

NOTICE OF MEETING

The regular meeting of the Incline Village General Improvement District will be held starting at **6:00 p.m.** on **Wednesday, February 10, 2021** in the Boardroom at 893 Southwood Boulevard, Incline Village, Nevada.

In compliance with State of Nevada Executive Department, Declaration of Emergency Directives 006, 016, 018, 021, 026, and 029, this meeting is closed to the public and attendance is limited to members of the Board of Trustees and essential staff. Public comment is allowed and the public is welcome to make their public comment either via e-mail (please send your comments to info@ivgid.org by 4:00 p.m. on Wednesday, February 10, 2021) or via telephone (the telephone number will be posted to our website on the day of the meeting).

- A. PLEDGE OF ALLEGIANCE*
- B. ROLL CALL OF TRUSTEES*
- C. INITIAL PUBLIC COMMENTS* - *Unless otherwise determined, the time limit shall be three (3) minutes for each person wishing to make a public comment. Unless otherwise permitted by the Chair, no person shall be allowed to speak more than once on any single agenda item. Not to include comments on General Business items with scheduled public comment. The Board of Trustees may address matters brought up during public comment at the conclusion of the comment period but may not deliberate on any non-agendized item.*
- D. APPROVAL OF AGENDA (*for possible action*)

The Board of Trustees may make a motion for a flexible agenda which is defined as taking items on the agenda out of order; combining agenda items with other agenda items; removing items from the agenda; moving agenda items to an agenda of another meeting, or voting on items in a block.

-OR-

The Board of Trustees may make a motion to accept and follow the agenda as submitted/posted.

- E. PUBLIC HEARINGS
There are no Public Hearings for this agenda.
- F. DISTRICT STAFF UPDATES (*for possible action*)
 - 1. District General Manager Indra Winquest – **pages 4 - 10**
 - A. General Manager's Ordinance 7 Committee verbal update
- G. REVIEW OF THE LONG RANGE CALENDAR (*for possible action*) – **page 11**
- H. DISTRICT GENERAL COUNSEL UPDATE (*for possible action*)
There is no District General Counsel update for this agenda.
- I. REPORTS TO THE BOARD* - Reports are intended to inform the Board and/or the public.

Incline Village General Improvement District

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775) 832-1100 • FAX (775) 832-1122

www.yourtahoeplace.com

NOTICE OF MEETING

Agenda for the Board Meeting of February 10, 2021 - Page 2

1. Treasurers Report *(for possible action)*
 - A. Payment of Bills *(for possible action)* *(For District payments exceeding \$10,000 or any item of capital expenditure, in the aggregate in any one transaction, a summary of payments made shall be presented to the Board at a public meeting for review. The Board hereby authorizes payment of any and all obligations aggregating less than \$10,000 provided they are budgeted and the expenditure is approved according to District signing authority policy) – page 12*
 2. Audit Committee Chairman Matthew Dent – Verbal report on Audit Committee Meeting of February 10, 2021
- J. CONSENT CALENDAR *(for possible action)* *(In cooperation with the Chair, the General Manager may schedule matters for consideration on a Consent Calendar. The Consent Calendar may not include changes to budget, user rates or taxes, adoption or amendment of ordinances, or any other action which is subject to a public hearing. Each consent item shall be separately listed on the agenda, under the heading of "Consent Calendar". A memorandum containing all relevant information will be included in the packet materials for each Consent Calendar item. The memorandum should include the justification as a consent item in the Background Section. Any member of the Board may request the removal of a particular item from the consent calendar and that the matter shall be removed and addressed in the General Business section of the meeting. A unanimous affirmative vote shall be recorded as a favorable motion and approval of each individual item included on the Consent Calendar.)*
1. Review, discuss and possibly approve an authorization to Execute a Renewal of the District's Software Service Agreement with OpenGov, Inc. for a new Three-Year term through November 30, 2023, at a cost of \$25,754 per year or \$77,262 for the full three-year term (Requesting Staff Member: Director of Finance Paul Navazio) – **pages 13 - 21**
 2. Review, discuss, and possibly award a Construction Contract for the Water Reservoirs Coatings and Site Improvements – 2020/2021 Capital Improvement Project: Fund: Utilities; Division: Water; Project #2299DI1204; Vendor: Olympus and Associates, Inc. in the amount of \$59,440. (Requesting Staff Member: Engineering Manager Nathan Chorey) – **pages 22 - 56**
- K. GENERAL BUSINESS *(for possible action)*
1. Review, discuss and possibly approve a contract with Best, Best & Krieger for legal services (Requesting Staff Member: District General Manager Indra Winquest) – **pages 57 - 91**
 2. Review and accept the written annual Audit Committee Report in conjunction with the presentation of the annual audit in accordance with Policy 15.1.0 (2.4.6). **and** additionally, to review, discuss and potentially take action on the recommendation(s) presented by the Audit Committee as it relates to the 2020 CAFR (Requesting Staff Member: Trustee Sara Schmitz) – **pages 92 - 110**
- L. APPROVAL OF MINUTES *(for possible action)*
1. Meeting Minutes of January 13, 2021 – **pages 111 - 160**
 2. Meeting Minutes of January 20, 2021 – **pages 161 - 173**
- M. REPORTS* *(Reports are intended to inform the Board and/or public)*
- There are no Reports for this agenda.**
- N. FINAL PUBLIC COMMENTS* - Limited to a maximum of three (3) minutes in duration.
- O. ADJOURNMENT *(for possible action)*



NOTICE OF MEETING

Agenda for the Board Meeting of February 10, 2021 - Page 3

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Friday, February 5, 2021 at 9:00 a.m., a copy of this agenda (IVGID Board of Trustees Session of February 10, 2021) was delivered to the post office addressed to the people who have requested to receive copies of IVGID's agendas; copies were either faxed or e-mailed to those people who have requested; and a copy was posted at the following seven locations within Incline Village/Crystal Bay in accordance with NRS 241.020:

1. IVGID Anne
2. Incline Village
3. Crystal Bay Post
4. Raley's Shopping
5. Incline Village
6. IVGID's
7. The Chateau at

**SUSPENDED – STATE OF NEVADA
EXECUTIVE DEPARTMENT,
DECLARATION OF EMERGENCY,
DIRECTIVES 006, 016, 018, 021, 026, AND
029.**

Vorderbruggen Building (Administrative Offices)
Post Office
Office
Center
Branch of Washoe County Library
Recreation Center
Incline Village

/s/ Susan A. Herron, CMC
Susan A. Herron, CMC

District Clerk (e-mail: sah@ivgid.org/phone # 775-832-1207)

Board of Trustees: *Tim Callicrate - Chairman, Matthew Dent, Sara Schmitz, Kendra Wong, and Michaela Tonking.*

Notes: *Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another meeting; moved to or from the Consent Calendar section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Those items followed by an asterisk (*) are items on the agenda upon which the Board of Trustees will take no action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting. Copies of the packets containing background information on agenda items are available for public inspection at the Incline Village Library.*

IVGID'S agenda packets are now available at IVGID's web site, www.yourtahoeplace.com; go to "Board Meetings and Agendas". A hard copy of the complete agenda packet is also available at IVGID's Administrative Offices located at 893 Southwood Boulevard, Incline Village, Nevada, 89451.

***NRS 241.020(2) and (10): 2. Except in an emergency, written notice of all meetings must be given at least 3 working days before the meeting ... 10. As used in this section, "emergency" means an unforeseen circumstance which requires immediate action and includes, but is not limited to: (a) Disasters caused by fire, flood, earthquake or other natural causes; or (b) Any impairment of the health and safety of the public.**

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winqest
General Manager

SUBJECT: General Manager’s Status Report
Prepared for the meeting of February 10, 2021

DATE: February 3, 2021

General Manager & Board of Trustees Priority Projects & Tasks

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
Effluent Pond Lining Project Request for Qualifications (RFQ) <i>*updated</i>	CMAR Pre Construction Contract issued	GM Winqest/Engineering Manager Chorey/ Trustee Dent	CMAR Pre Construction approved by the BOT on 1/28/21. Planning & Design Phase kicking off.
Effluent Pipeline Project Request for Qualifications (RFQ)	See above	GM Winqest/Engineering Manager Chorey/ Trustee Dent	See above
Burnt Cedar Pool Project	Guaranteed Maximum Price (GMP) presented for approval, 4/28/21	Engineering Manager Chorey/GM Winqest	Final design contract approved on 12/9/20. CORE Construction has begun Pre-Construction Services.
Internal Controls Project(s) Review of Internal Control Policies and Procedures <i>*updated</i>	Winter/Spring	Director of Finance Navazio	Ongoing – I/C documents and project plan was agendized for Audit Committee meeting of 1/27/21. Staff prioritizing update of approval authority for procurement, contracts, and change orders.
Consultant review of four (4) Accounting Practices – Moss Adams 2	Completed	GM Winqest/Director of Finance Navazio/Audit Committee	Final Report by Moss Adams presented at the 1/28/21 BOT meeting. Next steps include updating Board capitalization policy
Project & Contract Consultant Review - Moss Adams 1 <i>*updated</i>	Completed	GM Winqest/Director of Finance Navazio	Final Moss Adams report presented at BOT meeting held on 1/13/21. Next steps include review of change order approval process and project close-out procedures.

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
RFP for Independent Audit Services / Financial Reporting	March 2021	Audit Committee / Director of Finance Navazio	RFP released on 11/10/20; Responses from firms received 12/17/20; Audit Committee to consider recommendation on 2/10/21, with Board approval on 3/10/21.
Ordinance 7 GM Advisory Committee <i>*updated</i>	Fall/Winter 2020	GM Winquest	Last meeting took place 1/26/21. Next meeting scheduled for 2/9/21 Members of the Committee will update the Board on 2/10/21
Smith vs IVGID Litigation	Ongoing	Legal Counsel/Board of Trustees/GM Winquest	Update provided by Legal Counsel at the 9/9/20 BOT mtg
Utilities Performance/Asset Management Review <i>*updated</i>	Consultant Hired January 13, 2021, Schedule for completion June 2021	GM Winquest/Board	The Board of Trustees approved a contract with Raftelis on 1/13/21.
2020/2022 Strategic Plan	February 2020/21	Senior Management Team/Board of Trustees	Staff currently working a Draft Strategic Plan to serve as a starting point for discussions.
USFS Parcel Acquisition – Potential Dog Park	Ongoing	GM Winquest	Have resumed discussions with the USFS regarding special use permit, Legislation in progress
Transition to Enterprise Fund Accounting for beginning 2021-22 Fiscal Year	Ongoing	GM Winquest/Director of Finance Navazio	The District appeared in front of the LCGF, and Department of Taxation on January 28, 2021. Formal communication was provided to the governing body initiating the District's intent to transition to Enterprise Fund Accounting beginning with the 2021-22 Fiscal Year.
Recreation Punch card accounting	Fall/Winter 2020	Director of Finance Navazio	Board Workshop took place on 9/9/20. Moss Adams currently evaluating Punch Card Accounting

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
USACE Grant Funding for Pond Lining/Pipeline Projects	TBD	GM Winquest/Engineering Manager Chorey	Laura Whitney (USACE) shared new model agreements on 11/23. New target for completion of agreements is 3/31/21
Ski Way Reconstruction Project	TBD	Engineering Manager Chorey	Ongoing conversations Tyrolian Village HOA. Wood Rodgers to prepare memo to document alternative construction techniques.

