manager Winqest gave an overview of the submitted materials. Trustee Schmitz said we also have a contract with Marcus Faust and can we get an update from him on Federal items? District General Manager Winqest said we will have him give us a report as his contract is about to expire. Staff is in constant contact with him and working closely with him.

Trustee Tonking made a motion to approve Tri-Strategies scope of work for task order services to follow up on and advocate on behalf of Incline Village General Improvement District with respect to possibly receiving Federal, State and local funds for applicable District projects; not to exceed \$20,000. Trustee Dent seconded the motion. Board Chairman Callicrate asked for further comment, receiving none, he called the question – the motion was passed unanimously.

G.2. SUBJECT: Review, discuss and preview Fiscal Year 2022/2023 Tentative Budget/Facility Fee Allocations *(was General Business Item G.4.)*

Director of Finance Navazio gave an overview of the submitted material and that there are a couple of additional slides that were handed out to the Board and those members of the public that were present. Trustee Tonking asked if Staff is watching the trends on the CPI; Director of Finance Navazio said yes, and we have bumped it up but that it is trending towards 7% or 8% and that we can absorb this in the budget that is presented and your final budget will include those COLAs without impact to the budget. Trustee Schmitz said as to relates to inflationary impacts, do you build those in? Director of Finance Navazio said we have tried and that is going to be a continuing pressure on the budget even after it is adopted. Trustee Schmitz said we talked about a Contracts Management and Purchasing position and them paying for their position with savings. District General Manager Winqest said he is still reviewing that position and that the Board will get an answer on April 13. It is more at the purchasing/contracting level – we may not hire the position until January but he is trying to manage the budget given the CPI increase. Trustee Schmitz said does appreciate that and would think it would be a position that would return back their salaries to the District in savings. Trustee Schmitz continued that if we look at the bottom line for golf, there is a \$2.373 million loss and if you add back in the capital and debt, the net is \$712,000. For last year's budget, we were losing \$531,000 and adding an additional \$200,000 to operational expenses and the capital plan is \$1.4 million and this fiscal year it was \$1.1 million so all of this is making this negative number higher than last year. Director of Finance Navazio said the

math is accurate and his interpretation of this budget however you have to take 2 things into consideration - \$1.1 million of the Mountain Course cart path project is carried over from fund balance and when you allocate from the Facility Fee \$1.3 million, there is a \$300,000 or \$400,000 surplus. Trustee Schmitz said she understands that and that we are using fund balance; she was pointing it out because later on we are going to be talking about golf rates. Director of Finance Navazio continued his presentation. Trustee Dent said the last two items are a great idea – moving money from General Fund to the Utility Fund and financing the pond - as our balance would go to zero and we are running short in the Utility Fund. Trustee Tonking said she agrees with Trustee Dent and that our fixes are more expense in the Utility Fund so she too supports those last two ideas. Trustee Tonking then asked about the monies coming from Washoe County and what happened? Director of Finance Navazio said that it went away completely so that is this coming back and there are no continuous monies coming in each year. Trustee Schmitz said she is personally supportive of retaining the \$780, the last alternative shows what, in our operations, is covering our operational costs in our services. Something that is important to understand is that Diamond Peak always paid into the Facility Fee and didn't put that in this year so what is your recommendation to us? Director of Finance Navazio said if we were to give a recommendation, it would be to retain it at \$780. The allocation needs to be improved by this budget process and not wait until the budget process and find out the costs, financing, etc. There is more work to be done to get to the allocation, comfortable with the \$780, and if some of these projects do move into bond financing, let's keep it and understand what we are doing with the Community Service projects. Trustee Schmitz said Staff is just asking tonight if the Board is comfortable with the \$780? Director of Finance Navazio said yes and that would be good direction and that we will get direction at your next meeting. Trustee Schmitz said for Community Services, is Ski Way in here? Director of Finance Navazio said yes, as is Snowflake Lodge and we pushed out Ski Way and are drawing down fund balance. District General Manager Winquest said Staff's goal is to get the Board to commit to a Facility Fee, additionally as far as the allocation, really depends on how we intend to pay for some of these projects, such as bonding, which may impact the allocation which is going to be more than \$180; but establishing the total fee, Staff is comfortable with \$780. Director of Finance Navazio said \$3.6 million is Ski Way in 24/25 and \$4.5 million is for Snowflake in 25/26. There is Lakeview lift, etc. Board Chairman Callicrate asked if the Board is comfortable with \$780; Board is all in agreement on the \$780 Facility Fee.

Board Chairman Callicrate called for a break at 8:07 p.m.; the Board reconvened at 8:19 p.m.