Staffing Recruitment & Notification

The Human Resources and Senior Management teams are very busy with multiple key recruitments. The District has formally hired our new Director of Public Works, Brad Underwood. Mr. Underwood will be beginning full time employment on March 15, 2021. The District has also hired Sheila Leijon as Parks & Recreation Superintendent. Mrs. Leijon will move into her new role on February 7, 2021. Additionally, Erin Feore has been named Interim Director of Human Resources until further notice as a recruitment plan is being developed to fill the vacant position of Director of Human Resources.

Ordinance 7 General Manager Advisory Committee

A page on the IVGID website has been created and that link is <https://www.yourtahoeplace.com/ivgid/general-managers-committee-on-ordinance-7>. Meeting minutes have been placed on the website. The last meeting of the committee was held on scheduled January 28, 2021. The next scheduled meeting is Tuesday, February 9, 2021. There will be a verbal update at the Board of Trustees meeting on February 10, 2021.

Diamond Peak Update

The ski area completed its 59th day of operation on January 31st. During January the conditions were mostly dry although we continued to offer a variety of groomed terrain to our residents and guests. We experienced 2 days in the month where strong winds resulted in a closure of Crystal Express lift. The recent snow storm arriving on January 27th left significant snowfall and allowed the ski area to report 100% of the terrain open for the first time this season.

For the month the final skier count was 33,098 which is 3.7% above the five year average. The season to date skier visit count is 60,645, an increase of 1,200 visits from the prior year and 950 visits over same period for the 2018/19 season. Through the month of January our Ski and Ride Centers taught 1,844 lessons as compared to 3,977 lessons last January down nearly 54%. For the month, 5.5% of our skier visits took a lesson as compared to 14% in January 2020. Ski and Snowboard Rentals for the month included 5,466 units, a decrease of 24% from the previous January. The number of total skier visits for the month that used the rental equipment was 16% compared to 26% of skier visits during January 2020.

February 1st through the 7th the ski area is hosting the 2021 IVGID Community Appreciation Week. During the event IVGID Picture Pass holders receive free lift tickets to ski and ride at Diamond Peak. The ski area continues to operate with best practices and guidelines in place, please practice physically distancing from one another, wear a face covering while visiting, do not visit if you are feeling unwell, plan ahead and please remember to visit diamondpeak.com for the latest information about Diamond Peak.

Key Project Updates

See more information on current district capital projects.

Webpage Link:

<https://www.yourtahoeplace.com/ivgid/resources/construction-updates>

Risk and Resilience Assessments and Emergency Response Plan

The America's Water Infrastructure Act (AWIA) requires preparation of Risk and Resilience Assessments (RRA) and emergency response plans (ERPs). Farr West Engineering's contract was authorized at the December 9, 2020 Board Meeting. IVGID staff and Farr West participated in a virtual Kick-off Meeting and a workshop is scheduled in mid-February.

Utilities Management Review and Asset Assessment

The Utilities Management Review and Asset Assessment includes evaluation of IVGID Public Works' organizational structure and staffing, review of operational efficiency, and review of financial and capital investment. At the January 13, 2021 Board Meeting, Trustees authorized a professional services contract with Raftelis. IVGID staff and Raftelis participated in a virtual Kick-off Meeting and initial staff interviews are scheduled in mid-February.

Burnt Cedar Swimming Pool Improvements

A 2020/2021 Capital Improvement and Board of Trustees Priority Project, this project will reconstruct the two (2) existing pools (full size and toddler) at Burnt Cedar Beach. A design consultant has been selected and worked with IVGID Staff and a community group to develop a preferred conceptual design. On August 12, 2020, the Board of Trustees unanimously selected a preferred option. On September 9, 2020, the Board of Trustees unanimously authorized schematic design services. On September 30, 2020, the Board of Trustees provided feedback on project delivery with the majority supporting the Construction Manager-At-Risk (CMAR) project delivery method. Final Design was authorized at the December 9, 2020 Board Meeting. The Project is tentatively scheduled to begin construction in May 2021. Construction will require complete closure of the pool and pool deck for an entire season.

Tennis Center Renovation

The project includes remodeling the pro-shop and restrooms, enclosing the existing kitchenette area, expanding and enhancing the deck area, and layout improvements to make the venue more welcoming. The construction contract was awarded at the June 10, 2020 Board of Trustees meeting. Construction has commenced and the project is scheduled to be substantially complete April 1, 2021.

Daniel Fraiman Construction Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$709,000	\$36,362	\$745,362	\$483,343	\$262,109

Effluent Pipeline Project

District Staff provided a detailed Effluent Export Project update to the Board of Trustees on January 29, 2020. The immediate priority is to replace all of the remaining Segment 3 pipeline (12,385 linear feet) and to make immediate repairs to the Segment 2 pipeline (17,314 linear feet) to extend its life and mitigate a potential future leak site. At the January 28, 2021 Board of Trustees Meeting, Trustees approved a Construction Manager-At-Risk (CMAR) pre-construction contract with Granite Construction. Granite Construction’s first tasks are to review background material, prepare a Findings Memorandum, and participate in selection of a Design Engineer.

Effluent Pond Lining Project – 2599SS2010 (this is a new capital project #) – PO#

A component of the Water Resource Recovery Facility (WRRF) operation is a 2.4-million-gallon effluent storage basin located adjacent to the wastewater resource recovery facility (Plant). The WRRF Effluent Storage Alternative Analysis Memorandum, September 2018, recommends a reinforced concrete or the combination of concrete and shotcrete lining that provides the best long term value, maximizes storage volume, and has low maintenance to keep in service. At the January 28, 2021 Board of Trustees Meeting, Trustees approved a Construction Manager-At-Risk (CMAR) pre-construction contract with Granite Construction. Granite Construction’s first tasks are to review background material, prepare a Findings Memorandum, and participate in selection of a Design Engineer.

Financial Transparency

Fiscal Year 2019/2020 Year-End Audit. The District’s Independent Auditor, Eide Bailly, completed their audit of the District’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020 and issued its audit opinion and final CAFR on January 22nd. The CAFR and related audit reports (including Schedule of Findings) was reviewed by the Audit Committee on January 27th and presented to the Board of Trustees on January 28th. At Board direction, staff requested a 2nd extension of time to file the CAFR and audit reports with the Department of Taxation in order to provide time for the Audit Committee to present its report on the financial audit to the Board of Trustees (scheduled for 2/10/21). The State has granted an additional two-week extension for the District to file the CAFR, to February 15th.

The Board was previously advised of correspondence (dated 12/1/20) transmitted to the Nevada Department of Taxation informing them of the District’s intent to transition back to

Enterprise Fund accounting for our Community Services and Beach activities, effective with the 2021/22 fiscal year. On December 23rd, the Department of Taxation provided the District's

Staff completed the close for December 2020 accounting period and monthly financial reports were posted on the District's website and on our OpenGov platform. The close for the month of January scheduled to be completed by February 12th.

Staff is working on the District's mid-year budget update scheduled to be presented to the Board at its meeting of February 24th, to coincide with the Board's 2nd budget workshop. The workshop will cover preliminary baseline budgets for each element of District operations as well as provide for continued discussion of updating the District's pricing policy governing fees and charges.

Finally, as referenced earlier in this report, District advanced its process for transitioning back to enterprise fund reporting for its Community Services and Beach activities with the 2021/22 fiscal year by attending a hearing before the State's Commission on Local Government Finance, held on January 28th. The commission acknowledged the District's intent to transition back to enterprise fund accounting, however no formal action was taken or required.

Policy 3.1.0, subparagraph 0.4 – Report to the Board on Contracts Signed by the District General Manager

From January 1, 2021 to January 31, 2021

PO Number	Vendor	Description	PO Amt
21-0139	Silver State International	Fuel injectors and emissions system repair to bus #636	\$13,500

Public Records Requests

Following are the public records requests from December 30, 2020 through January 31, 2021.

Date Requested	By Whom	Subject	Date Responded	Status/Comments
01/07/2021	Dobler, Cliff	Advertisement Proof – Rebid	01/11/2021	Complete
01/08/2021	Dobler, Cliff	Grant agreements between IVGID and ITF	01/11/2021	Complete
01/08/2021	Dobler, Cliff	Lloyd ASA#4; add'l \$5,000	01/11/2021	Complete
01/09/2021	Dobler, Cliff	Incline Ballfields – Reason for CO#1	01/11/2021	Complete
01/09/2021	Gumz, Joy	USFS – Payments, etc. – 2018 Invoice	01/11/2021	Complete
01/09/2021	Gumz, Joy	USFS – Backup Information	01/11/2021	Complete
01/11/2021	Gumz, Joy	USFS – Payments, etc. – 2019 Invoice	01/11/2021	Complete
01/11/2021	Katz, Aaron	2020/2021 Budget Book	01/11/2021	Complete
01/11/2021	Gumz, Joy	DP USFS Permit (all)	01/11/2021	Complete
01/11/2021	Gumz, Joy	USFS – Form	01/19/2011	Complete

General Manager's Status Report -7-
 Prepared for the meeting of February 10, 2021

February 3, 2021

Date Requested	By Whom	Subject	Date Responded	Status/Comments
01/11/2021	Dobler, Cliff	Incline Ballfields – ITF – Communications		Awaiting reply from Mr. Dobler
01/11/2021	Dobler, Cliff	Incline Ball Fields – Incline Tahoe Grant – PO#19-0141	01/12/2021	Complete
01/11/2021	Dobler, Cliff	Incline Park Ball Fields – Charges and Data Sheets	01/19/2021	Complete
01/11/2021	Dobler, Cliff	Ballfields – Actual payments from Incline Tahoe Foundation to IVGID for three reimbursements	01/15/2021	Complete
01/12/2021	Dobler, Cliff	Lloyd PO# 19-0140	01/12/2021	Complete
01/12/2021	Dobler, Cliff	Grant Agreement with ITF for \$57,300	01/12/2021	Complete (believe it to be a duplicate to his 01/08/2021 request)
01/14/2021	Martini, Margaret	Gold and Silver Card – List of Holders	01/21/2021	Complete
01/14/2021	Abel, Helen and Mike	2013 and 2014 Salary Information (same as was sent to Transparent Nevada)	01/19/2021	Complete
01/16/2021	Warren, Dick	Controller Job Description and Benefits Package	01/26/2021	Complete
01/16/2021	Katz, Aaron	Procurement Card Contract and Policy	01/25/2021	Complete
01/18/2021	Katz, Aaron	IVCBA membership	01/25/2021	Complete
01/23/2021	Katz, Aaron	CMAR RFP	02/10/2021	Complete
01/24/2021	Abel, Helen and Mike	2015 and 2016 Salary Information (same as was sent to Transparent Nevada)	01/25/2021	Complete
01/25/2021	Warren, Dick	Silver and Gold Card – listing of Holders and Benefits	01/26/2021	Complete
01/25/2021	Katz	Repeat of 01/16 request (5. and 6.)	02/01/2021	Complete
01/29/2021	Abel, Helen and Mike	2013, 2014, 2015 & 2016 Part-Time & Seasonal Employee Payroll Data	02/01/2021	Complete

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2021	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS DUE DATES	ITEMS SLATED FOR CONSIDERATION
02/24	Wednesday	6 p.m.		Board Workshop	02/15/2021 8 a.m.	Budget Workshop #3 – Operating Budget FY2020/2021 Mid-Year Budget Update Approve negotiated payment to ETS (Beko) (if he submits by Monday, 2/15) Non-Supervisory Contract affirmation (Consent Calendar) Carryovers, a budget augmentation, and fine tuning to the budget (request made at 12/9/2020 meeting (Navazio))
03/10	Wednesday	6 p.m.		Regular Board Meeting	03/01/2021 8 a.m.	Public Records Update (in GM report) Mountain Golf Cart Path Replacement Update Pricing Proposal for Diamond Peak Ski Passes Pricing Proposals for Golf Recommendation and Selection of the District's Auditor (Navazio) Award Golf Driving Range Nets (Chorey and Howard)
03/10	Wednesday	TBD		Audit Committee Meeting	03/01/2021 8 a.m.	Whistleblower Procedure for Financial Matters (Requesting Staff Member: District General Counsel Josh Nelson) Staff update on Internal Controls (Requesting Staff Member: Director of Finance Paul Navazio) Staff update on Chart of Accounts (Requesting Staff Member: Director of Finance Paul Navazio) Review, discuss, and possibly take action related to the following communications that have been received and are included: (Requesting Audit Committee Member: Audit Committee Chairman Matthew Dent) a. November 25, 2020 e-mail communication regarding Memorandums by Clifford F. Dobler and Linda Newman regarding accounting errors and irregularities in the Incline Village General Improvement District Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 b. December 19, 2020 email communication to James C. Lanzarotta – Moss Adams LLP regarding Red-lined Draft Final Report on Evaluation of Certain Accounting and Reporting Matters: Punch Card Accounting dated December 19, 2020 from IVGID Audit Committee Member Clifford F. Dobler and Linda Newman c. January 26, 2021 email communication from Aaron L. Katz; Subject: Whose idea was it to come up with the retaliatory provisions of the Committee's proposed whistleblower procedure for financial matters?
03/24	Wednesday	6 p.m.		Regular Board Meeting	03/15/2021 8 a.m.	Diamond Peak Uniforms Contract Award (Consent Calendar) (Bandelin) Rental Skis Contract Award (Consent Calendar) (Bandelin)
04/14	Wednesday	6 p.m.		Regular Board Meeting	04/05/2021 8 a.m.	Public Records Update (in GM report) Approval of FY2021/22 Tentative Budget
04/28	Wednesday	6 p.m.		Regular Board Meeting	04/19/2021 8 a.m.	Authorize the Burnt Cedar Pool CMAR Construction Contract (Chorey)
05/12	Wednesday	6 p.m.		Regular Board Meeting	05/03/2021 8 a.m.	Public Records Update (in GM report)
05/26	Wednesday	6 p.m.		Regular Board Meeting	05/17/2021 8 a.m.	Adoption FY2021/22 Budget (incl. Public Hearing) Approval of Rec Roll – FY2021/22 (incl. Public Hearing)
06/09	Wednesday	6 p.m.		Regular Board Meeting	05/31/2021 8 a.m.	Public Records Update (in GM report) Raftelis Final Report (tentative date)
06/30	Wednesday	6 p.m.		Regular Board Meeting	06/21/2021 8 a.m.	
07/14	Wednesday	6 p.m.		Regular Board Meeting	07/05/2021 8 a.m.	Public Records Update (in GM report)
07/28	Wednesday	6 p.m.		Regular Board Meeting	07/19/2021 8 a.m.	

Items sitting in the parking lot (to be discussed but (a) not yet scheduled for a specific Regular Board Meeting) or (b) a future Board not on this calendar

RFID Picture Passes – Item for next Strategic Plan or three years from now – software not available nor is infrastructure/hardware
TRPA EIS Contract at Diamond Peak
Split Ordinance 7 (allow 45 days ahead of action)
Enterprise vs special revenue accounting (in process – submitted to the State of Nevada – hearing before the DOT on 01/28/2021)
September 1, 2021 – General Manager Performance Review and Review of Goals for FY 2020/2021
Review of the Washpad Project (see award made on 06/23/2020)
Next step on Incline Beach House
Report on audit of selected parcels
Report on audit of recreation and beach fees (request made at 12/9/2020 meeting)
Correspondence in Board packet – Chairman Callicrate
Third and fourth quarter financial reports (add to LRC)
Moss Adams game plan/action plan (request made at 01/13/2021 meeting)
Tyler Technologies project status report (request made at 01/13/2021 meeting)
Possible discussion on IVGID needs as it relates to potential land use agreement with DPSEF (Request by Trustee Schmitz – 01/18/2021)

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

Payment of Bills (for possible action) (For District payments exceeding \$10,000 or any item of capital expenditure, in the aggregate in any one transaction, a summary of payments made shall be presented to the Board at a public meeting for review. The Board hereby authorizes payment of any and all obligations aggregating less than \$10,000 provided they are budgeted and the expenditure is approved according to District signing authority policy)

Date	Check	Payment Type	Vendor	Total	Status
01/08/2021	-	ACH	AT&T	\$ 14,593.75	Paid
01/22/2021	775458	Check	Daniel Fraiman Construction	59,406.11	Paid
01/27/2021	775486	Check	Jacobs Engineering Group Inc, Formerly CH2M Hill	11,361.37	Paid
01/08/2021	4245	EFT	Moss Adams LLP	10,000.00	Paid
01/08/2021	4245	EFT	Moss Adams LLP	17,700.00	Paid
01/22/2021	775468	Check	NV Energy	167,054.32	Paid
01/15/2021	775435	Check	The Regents of U.C.	16,524.00	Paid
01/08/2021	775390	EFT	Tyler Technologies Inc	119,938.00	Paid
				<u>\$ 416,577.55</u>	

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra S. Winqest
District General Manager

FROM: Paul Navazio
Director of Finance

SUBJECT: Review, discuss and possibly approve an authorization to Execute a Renewal of the District's Software Service Agreement with OpenGov, Inc. for a new Three-Year term through November 30, 2023, at a cost of \$25,754 per year or \$77,262 for the full three-year term

DATE: February 2, 2021

I. RECOMMENDATION

Staff recommends that the Board of Trustees authorize the General Manager to execute a renewal of the District's Software Serve Agreement with OpenGov, Inc. for an additional three-year term, through November 30, 2023, at a fixed annual fee of \$25,754, or \$77,262 over the term of the three-year agreement.

II. BACKGROUND

OpenGov, Inc., provides the District with a web-based financial transparency platform through which both internal and external users can access financial information, including transaction, general ledger details, and summary financial reports. The District first entered into a Software Service Agreement with OpenGov, Inc. in 2015. The original three-year term was extended for an additional three-year term in 2017 and expired in November 2020.

This agenda item seeks Board approval for the District to renew the Software Service Agreement for an additional three-year term, covering the period from December 2020 through November 2023, for a fixed annual fee of \$25,754 per year, or \$77,262 over the term of the three-year agreement.

III. DISCUSSION

The proposed agreement for renewal of the District's Software Service Agreement for OpenGov's Reporting and Transparency Platform includes several features utilized by and/or available to the District, including Reporting & Analytics, Dashboards, Stories and Financial Integration. Earlier software service agreements provided for the foundational financial integration and reporting and analytics platform with additional optional features, provided at an additional cost.

For the current three-year renewal agreement, all of the features utilized by the District are now incorporated into the base platform, at a combined annual fee of \$25,754 per year, which is the same annual cost that has been charged to the District since 2019.

The attached Software Service Agreement has been reviewed and approved by legal counsel.

IV. FINANCIAL IMPACT

The proposed software service agreement would commit the District to annual costs of \$25,754, or \$77,262 over the three-year term. Funding for this purpose is provided in the District's approved FY2020/21 budget through General Fund appropriations for Computer Licenses and Fees, split between Accounting (activity code 100-12-120), and Community Relations (activity code 100-14-170).

If approved, funding for each year of the proposed OpenGov Software Service Agreement will be included in the annual budget consistent with the terms of the agreement.

V. CONCLUSION

Staff recommends that the Board of Trustees authorize the General Manager to execute a renewal of the District's Software Serve Agreement with OpenGov, Inc. for an additional three-year term, through November 30, 2023; at a fixed annual fee of \$25,754, or \$77,262 over the term of the three-year agreement.