G.3. SUBJECT: Review, discuss and possibly approve Golf Play Pass rate structure and Daily Green Fees schedules for the Incline Village Golf Courses for the 2022 season (*was General Business Item G.2.*)

Director of Golf and Community Services Howard gave an overview of the submitted materials. Board Chairman Callicrate said thank you and a huge thanks to the committee and Trustee Wong as this is a delicate topic as golf is an intricate part of the community. It is critically important to include all those things that were mentioned by the community members and the increase is good and showing that we are trending in the right direction. He would be in support of your recommendation. Trustee Schmitz said she is curious how much was put into the discussion at the Mountain Course versus Championship Course? Director of Golf and Community Services Howard said we didn't get in depth there and what he is unclear on about that course is it an amenity that needs to break even or is it a money maker? Did raise rates there and we do know that our guests do play there as it is a little less expensive. Did have one member of the committee who wanted to raise the rates a little more. Trustee Schmitz said she did go back to your original report and it was suggested that we should look at all the items. In the report on the Mountain Course the fee is \$45 per round, operationally it is \$51 per round so the Mountain Course should be evaluated, looked at it, and state how do we get it closer. Championship Course came up to \$140 so that covers operational, capital and debt. When combining, it does show there is an issue and that might be something to look at. When she did the math relative to the rate increase, the challenge is you are reducing and we are backing up because last year we were short \$27 per round and this year we are short \$31 so we aren't making progress in closing that gap. Just wondering how do we look at this at a longer range and that she is curious how do we want to strategically address that issue? Director of Golf and Community Services Howard said our play mix has changed with 70% is resident versus 58% in past years so we do recognize the loss there. District General Manager Winquest said he had Trustee Schmitz had discussions on this prior to the meeting and we had talked about a three to five-year rate structure plan and when we get to these rates, from that point on, we need to continue to inject inflationary increases. There were minimal increases and, in the past, we didn't raise rates enough and we are now in a position where we are stuck to raising the rates and we can't be draconian about it and we did bring significant increases to the community and they understand

that they aren't where we need to be. Thank the committee as they understand and willing to keep meeting with us and continue to focus on this. Staff recommends a 3-year rate structure plan and communicate that so everyone can plan. Hopefully, this year is an anomaly, seeing an 8% COLA increase, seeing significant increases across the District for wages and materials, hopefully we won't have to deal with that much of an increase in our next cycle. Trustee Schmitz said one of the things she was trying to understand and what was causing the decrease, going to agenda packet page 138, the 10-play pass is calculated at \$83 per round, 20-play pass works out to be \$75 per round, and the couples unlimited play pass is \$52.80 per round. When the cost is \$100 and you average it out with 42 of those being membership and 30 are the individual all play, 50 rounds average, it is \$65 per round. So you can see how the play passes comes into play as far as what it is doing to the bottom line. Understand and appreciate the work but she would propose that the couples play pass would go up by 13 or 15%. Trustee Tonking said it is \$40.60 per round. Trustee Schmitz said when she did her analysis, the Mountain Course came out as a challenge and when she crunched her numbers, she can see why we have a problem. Director of Golf and Community Services Howard said he brought a proposal last year that didn't have support but we had club support, but we can talk about that with the committee to level it out a little bit. Board Chairman Callicrate said most people seem to be on the same page as these are community owned resources, helps the values of all our properties in town, we have to recognize that people are golfing under the cost of operations, we need to make sure that all the items are being included and once we include all the needed and appropriate items, that will give us the accurate numbers. We have the opportunity to get a handle on that for next year. He is comfortable with moving forward with the recommendation as presented and we don't want to be draconian as this is what a lot of people wait for. Trustee Wong said it has been a pleasure to discuss service levels and other things and that it was very clear that the group didn't want service levels to change and not to go down. The committee thought our Staff did really well with the resources they had with all the challenges that they have had. She is bringing those up because that has an impact on rates and what people pay. Our Staff proposed a different number and the group said it needs to be higher. That gives you some context about how they were thinking about rates and the comments you heard in public comments were spot on. How we do with our venues doesn't encapsulate everything and neither do our rates and our Board should reflect on that topic. When you start, as Ms. Holland did a good job, golf courses are here for our residents and if you start with that concept and how you determine rates, it doesn't necessarily matter how much we are covering or how much of the Facility Fee is