Attachments:

- 1) Three-Year Renewal Agreement, OpenGov
- 2) Software Service Agreement



OpenGov Inc. 955 Charter Street
 Redwood City, CA 94063
 United States

Created On: 12/2/2020
 Order From Expiration: 12/15/2020
 Subscription Start Date: 12/1/2020
 Subscription End Date: 11/30/2023

Prepared By: Zach Garelik
 Email: zgarelik@opengov.com
 Contract Term: 3 Years

Customer Information			
Customer:	Incline Village General Improvement District, NV	Contact Name:	Lori Pommerenck
Bill To/Ship To:	893 Southwood Blvd. Incline Village, NV 89451 United States	Email:	lap2@ivgid.org
		Phone:	775-832-1169
		Billing Contact:	Lori Pommerenck
		Email:	lap2@ivgid.org
		Phone:	775-832-1169

Order Details	
Billing Frequency: Annual	Description: See Billing Table Below
Payment Terms: Net Thirty (30) Days	

SOFTWARE SERVICES:

Product / Service	Start Date	End Date	Annual Term	Annual Fee
OpenGov Reporting & Transparency Platform <i>Reporting & Analytics, Dashboards, Stories, Financial Integration</i>	12/1/2020	11/30/2023	3	\$25,754.00
			Annual Subscription:	\$25,754.00

Billing Table:

Billing Date	Amount Due
December 1, 2020	\$25,754.00
December 1, 2021	\$25,754.00
December 1, 2022	\$25,754.00

Order Form Legal Terms

Welcome to OpenGov! Thanks for using our Software Services. This Order Form is entered into between OpenGov, Inc., with its principal place of business at 955 Charter Street, Redwood City, 94063 ("OpenGov"), and you, the entity identified above ("Customer"), as of the Effective Date. This Order Form includes and incorporates the OpenGov Software Services Agreement ("SSA") attached, or if no such SSA is attached, the SSA available at <https://opengov.com/terms-of-service> and the applicable Statement of Work ("SOW") incorporated herein in the event Professional Services are purchased. The Order Form, SSA and SOW shall hereafter be referred to as the "Agreement". Unless otherwise specified above, fees for the Software Services and Professional Services shall be due and payable, in advance, on the Effective Date. By signing this Agreement, Customer acknowledges that it has reviewed, and agrees to be legally bound by, the OpenGov Software Services Agreement. Each party's acceptance of this Agreement is conditional upon the other's acceptance of the terms in the Agreement to the exclusion of all other terms.

Incline Village General Improvement District, NV

OpenGov, Inc.

Signature:

Signature:

Name:

Name:

Title:

Title:

Date:

Date:

OPENGOV SOFTWARE SERVICES AGREEMENT

This Software Services Agreement (this “**Agreement**”) is entered into by OpenGov, Inc., a Delaware corporation with a principal place of business at 955 Charter Street, Redwood City, California 94063 (“**OpenGov**”) and the customer listed on the signature block below (“**Customer**”), as of the date of last signature below (the “**Effective Date**”). This Agreement sets forth the terms under which Customer will be permitted to use OpenGov’s hosted software services.

1. DEFINITIONS

“Customer Data” means data that is provided by Customer to OpenGov pursuant to this Agreement (for example, by email or through Customer’s software systems of record). Customer Data shall not include any confidential personally identifiable information.

“Documentation” means the documentation for the Software Services at the Customer Resource Center page found at <https://opengov.zendesk.com>.

“Feedback” means suggestions, comments, improvements, ideas, or other feedback or materials regarding the Software Services provided by Customer to OpenGov, including feedback provided through online developer community forums.

“Initial Term” means the initial license term specified in number of years on the Order Form, commencing on the Effective Date.

“Intellectual Property Rights” means all intellectual property rights including all past, present, and future rights associated with works of authorship, including exclusive exploitation rights, copyrights, and moral rights, trademark and trade name rights and similar rights, trade secret rights, patent rights, and any other proprietary rights in intellectual property of every kind and nature.

“Order Form” means OpenGov’s Software Services order form that: (a) specifies the Software Services provided by OpenGov; (b) references this Agreement; and (c) is signed by authorized representatives of both parties.

“Renewal Term” means each additional renewal period, which shall be for a period of equal duration as the Initial Term, for which this Agreement is extended pursuant to Section 7.2.

2. SOFTWARE SERVICES, SUPPORT AND PROFESSIONAL SERVICES

2.1 Software Services. Subject to the terms and conditions of this Agreement, OpenGov will use commercially reasonable efforts to perform the software services identified in the applicable Order Form entered into by OpenGov and Customer (“**Software Services**”).

2.2 Support. Customer support is available by email to support@opengov.com or by using the chat messaging functionality of the Software Services, both of which are available during OpenGov’s standard business hours. Customer may report issues any time. However, OpenGov will address issues during business hours.

2.3 Professional Services.

(a) If OpenGov or its authorized independent contractors provides professional services to Customer, such as implementation services, then these professional services will be described in a statement of work (“**SOW**”) agreed to by the parties (the “**Professional Services**”). For Professional Services performed on a time and materials basis, any pre-paid Professional Services Fees must be utilized within one (1) year from the Effective Date. Any unused pre-paid Professional Services Fees shall be forfeited.

(b) Unless the SOW provides otherwise, all reasonable travel expenses, pre-approved by Customer and incurred by OpenGov in performing the professional services will be reimbursed by Customer. Travel expenses include cost of coach airfare travel round trip from the individual’s location to Customer’s location, reasonable hotel accommodations, ground transportation and meals.

3. RESTRICTIONS AND RESPONSIBILITIES

3.1 **Restrictions.** Customer may not use the Software Services in any manner or for any purpose other than as expressly permitted by the Agreement. Customer shall not, and shall not permit or enable any third party to: (a) use or access any of the Software Services to build a competitive product or service; (b) modify, disassemble, decompile, reverse engineer or otherwise make any derivative use of the Software Services (except to the extent applicable laws specifically prohibit such restriction); (c) sell, license, rent, lease, assign, distribute, display, host, disclose, outsource, copy or otherwise commercially exploit the Software Services; (d) perform or disclose any benchmarking or performance testing of the Software Services; (e) remove any proprietary notices included with the Software Services; (f) use the Software Services in violation of applicable law; or (g) transfer any confidential personally identifiable information to OpenGov or the Software Services platform.

3.2 **Responsibilities.** Customer shall be responsible for obtaining and maintaining computers and third party software systems of record (such as Customer's ERP systems) needed to connect to, access or otherwise use the Software Services. Customer also shall be responsible for: (a) ensuring that such equipment is compatible with the Software Services, (b) maintaining the security of such equipment, user accounts, passwords and files, and (c) all uses of Customer user accounts by any party other than OpenGov.

4. INTELLECTUAL PROPERTY RIGHTS; LICENSE GRANTS; ACCESS TO CUSTOMER DATA

4.1 **Software Services.** OpenGov retains all right, title, and interest in the Software Services and all Intellectual Property Rights in the Software Services. The look and feel of the Software Services, including any custom fonts, graphics and button icons, are the property of OpenGov and Customer may not copy, imitate, or use them, in whole or in part, without OpenGov's prior written consent. Subject to Customer's obligations under this Agreement, OpenGov hereby grants to Customer a non-exclusive, royalty-free license during the Term to use the Software Services.

4.2 **Customer Data.** Customer retains all right, title, and interest in the Customer Data and all Intellectual Property Rights therein. Customer hereby grants to OpenGov a non-exclusive, royalty-free license to, and permit its partners to, use, store, edit and reformat the Customer Data, and to use Customer Data for purposes of sales, marketing, business development, product enhancement, customer service, or for analyzing such data and publicly disclosing such analysis ("**Insights**"), provided that in all such uses Customer Data is rendered anonymous such that Customer is no longer identifiable.

4.3 **Access to Customer Data.** Customer may download the Customer Data from the Software Services at any time during the Term, other than during routine software maintenance periods. OpenGov has no obligation to return Customer Data to Customer.

4.4 **Feedback.** Customer hereby grants to OpenGov a non-exclusive, royalty-free, irrevocable, perpetual, worldwide license to use and incorporate into the Software Services and Documentation Customer's Feedback. OpenGov will exclusively own any improvements or modifications to the Software Services and Documentation based on or derived from any of Customer's Feedback including all Intellectual Property Rights in and to the improvements and modifications.

5. CONFIDENTIALITY

5.1 Each party (the "**Receiving Party**") agrees not to disclose any Confidential Information of the other party (the "**Disclosing Party**") without the Disclosing Party's prior written consent, except as provided below. The Receiving Party further agrees: (a) to use and disclose the Confidential Information only in connection with this Agreement; and (b) to protect such Confidential Information using the measures that Receiving Party employs with respect to its own Confidential Information of a similar nature, but in no event with less than reasonable care. Notwithstanding the above, the Receiving Party may disclose Confidential Information to the extent required by law or court order, provided that prior written notice of such required disclosure and an opportunity to oppose or limit disclosure is given to the Disclosing Party.

5.2 "**Confidential Information**" means all confidential business, technical, and financial information of the disclosing party that is marked as "Confidential" or an equivalent designation or that should reasonably be understood to be confidential given the nature of the information and/or the circumstances surrounding the disclosure (including the terms of the applicable Software Agreement). OpenGov's Confidential Information includes, without limitation, the software underlying the Software Services and all Documentation.

5.3 Notwithstanding the foregoing, "Confidential Information" does not include: (a) "**Public Data**," which is data that the Customer has previously released to the public, would be required to release to the public, upon request, according to applicable federal, state, or local public records laws, or Customer requests OpenGov make available to the public in conjunction with the Software Services. Confidential Information does not include (b) information that has become publicly known through no breach by the receiving party; (c) information that was rightfully received by the Receiving Party from a third party without restriction on use or disclosure; (d) information independently developed by the Receiving Party without access to the Disclosing Party's Confidential Information; or (e) this Agreement or any other information that qualifies as a public record under Nevada law.

6. PAYMENT OF FEES

6.1 Fees; Invoicing; Payment; Expenses.

(a) Fees. The fees for the Software Services for the Initial Term and any Renewal Term ("**Software Services Fees**") and the fees for Professional Services ("**Professional Services Fees**") are set forth in the applicable Order Form. Software Services Fees and Professional Services Fees shall hereafter be referred to as "**Fees**".

(b) Inflation Adjustment. OpenGov shall increase the Fees payable for the Software Services during any Renewal Term by 5% each year of the Renewal Term.

(c) Invoicing and Payment. OpenGov will invoice the Customer according to the Billing Frequency listed on the Order Form. Customer shall pay all invoices according to the Payment Terms listed on the Order Form.