allocated. Start with the golf courses are here for our community and residents and that means we will should be willing to subsidize the golf courses for our residents and community. Director of Golf and Community Services Howard said thank you for trusting where the committee is coming from and for including everything that happens at the golf courses as that is industry standard. We do a lot of weddings that Golf Staff helps with. We can always separate the events at Aspen Grove or the beaches. Trustee Tonking said thank you to Staff and community, she is onboard in supporting these recommendations; on agenda packet page 135, last paragraph, we spend a lot of time looking at the allocation, we need to do that soon with food and beverage. She is pretty concerned on the unlimited couple and all you can play passes and asked if going forward can we track how much people are paying each round and what is the percentage impact before an increase and track and do the analysis? Director of Golf and Community Services Howard said yes, we can do that. Trustee Dent said thank you to Staff and the committee, agree with Trustee Tonking's comments on the play passes, and he asked that Staff just try and get these things a little closer. The idea of separating out was because we couldn't see all the pieces and that was the intent. He has no problem with bringing it back together as it was never the intent to keep it apart. Rather the intent was how is golf doing and do this deep dive. Director of Golf and Community Services Howard said if we do put it all together, it is not hard for him to bring out. District General Manager Winqest said to the member of the public who asked, yes, of course we are going to include revenues and expenses. Trustee Schmitz said she is appreciative of doing the whole picture on golf and that we are covering everything when you look at it holistically. For the Mountain Course, we are very far behind. Appreciate the focus for next year, it is her fiduciary responsibility to mention the Mountain Course and that it is covering operating expenses. We have to make a decision on what is the Mountain Course about and its goals and objectives. Director of Golf and Community Services Howard said it is important to note that 4 out of the last 5 years, we closed early and opened later therefore we haven't gotten to our potential and he really wants to see what we can do up there with a full year. Trustee Schmitz said with the Mountain Course, we are talking about replacing our golf carts so can Staff do a strategic plan for each course? Director of Golf and Community Services Howard said that is a great point and we don't own the carts rather we lease them so they are going away. Trustee Dent said next year can you include this sheet with your memo from your earlier presentation into your rate request?

Trustee Tonking made a motion to approve Golf Play Pass rate structure and Daily Green Fees schedules for the Incline Village Golf

Courses for the 2022 season attached as Exhibits and all nonprofit, etc. Trustee Dent seconded the motion. Board Chairman Callicrate asked for further comments, hearing none, he called the question – the motion was passed with Trustee Schmitz voting opposed because of her fiduciary responsibility to the Mountain Golf Course and Trustees Dent, Callicrate, Tonking and Wong voting in favor of the motion.

G.4. SUBJECT: Review, discuss and possibly approve facility rates for the Chateau and Aspen Grove, effective immediately for all future bookings (*was General Business Item G.3*)

Director of Golf and Community Services Howard gave an overview of the submitted materials. Board Chairman Callicrate thanked the Staff and noted that the fees that are in here are getting us in line with other venues; he is comfortable with what's in the packet.

Trustee Tonking made a motion to approve facility rates for the Chateau and Aspen Grove, effective immediately for all future bookings Trustee Wong seconded the motion. Board Chairman Callicrate asked for further comments, hearing none, he called the question – the motion was passed unanimously.

G.4. SUBJECT: Review, discuss and preview Fiscal Year 2022/2023 Tentative Budget/Facility Fee Allocations (*moved to General Business Item G.2.*)

Recommendation for Action: Board of Trustees to provide direction to Staff (Requesting Staff Member: Director of Finance Paul Navazio)

H. MEETING MINUTES (*for possible action*)

H.1. Meeting Minutes of March 1, 2022

H.2. Meeting Minutes of March 9, 2022

District Clerk Susan Herron said that Trustee Schmitz asked for a couple of minor changes; she will make those and get them posted by the end of this week as she needed to confirm one change requested with Trustee Wong. She would appreciate approval with those changes being made as they don't change any action taken by the Board of Trustees. Board Chairman Callicrate approved the minutes as revised.

I. **FINAL PUBLIC COMMENTS**

Scott Hill said excuse him for his ad lib comments but he did listen to the entire meeting especially the golf aspects. He is a member of the golf committee and he would like to thank the Board for their effusive show of appreciation for our efforts and we did have a lot of efforts and a lot of meetings. He is especially appreciative of the comments of Trustees Wong and Callicrate and agree with the comments of Trustee Dent on the importance of looking at each golf venue separately from a cost and revenue basis. He is personally not as representative of the committee but he is personally a bit disappointed in Trustee Schmitz' comments. First as to service levels which was an early topic of hers and then later on the golf committee, Trustee Schmitz, looked at service levels repeatedly. We identified that the Mountain Course could reduce some service levels but the results of that discussion was that those were so small that they wouldn't do much to impact the overall result and we left that to basically the Golf Staff to handle. We did look at service levels at the Championship Course and we said well if you want to turn it into a very low key, low class municipal course with much lower rates then we could address service levels there. But if you do want to get non-resident play to the extent that we get it and Hyatt play and if you want those people to pay \$200 per round then you better have the service levels as it is because even as it is you don't get free range balls or anything else so it's a bit dicey when you start reducing service levels. We did agree that the course needed to be maintained at the current level to be able to have that kind of course so we did address those and that deals with the third point that Trustee Schmitz brought up which was costs. As to the Mountain Golf Course, he thinks there needs to be a bit of realization that this is a 3-month course and not a 4-month course given the altitude and the likelihood of it ever making money or covering costs is highly unrealistic and that is his personal opinion but you start increasing rates up there, you are going to see the reverse effect. So, if you want to close it down Trustee Schmitz, if you want to develop it into condominiums.

J. **ADJOURNMENT** *(for possible action)*

The meeting was adjourned at 9:00 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.