(d) Travel Expenses. Unless the SOW provides otherwise, OpenGov will invoice Customer for pre-approved travel expenses incurred in connection with each SOW as they are incurred. Customer shall pay all such valid invoices within thirty (30) days of receipt of invoice. Each invoice shall include receipts for the travel expenses listed on the invoice.

6.2 Credit Card Customers. If applicable, Customer will provide OpenGov with valid credit card information and promptly notify OpenGov of any changes necessary to charge the credit card at billing@opengov.com. Please update your credit card information when necessary. The provision of credit card information to OpenGov authorizes OpenGov to charge the credit card for all applicable Fees plus a 3% credit card processing fee. OpenGov processes credit card payments through a secure third party processing partner and does not take receipt of credit card information itself.

6.3 Taxes. All Fees under this Agreement are exclusive of any applicable sales, value-added, use or other taxes ("**Sales Taxes**"). Customer is solely responsible for any and all Sales Taxes, not including taxes based solely on OpenGov's net income. If any Sales Taxes related to the Fees under this Agreement are found at any time to be payable, the amount may be billed by OpenGov to, and shall be paid by, Customer. If Customer fails to pay any Sales Taxes, then Customer will be liable for any related penalties or interest, and will indemnify OpenGov for any liability or expense incurred in connection with such Sales Taxes. In the event Customer or the transactions contemplated by the Agreement are exempt from Sales Taxes, Customer agrees to provide OpenGov, as evidence of such tax exempt status, proper exemption certificates or other documentation acceptable to OpenGov.

7. TERM & TERMINATION

7.1 Term. Subject to compliance with all terms and conditions, the term of this Agreement shall commence on the Effective Date and shall continue until the Subscription End Date specified on the Order Form (the "**Initial Term**").

7.2 Renewal. Unless either party terminates this Agreement in writing no less than thirty (30) days before the end of the Initial Term, this Agreement shall renew for another period of the same duration as the Initial Term (the "**Renewal Term**" and together with the Initial Term, the "**Term**").

7.3 Termination. If either party materially breaches any term of this Agreement and fails to cure such breach within thirty (30) days after notice by the non-breaching party (ten (10) days in the case of non-payment), the non-breaching party may terminate this Agreement. Additionally, Customer may terminate this Agreement, upon providing at least ninety (90) days notice prior to the annual anniversary date of the Agreement ("Anniversary Date")

upon the occurrence of an Event of Non-appropriation as defined below. An "Event of Non-appropriation" occurs when prior to each Anniversary Date: a) Customer's Board of Directors fails to appropriate funds for the next year's Fees through its normal budget process; and b) Customer has not acquired, used or issued a proposal for similar products or services during this period or has not hired any third party to provide other services in place of the Software Services. Customer shall permit OpenGov to assist with the efforts in a) above, including providing OpenGov with direct access to Customer's applicable appropriations team.

7.4 Effect of Termination.

(a) In General. Upon termination or expiration of this Agreement: (a) Customer shall pay in full for all Software Services and Professional Services performed up to and including the effective date of termination, (b) all Software Services provided to Customer hereunder shall immediately terminate; and (c) each party shall return to the other party or, at the other party's option, destroy all Confidential Information of the other party in its possession.

(b) Deletion of Customer Data. If Customer requests deletion of its Customer Data in writing prior to the date of termination or expiration of this Agreement, then OpenGov will permanently and irrevocably delete Customer Data, excluding any Insights, stored by its cloud hosting provider within ten (10) days of the date of termination or expiration of this Agreement. Such request must be addressed to "OpenGov Vice President, Customer Success" at OpenGov's address for notice described at Section 10.

7.5 Survival. The following sections of this Agreement shall survive termination: Section 5 (Confidentiality), Section 6 (Payment of Fees), Section 7.4(b) (Deletion of Customer Data), Section 8.3 (Warranty Disclaimer), Section 9 (Limitation of Liability) and Section 10 (Miscellaneous).

8. REPRESENTATIONS AND WARRANTIES; DISCLAIMER

8.1 By OpenGov.

(a) General Warranty. OpenGov represents and warrants that: (i) it has all right and authority necessary to enter into and perform this Agreement; and (ii) the Professional Services, if any, will be performed in a professional and workmanlike manner in accordance with the related statement of work and generally prevailing industry standards. For any breach of the Professional Services warranty, Customer's exclusive remedy and OpenGov's entire liability will be the re-performance of the applicable services. If OpenGov is unable to re-perform all such work as warranted, Customer will be entitled to recover all fees paid to OpenGov for the deficient work. Customer must make any claim under the foregoing warranty to OpenGov in writing within ninety (90) days of performance of such work in order to receive such warranty remedies.

(b) Software Services Warranty. OpenGov further represents and warrants that for a period of ninety (90) days, the Software Services will perform in all material respects in accordance with the Documentation. The foregoing warranty does not apply to any Software Services that have been used in a manner other than as set forth in the Documentation and authorized under this Agreement. OpenGov does not warrant that the Software Services will be uninterrupted or error-free. Any claim submitted under this Section 8.1(b) must be submitted in writing to OpenGov during the Term. OpenGov's entire liability for any breach of the foregoing warranty is to repair or replace any nonconforming Software Services so that the affected portion of the Software Services operates as warranted or, if OpenGov is unable to do so, terminate the license for such Software Services and refund the pre-paid, unused portion of the Fee for such Software Services.

8.2 By Customer. Customer represents and warrants that (i) it has all right and authority necessary to enter into and perform this Agreement; and (ii) OpenGov's use of the Customer Data pursuant to this Agreement will not infringe, violate or misappropriate the Intellectual Property Rights of any third party.

8.3 Disclaimer. OPENGOV DOES NOT WARRANT THAT THE SOFTWARE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE; NOR DOES IT MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM USE OF THE SOFTWARE SERVICES. EXCEPT AS SET FORTH IN THIS SECTION 8, THE SOFTWARE SERVICES ARE PROVIDED "AS IS" AND OPENGOV DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT.

9. LIMITATION OF LIABILITY

9.1 By Type. NEITHER PARTY, NOR ITS SUPPLIERS, OFFICERS, AFFILIATES, REPRESENTATIVES, CONTRACTORS OR EMPLOYEES, SHALL BE RESPONSIBLE OR LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY, OR OTHER THEORY: (A) FOR ERROR OR INTERRUPTION OF USE OR FOR LOSS OR INACCURACY OF DATA OR COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES OR LOSS OF BUSINESS; (B) FOR ANY INDIRECT, EXEMPLARY, PUNITIVE, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES; OR (C) FOR ANY MATTER BEYOND SUCH PARTY'S REASONABLE CONTROL, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

9.2 By Amount. IN NO EVENT SHALL EITHER PARTY'S AGGREGATE, CUMULATIVE LIABILITY FOR ANY CLAIMS ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT EXCEED THE FEES PAID BY CUSTOMER TO OPENGOV (OR, IN THE CASE OF CUSTOMER, PAYABLE) FOR THE SOFTWARE SERVICES UNDER THIS AGREEMENT IN THE 12 MONTHS PRIOR TO THE ACT THAT GAVE RISE TO THE LIABILITY.

9.3 Limitation of Liability Exclusions. The limitations of liability set forth in Sections 9.1 and 9.2 above do not apply to, and each party accepts liability to the other for: (a) claims based on either party's intentional breach of its obligations set forth in Section 5 (Confidentiality), (b) claims arising out of fraud or willful misconduct by either party and (c) either party's unauthorized use, distribution, or disclosure of the other party's intellectual property.

9.4 No Limitation of Liability by Law. Because some jurisdictions do not allow liability or damages to be limited to the extent set forth above, some of the above limitations may not apply to Customer.

10. MISCELLANEOUS

10.1 Logo Use. OpenGov shall have the right to use and display Customer's logos and trade names for marketing and promotional purposes in connection with OpenGov's website and marketing materials, subject to Customer's trademark usage guidelines provided to OpenGov.

10.2 Notice. Ordinary day-to-day operational communications may be conducted by email, live chat or telephone communications. However, for notices required by the Agreement (in Sections where the word "notice" appears) the parties must communicate more formally in a writing given by personal delivery, by pre-paid first-class mail or by overnight courier to the address specified in the most recent Order Form (or such other address as may be specified in writing in accordance with this Section).

10.3 Anti-corruption. OpenGov has not offered or provided any bribe, kickback, illegal or improper payment, gift, or thing of value to any Customer personnel in connection with the Agreement, other than reasonable gifts and entertainment provided Customer in the ordinary course of business. If OpenGov become aware of any violation of the above restriction then OpenGov shall promptly notify Customer.

10.4 Injunctive Relief. The parties acknowledge that any breach of the confidentiality provisions or the unauthorized use of a party's intellectual property may result in serious and irreparable injury to the aggrieved party for which damages may not adequately compensate the aggrieved party. The parties agree, therefore, that, in addition to any other remedy that the aggrieved party may have, it shall be entitled to seek equitable injunctive relief without being required to post a bond or other surety or to prove either actual damages or that damages would be an inadequate remedy.

10.5 Force Majeure. Neither party shall be held responsible or liable for any losses arising out of any delay or failure in performance of any part of this Agreement, due to any act of god, act of governmental authority, or due to war, riot, labor difficulty, failure of performance by any third-party service, utilities, or equipment provider, or any other cause beyond the reasonable control of the party delayed or prevented from performing.

10.6 Severability; Waiver. If any provision of this Agreement is found to be unenforceable or invalid, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement will otherwise remain in full force and effect and enforceable. Any express waiver or failure to exercise promptly any right under this Agreement will not create a continuing waiver or any expectation of non-enforcement. There are no third-party beneficiaries to this Agreement.

10.7 Assignment. Except as set forth in this Section, neither party shall assign, delegate, or otherwise transfer this Agreement or any of its rights or obligations to a third party without the other party's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Either party may assign, without such consent but upon written notice, its rights and obligations under this Agreement to: (i) its corporate affiliate; or (ii) any entity that acquires all or substantially all of its capital stock or its assets related to this Agreement, through purchase, merger, consolidation, or otherwise. Any other attempted assignment shall be void. This Agreement shall inure to the benefit of and bind each party's permitted assigns and successors.

10.8 Independent Contractors. No agency, partnership, joint venture, or employment is created as a result of this Agreement and neither party has any authority of any kind to bind the other party in any respect.

10.9 Attorneys' Fees. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys' fees.

10.10 Governing Law and Jurisdiction. This Agreement shall be governed by the laws of the State of Nevada without regard to its conflict of laws provisions. Exclusive jurisdiction for litigation of any dispute, controversy or claim arising out of or in connection with this Agreement shall be only in the Federal or State court with competent jurisdiction located in Washoe County, Nevada, and the parties hereby submit to the personal jurisdiction and venue therein.

10.11 Complete Agreement. This Agreement is the complete and exclusive statement of the mutual understanding of the parties and supersedes and cancels all previous written and oral agreements, communications, and other understandings relating to the subject matter of this Agreement. No modification of this Agreement will be binding, unless in writing and signed by an authorized representative of each party.

Signatures

IVGID

OPENGOV, INC.

Signature: _____
Name: _____
Title: _____
Date: _____

Signature: _____
Name: _____
Title: _____
Date: _____

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

FROM: Nathan Chorey, P.E.
Engineering Manager

SUBJECT: Review, Discuss, and Possibly Award a Construction Contract for the Water Reservoirs Coatings and Site Improvements – 2020/2021 Capital Improvement Project: Fund: Utilities; Division: Water; Project #2299DI1204; Vendor: Olympus and Associates, Inc. in the amount of \$59,440.

STRATEGIC PLAN: Long Range Principle 5 – Assets and Infrastructure

DATE: February 3, 2021

I. RECOMMENDATION

That the Board of Trustees moves to:

1. Award a construction contract to Olympus and Associates, Inc. in the amount of \$59,440 for Water Reservoirs Coatings and Site Improvements Project.
2. Authorize Staff to approve change orders to the construction contract for additional work not anticipated at this time of up to 10% of the project bid – \$5,944.

II. DISTRICT STRATEGIC PLAN

Long Range Principle #5 – Assets and Infrastructure – The District will practice perpetual asset renewal, replacement, and improvement to provide safe and superior long term utility services and recreation activities.

- The District will maintain, renew, expand, and enhance District infrastructure to meet the capacity needs and desires of the community for future generations

- The District will maintain, procure, and construct District assets to ensure safe and accessible operations for the public and the District’s workforce.

III. **BACKGROUND**

A 2021 Capital Improvement Project, this project coats the exterior of IVGID reservoirs R2-1 and R6C-1. The existing tanks are beginning to show their age and rust from exposure to the elements. IVGID Engineering Staff prepared bid documents and solicited proposals from three (3) local contractors for the project.

In accordance with Board Policy 3.1.0., 0.15 Consent Calendar, this item is included on the Consent Calendar as it is routine business of the District and within the currently approved District Budget.

IV. **BID RESULTS**

The District solicited proposals for this project and received three (3) bids were received and opened on Tuesday, January 26, 2021. The capital improvement plan budget for the project is \$85,000. The bid results are as follows.

Contractor	Bid Amount
Olympus and Associates, Inc.	\$59,440
Resource Development	\$85,000
Paso Robles Tank	\$134,000

The lowest responsive bidder is Olympus and Associates, Inc. District Staff reviewed the bid and checked references for the contractor and recommends award of this project to Olympus and Associates, Inc.. If awarded, the project is scheduled to start May 1, 2021 and be complete by July 25, 2021.

V. **FINANCIAL IMPACT AND BUDGET**

The 2020-2021 CIP budget includes Water Reservoirs Coatings and Site Improvements Project (CIP #2299DI1204). A budget of \$85,000 is allocated to coat the exterior of IVGID reservoirs R2-1 and R6C-1, see attached Data Sheet. The table below presents the construction phase project budget.

Review, discuss and possibly award a Construction Contract for the Water Reservoirs Coatings and Site Improvements – 2020/2021 Capital Improvement Project: Fund: Utilities; Division: Water; Project #2299DI1204; Vendor: Olympus and Associates, Inc. in the amount of \$59,440.

Task	Cost
Construction Contract	\$59,440
10% Construction Contingency	\$5,944
District Construction Management	\$6,000
Subtotal	\$71,384

VI. ALTERNATIVES

Not award the contract and defer coating of the reservoir tanks to a future date.

VII. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

Attachment:

- Water Reservoirs Coatings and Site Improvements – Data Sheet
- Short Form Agreement between IVGID and Olympus and Associates, Inc.



Project Summary

Project Number:	2299DI1204
Title:	Water Reservoir Coatings and Site Improvements
Project Type:	E - Capital Maintenance
Division:	99 - General Administration - Water
Budget Year:	2021
Finance Option:	
Asset Type:	DI - Distribution Infrastructure
Active:	Yes

Project Description				
The District owns 13 potable water reservoirs in Incline Village and Crystal Bay. The reservoirs (tanks) store from 170,000 to 1,000,000 gallons of water. Tank heights range from 20-50 feet and diameters range from 33-68 feet. The first reservoirs were constructed in 1962 with the last one built in 1996. The reservoirs are coated on the outside with a dark green weather resistant paint. These tanks need to be re-coated based on weathering of paint, graffiti and the overall appearance. The interiors are cleaned, video inspected every 5 years with the last inspection taking place in 2019. Typically the epoxy interior coating lasts 20-25 years. These tanks are built into the hillside in many cases with steep embankments and no retaining wall to keep the soil, rocks, etc. away from the tank. Periodically these sites need to be cleared of debris to protect the exterior coating and allow access around the structure for maintenance including painting.				
Project Internal Staff				
Public Works staff will perform design, bid, contract administration and inspection.				
Project Justification				
The 13 steel water storage reservoirs throughout the District need to be re-coated (internal and external) to extend their life expectancy. These tanks get pitted and rust from exposure to the elements. We patch paint over the exterior problem areas and any graffiti. In addition, these tanks need to look aesthetically pleasing because they are mostly located in residential areas. The schedule is based on need. The coating work is performed by an outside contractor. Site improvements will be prioritized as needed such as rock and debris removal. Spot coating repairs on the interior of tanks are also performed by dive companies specializing in that work.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2021				
Exterior recoating of R6C-1 and R2-1	85,000	0	85,000	
Year Total	85,000	0	85,000	
2022				
Exterior recoating R6-1 and R2-2	85,000	0	85,000	
Year Total	85,000	0	85,000	
2023				
Exterior recoating R2	60,000	0	60,000	
Year Total	60,000	0	60,000	
2024				
Exterior recoating of R5-3A and R5-3B	80,000	0	80,000	
Year Total	80,000	0	80,000	
2025				
Exterior Recoating of R3-A	55,000	0	55,000	
Year Total	55,000	0	55,000	
	365,000	0	365,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2012	Jul 1, 2020	Jun 30, 2021	Utility Maintenance Specialist	

↻ **SHORT FORM AGREEMENT** ↻

Between

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

and

OLYMPUS AND ASSOCIATES, INC.

for

CONSTRUCTION SERVICES

This Agreement is made as of (date) between **INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT (IVGID)**, hereinafter referred to as "OWNER," and **OLYMPUS & ASSOCIATES, INC.**, hereinafter referred to as "CONTRACTOR." OWNER intends to complete the Project(s) as described in the Contract Documents and as amended from time to time, hereinafter referred to as the "Project."

ARTICLE 1 – PRELIMINARY MATTERS

1.1 CONTRACTOR shall perform the following tasks:

Services as described in the Contract Documents included with this Agreement, basically consisting of recoating the exterior of two (2) District potable water storage reservoirs.

1.2 All documentation, drawings, reports, and invoices submitted for this project will include **IVGID Project Number 2299DI1204**.

1.3 The work is expected to begin on or about **May 1, 2021** and be completed by **June 25, 2021**, weather permitting.

ARTICLE 2 – CONTRACT DOCUMENTS: INTENT, AMENDING, REFUSE

2.1 This Contract consists of:

- A. This Short Form Agreement, pages 1 through 10, inclusive
- B. Original January 2021 Request for Proposals
- C. Contractor's Bid submitted on January 26, 2021
- D. By reference herein, Contractor to follow requirements of the Incline Village Ordinances and the *Standard Specification for Public Works Construction* (aka the Orange Book)

2.2 In order to induce OWNER to enter into this Agreement, CONTRACTOR makes the following representations:

- A. CONTRACTOR has examined and carefully studied the Project Details and Technical Specifications, and any other related data identified in the Bidding Documents.

- B. CONTRACTOR has visited the Site and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.
- C. CONTRACTOR is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the Work.
- D. CONTRACTOR has obtained and carefully studied (or assumes responsibility for having done so) all examinations, investigations, explorations, tests, studies, and data concerning conditions (surface, subsurface, and underground facilities) at or contiguous to the Site which may affect cost, progress, or performance of the Work or which relate to any aspect of the means, methods, techniques, sequences, and procedures of construction to be employed by CONTRACTOR, including applying the specific means, methods, techniques, sequences, and procedures of construction, if any, expressly required by the Contract Documents to be employed by CONTRACTOR, and safety precautions and programs incident thereto.
- E. CONTRACTOR does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.
- F. CONTRACTOR is aware of the general nature of work to be performed by OWNER and others at the Site that relates to the Work as indicated in the Contract Documents.
- G. CONTRACTOR has correlated the information known to CONTRACTOR, information and observations obtained from visits to the Site, reports and drawings identified in the Contract Documents, and all additional examinations, investigations, explorations, tests, studies, and data with the Contract Documents.
- H. CONTRACTOR has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that CONTRACTOR has discovered in the Contract Documents, and the written resolution thereof by Engineer is acceptable to CONTRACTOR.
- I. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

ARTICLE 3 –INSURANCE REQUIREMENTS

- 3.1 **Commercial Insurance:** CONTRACTOR shall procure and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the work hereunder by the CONTRACTOR, his/her agents, representatives, employees, or subcontractors. CONTRACTOR shall purchase General Liability, Auto Liability, Workers' Compensation, and Professional Liability Insurance (if applicable) coverage as required. CONTRACTOR shall have a Certificate of Insurance issued to the INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT naming it as additional insured, indicating coverage types, amounts and duration of the policy. All certificates shall provide for a minimum written

notice of thirty (30) days to be provided to DISTRICT in the event of material change, termination or non-renewal by either CONTRACTOR or carrier.

- 3.2 **General Liability:** CONTRACTOR shall purchase General Liability including appropriate Auto Liability with a \$1,000,000 combined single limit per occurrence, for bodily injury, personal injury and property damage.
- 3.3 **Workman's Compensation:** It is understood and agreed that there shall be no Industrial Insurance coverage provided for the CONTRACTOR or any Subcontractor by the District; and in view of NRS 616.280 and 617.210 requiring that CONTRACTOR comply with the provisions of Chapters 616 and 617 of NRS, CONTRACTOR shall, before commencing work under the provisions of this Agreement, furnish to the District a Certificate of Insurance from an admitted insurance company in the State of Nevada.

ARTICLE 4 – CONTRACTOR’S RESPONSIBILITIES

4.1 Equal Employment and Non-Discrimination

In connection with the Services under this Agreement, CONTRACTOR agrees to comply with the applicable provisions of State and Federal Equal Opportunity statutes and regulations.

4.2 Licenses

CONTRACTOR shall have a Washoe County business license, and all appropriate CONTRACTOR’s licenses and certifications for the services to be performed.

4.3 Construction Dumpsters

Contractor is to be aware of District’s Ordinance 1, the Solid Waste Ordinance, and pay specific attention to Section 4.5, Dumpster Use, Location and Enclosure. Any construction dumpster on the job site that is not properly enclosed shall be a fully locking roll-top, and is to remain locked and secured at all times.

4.4 Working Hours

Working hours, including equipment “warm up,” shall occur between 8 a.m. and 7 p.m. Monday through Friday. Only emergency work may occur on Saturdays, with prior approval of Owner.

4.5 Changes and Modifications

The parties agree that no change or modification to this Agreement, or any attachments hereto, shall have any force or effect unless the change is reduced to writing, dated, and made a part of this Agreement. The execution of the change shall be authorized and signed in the same manner as this Agreement.

4.6 Contractor's General Warranty and Guarantee

- A. Contractor warrants and guarantees to Owner that all Work will be in accordance with the Contract Documents and will not be defective. Engineer and its Related Entities shall be entitled to rely on representation of Contractor's warranty and guarantee.
- B. Contractor's warranty and guarantee hereunder excludes defects or damage caused by:
 - 1. Abuse, modification, or improper maintenance or operation by persons other than Contractor, Subcontractors, Suppliers, or any other individual or entity for whom Contractor is responsible; or
 - 2. Normal wear and tear under normal usage.
- C. Contractor's obligation to perform and complete the Work in accordance with the Contract Documents shall be absolute. None of the following will constitute an acceptance of Work that is not in accordance with the Contract Documents or a release of Contractor's obligation to perform the Work in accordance with the Contract Documents:
 - 1. Observations by Engineer;
 - 2. Recommendation by Engineer or payment by Owner of any progress or final payment;
 - 3. The issuance of a certificate of Substantial Completion by Engineer or any payment related thereto by Owner;
 - 4. Use or occupancy of the Work or any part thereof by Owner;
 - 5. Any review and approval of a Shop Drawing or Sample submittal or the issuance of a notice of acceptability by Engineer;
 - 6. Any inspection, test, or approval by others; or
 - 7. Any correction of defective Work by Owner.

4.7 Correction Period

- A. If within one year after the date of Substantial Completion (or such longer period of time as may be prescribed by the terms of any applicable special guarantee required by the Contract Documents) or by any specific provision of the Contract Documents, any Work is found to be defective, or if the repair of any damages to the land or areas made available for Contractor's use by Owner or permitted by Laws and Regulations as contemplated in Article 8.5 is found to be defective, Contractor shall promptly, without cost to Owner and in accordance with Owner's written instructions:
 - 1. Repair such defective land or areas; or

2. Correct such defective Work; or
 3. If the defective Work has been rejected by Owner, remove it from the Project and replace it with Work that is not defective, and
 4. Satisfactorily correct or repair or remove and replace any damage to other Work, to the work of others or other land or areas resulting therefrom.
- B. If Contractor does not promptly comply with the terms of Owner's written instructions, or in an emergency where delay would cause serious risk of loss or damage, Owner may have the defective Work corrected or repaired or may have the rejected Work removed and replaced. All claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such correction or repair or such removal and replacement (including but not limited to all costs of repair or replacement of work of others) will be paid by Contractor.
 - C. In special circumstances where a particular item of equipment is placed in continuous service before Substantial Completion of all the Work, the correction period for that item may start to run from an earlier date if so provided in the Specifications.
 - D. Where defective Work (and damage to other Work resulting therefrom) has been corrected or removed and replaced under this Article 4.7, the correction period hereunder with respect to such Work will be extended for an additional period of one year after such correction or removal and replacement has been satisfactorily completed.
 - E. Contractor's obligations under this Article 4.7 are in addition to any other obligation or warranty. The provisions of this Article 4.7 shall not be construed as a substitute for or a waiver of the provisions of any applicable statute of limitation or repose.

4.8 Indemnification

- A. Indemnification of OWNER by CONTRACTOR: CONTRACTOR agrees to indemnify and hold OWNER and each of its officers, employees, agents, and representatives harmless from any claims, damage, liability, or costs (including reasonable attorneys' fees and costs of defense) stemming from this project to the extent such claims, damage, liability, or costs are caused by CONTRACTOR's negligent acts, errors or omissions or by the negligent acts, errors, or omissions of CONTRACTORS, subcontractors, agents, or anyone acting on behalf of or at the direction of CONTRACTOR.
- B. CONTRACTOR's obligation to hold harmless and indemnify OWNER shall include reimbursement to OWNER of the loss of personnel productivity, incurred as a result of that defense. Reimbursement for the time spent by OWNER's personnel shall be charged to CONTRACTOR at the then-current rate charged for such services by the private sector.
- C. Indemnification of CONTRACTOR by OWNER: OWNER agrees to indemnify and hold CONTRACTOR and each of its officers, employees, agents and

representatives harmless from any claims, damage, liability or costs (including reasonable attorneys' fees and costs of defense) stemming from this project to the extent such claims, damage, liability, or costs are caused by OWNER's acts, errors, or omissions or by the negligent acts, errors, or omissions of the OWNERS, subcontractors, agents, or anyone acting on behalf of, or at the direction of, the OWNER.

- D. OWNER's obligation to hold harmless and indemnify CONTRACTOR shall include reimbursement to CONTRACTOR of the loss of personnel productivity, incurred as a result of that defense. Reimbursement for the time spent by CONTRACTOR's personnel shall be charged to OWNER at the then-current rate charged for such services by the private sector.
- E. Notwithstanding anything contained herein to the contrary, Nevada's comparative negligence doctrine shall apply to both OWNER and CONTRACTOR. In addition, nothing herein shall prevent OWNER or CONTRACTOR from relying upon any Nevada statute or case law that protects OWNER or CONTRACTOR with respect to liability or damages. This Provision shall survive the termination, cancellation, or expiration of the Agreement.

ARTICLE 5 – OWNER'S RESPONSIBILITIES

5.1 OWNER shall do the following in a timely manner so as not to delay the services of CONTRACTOR:

- A. Designate in writing a person to act as OWNER's representative with respect to services to be rendered under this Agreement. Such person shall have complete authority to transmit instructions, receive information, and interpret and define OWNER's policies and decisions with respect to CONTRACTOR's services for the Project.
- B. Assist CONTRACTOR by placing at CONTRACTOR's disposal existing data, plans, reports, and other information known to, in possession of, or under control of OWNER which are relevant to the execution of CONTRACTOR's duties on the PROJECT. Also, provide all criteria and full information as to OWNER's requirements for the Project, including design criteria, objectives, and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations.

ARTICLE 6 – PAYMENT TO CONTRACTOR AND COMPLETION

6.1 Basis and Amount of Compensation for Basic Services

- A. Lump Sum. Owner shall pay Engineer for Services as follows:
 - 1. A Lump Sum amount of Fifty-Nine Thousand, Four Hundred and Forty Dollars \$59,440.00.
 - 2. In addition to the Lump Sum amount, reimbursement of the following expenses: None.

3. The portion of the compensation amount billed monthly for Engineer's Services will be based upon Engineer's estimate of the percentage of the total Services actually completed during the billing period.

6.2 Additional Services

Not applicable to this Agreement.

6.3 Payment Procedures

A. Submittal and Processing of Payments –

1. Invoices shall be sent to invoices@ivgid.org with a copy to rlr@ivgid.org.
2. CONTRACTOR shall submit invoices for Payment indicating the amount of CONTRACTOR's fee then payable. Invoices will be processed by Engineer in a timely fashion, with respect to District requirements.
3. Final Payment: Upon final completion and acceptance of the Work, OWNER shall pay the remainder of the Contract Price as recommended by Engineer.

ARTICLE 7 – DISPUTE RESOLUTION

7.1 Arbitration

This Agreement to engage in alternate dispute resolution (“ADR”) pursuant to NRS 338.150 and any other Agreement or consent to engage in ADR entered into in accordance herewith as provided in this Article 16 will be specifically enforceable under the prevailing Nevada law in the Second Judicial District Court of the State of Nevada in and for the County of Washoe. Any dispute arising under this contract will be sent to mediation. Any mediation shall occur in Incline Village, Washoe County, Nevada. The mediation shall be conducted through the American Arbitration Association (AAA) and be governed by the AAA's Mediation Procedures.

The mediator is authorized to conduct separate or ex parte meetings and other communications with the parties and/or their representatives, before, during and after any scheduled mediation conference. Such communications may be conducted via telephone, in writing, via email, online, in person or otherwise.

OWNER and CONTRACTOR are encouraged to exchange all documents pertinent to the relief requested. The mediator may request the exchange of memorandum on all pertinent issues. The mediator does not have the authority to impose a settlement on the parties but such mediator will attempt to help OWNER and CONTRACTOR reach a satisfactory resolution of their dispute. Subject to the discretion of the mediator, the mediator may make oral or written recommendations for settlement to a party privately, or if the parties agree, to all parties jointly.

OWNER and CONTRACTOR shall participate in the mediation process in good faith. The mediation process shall be concluded within sixty (60) days of a mediator being assigned.

In the event of a complete settlement of all or some issues in dispute is not achieved within the scheduled mediation session(s), the mediator may continue to communicate with the

parties, for a period of time, in an ongoing effort to facilitate a complete settlement. Any settlement agreed upon during mediation shall become binding if within thirty (30) days after the date that any settlement agreement is signed, either the OWNER or CONTRACTOR fails to object or withdraw from the agreement. If mediation shall be unsuccessful, either OWNER or CONTRACTOR may then initiate judicial proceedings by filing suit. OWNER and CONTRACTOR will share the cost of mediation equally unless agreed otherwise.

ARTICLE 8 – MISCELLANEOUS

8.1 Successors and Assigns

- B. The parties hereby bind their respective partners, successors, executors, administrators, legal representatives, and, to the extent permitted by law, their assigns, to the terms, conditions, and covenants of this Agreement.
- C. Neither OWNER nor CONTRACTOR shall assign, sublet, or transfer any rights under or interest in this Agreement (including, but without limitation, monies that may become due or monies that are due) without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated by law or the effect of this limitation may be restricted by law.
- D. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent CONTRACTOR from employing such independent professional associates, subcontractors, and CONTRACTORS as CONTRACTOR may deem appropriate to assist in the performance of Services.
- E. Except as may be expressly stated otherwise in this Agreement, nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than OWNER and CONTRACTOR, and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of OWNER and CONTRACTOR and not for the benefit of any other party.

8.2 Severability

- A. In the event any provision of this Agreement shall be held invalid and unenforceable, the remaining provisions shall be valid and binding upon the parties.

8.3 Waiver

- A. One or more waivers by either party of any provision, term, condition, or covenant shall not be construed by the other party as a waiver of a subsequent breach of the same by the other party.

8.4 Extent of Agreement

- A. This Agreement, including all Exhibits, and any and all amendments, modifications, and supplements duly executed by the parties in accordance with this Agreement, govern and supersede any and all inconsistent or contradictory terms, prior oral or written representations or understandings, conditions, or provisions set forth in any purchase orders, requisition, request for proposal, authorization of services, notice to proceed, or other form or document issued by OWNER with respect to the Project or CONTRACTOR's services.

8.5 Controlling Law

- A. This Agreement is to be governed by and construed in accordance with the Laws of the State of Nevada.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and date of the year first set forth above.

OWNER:
INCLINE VILLAGE G. I. D.
The undersigned has read, reviewed and approves this document

CONTRACTOR:
OLYMPUS AND ASSOCIATES, INC.
Agreed to:

By: _____
Joshua Nelson
District General Counsel

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

Date

Agreed to:

Indra Winquest
IVGID General Manager

If CONTRACTOR is a Corporation, attach evidence of authority to sign.

Date

OWNER'S Address for Giving Notice:
INCLINE VILLAGE G. I. D.
893 Southwood Boulevard
Incline Village, Nevada 89451
775-832-1267- Engineering Div. Phone

CONTRACTOR'S Address for Giving Notice:
OLYMPUS AND ASSOCIATES, INC.
405 Lovitt Lane
Reno, NV 89506
775-322-0346
Lyndsey1282@gmail.com



REQUEST FOR PROPOSALS
COATING FOR STEEL WATER STORAGE RESERVOIRS

IVGID Project Number 2299DI1204

January 2021

Prepared for:
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
Public Works Department

Prepared by:
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
Public Works Department, Utilities Division
1220 Sweetwater Road
Incline Village, Nevada 89451

**REQUEST FOR PROPOSAL
COATING FOR STEEL WATER STORAGE RESERVOIRS.**

The work includes:

- Coating of exteriors of IVGID reservoirs R2-1 and R6C-1.
- Work to be completed by June 25, 2021.

Lump Sum Price Proposals are to be received by the District prior to **2:00 p.m., January 26, 2021**. Proposals received after this time will not be accepted.

Proposals may be faxed to 775-832-1260, e-mailed to rlr@ivgid.org, mailed or hand-delivered to:

IVGID Public Works Department
1220 Sweetwater Road
Incline Village, NV 89451
Attn: Ronnie Rector

IVGID reserves the right to reject any and all proposals, and/or to waive any irregularities or formalities in evaluating and awarding the work in accordance with Nevada Revised Statutes.

IVGID reserves the right to award any or all schedules of work that are in the best interest of the District.

All inquires for additional information, to schedule a site visit, and clarification of this RFP should be directed to IVGID Utilities Maintenance Specialist Jim Youngblood at 775-832-1214, Monday – Thursday, 7:00 a.m. – 5:30 p.m.

INSURANCE AND LICENSING REQUIREMENTS:

- **Licenses.** Successful Bidder shall have a Washoe County business license, and all appropriate Contractor's licenses and certifications for the services to be performed.
- **Commercial Insurance.** Successful Bidder shall procure and maintain for the duration of the contract General Liability, Auto Liability, Workers' Compensation, and Professional Liability Insurance (if applicable) coverages as required. IVGID shall receive Certificates of Coverage listing the District as an Additional Insured. Property Liability Insurance coverage is not required; the District maintains Course of Construction Liability as part of its overall insurance coverage program. The cost of any required insurance shall be included in the proposal.

PROTECTIVE COATINGS

ARTICLE 1 - GENERAL

1.01 PURPOSE

The purpose of this specification is to establish methods, materials, standard, and procedures for potable water tank painting.

1.02 SCOPE OF WORK

- A. The CONTRACTOR shall furnish all supervision, labor, tools, materials, equipment, scaffolding, and incidentals required to provide a protective coating system for the surfaces listed herein and not otherwise excluded. Work to be accomplished includes field application of protective paints to interior and exterior surfaces, including surface preparation, handling of hazardous wastes, supply of inspection instruments, and other work necessary to accomplish the approved end result of totally protected and usable structures, including all attachments, accessories and appurtenances, generally as follows:
1. Remove all existing defective paint by abrasive blast cleaning, pressure washing and/or sanding, or other method approved by the OWNER.
 2. Apply the steel prime coat over all bare steel surfaces.
 3. Apply the intermediate and finish coats to all steel surfaces.
 4. Work is on the exterior of the reservoirs only.
 5. Only paint the bottom 8' inside of the ladder wells.
- B. If severely corroded or damaged steel is discovered during the course of cleaning or painting operations, repair of severely corroded or damaged areas and other mechanical repairs may be required during project.
1. The CONTRACTOR shall allow the OWNER access to make repairs while the existing paints are being removed. The OWNER reserves the option to repair with:
 - a. District employees
 - b. A separate contractor
 - c. Any combination of the above
 2. A time extension will be issued should repairs preclude cleaning and/or paint application. Preparation work shall continue while repairs are being made. The time extension will assume the CONTRACTOR will be able to remobilize and begin painting within two weeks of notification. No additional time will be granted to permit the CONTRACTOR to complete other projects prior to this project.
- C. The following items will not be painted:

1. Any code-required labels, such as Underwriters' Laboratories and Factory Mutual, or any equipment identification, performance rating, name, or nomenclature plates
 2. Any moving parts of operating units, mechanical, and electrical parts, such as valve and damper operators, linkages, sinkages, sensing devices, motor and fan shafts, unless otherwise indicated
 3. Aluminum handrails, walkways, windows, louvers, and grating
 4. Stainless steel angles, tube, pipe, etc.
 5. Products with polished chrome, aluminum, nickel, or stainless steel finish
 6. Flexible couplings, lubricated bearing surfaces, insulation, and metal and plastic pipe interiors
 7. Plastic switch plates and receptacle plates
 8. Signs and nameplates
 9. Finish hardware
- D. Permits, etc. The CONTRACTOR will obtain, at its own expense, all permits, licenses, and inspections, and shall comply with all laws, codes, ordinances, rules and regulations promulgated by authorities having jurisdiction which may bear on the work, including Federal Public Law 91-596 Occupational Safety and Health Act of 1970. Abrasives shall meet the requirements of the Washoe County Department of Health, Air Quality Division. The CONTRACTOR is responsible for obtaining an air quality permit from the Washoe County Department of Health, Air Quality Division and any other permits that may be required to perform the work.
- E. Lead Remediation.
1. *Contractor's Responsibility:* The CONTRACTOR will be responsible for all necessary means and methods to contain painted blast residue. The CONTRACTOR shall be responsible for storage, transport and final disposal of all spent blast materials and residue in accordance with local, State and Federal regulations. The CONTRACTOR shall plug vents and take other such measures as are required while blasting and vacuuming tank to prevent migration of blasted paint and blast residue, etc. into the environment. CONTRACTOR shall supply copies of documents to OWNER verifying proper handling, testing and disposal of lead based paint debris.
 2. There is no lead reports available from the Owner.
- F. Work is on two water reservoirs:
1. **Schedule 1:** Reservoir 2-1: 68' diameter x 37' high ~ 1,000,000 gallon capacity. Located 606 Lariat Circle.

2. **Schedule 2:** Reservoir 6C-1: 44' diameter x 32' high ~ 350,000 gallon capacity. Located next to 729 Allison Drive.

1.03 REFERENCE SPECIFICATIONS AND STANDARDS

- A. Without limiting the general aspects or other requirements of this specification, work and equipment shall conform to applicable requirements of municipal, state, and federal codes, laws, and ordinances governing the work, Steel Structures Painting Council, American Water Works Association, and manufacturer's printed instructions, subject to Owner's approval.
- B. The Owner's decision shall be final as to interpretation and/or conflict between any of the referenced codes, laws, ordinances, specifications, and standards contained herein.
- C. All paint systems shall be approved by the National Sanitation Foundation.

1.04 CONTRACTOR

- A. The CONTRACTOR shall be a licensed Painting Contractor in the State of Nevada. Contractor shall have a minimum of five (5) years (recent) practical experience and successful history in the application of similar products to surfaces of steel water storage tanks.
- B. Painting shall be accomplished by experienced painters specializing in industrial painting familiar with all aspects of surface preparations and applications required for this project. Work shall be done in a safe and workmanlike manner and in strict accordance with manufacturer's printed instructions.

1.05 DEFINITIONS

- A. "Paint" as used herein means all coating systems and materials, including primers, emulsions, enamels, sealers and fillers, and other applied materials, whether used as prime, intermediate, or finish coats.
- B. Owner as used herein means, the Owner or Owner designate person of responsibility.

1.06 HOURS OF WORK

- A. The Contractor's activities shall be confined to between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, excluding Federal, State, or Local holidays. Deviation from these hours will not be permitted without the prior consent of the OWNER, except in emergencies involving immediate hazard to persons or property.
- B. In the event of either a requested or emergency deviation, inspection service fees will be charged against the CONTRACTOR. The service fees will be calculated at overtime rates, including benefits, overhead, and travel time. The service fees will be deducted from any amounts due the CONTRACTOR.

- C. Inspections requested by or made necessary as a result of actions by the CONTRACTOR on Saturdays, Sundays, or holidays must be scheduled and approved by the OWNER and paid for by the CONTRACTOR at the prevailing rate for overtime or holiday work.

1.07 PRE-JOB CONFERENCE

- A. Approximately one week prior to start of project, a Pre-Job Conference shall be scheduled between representatives of the OWNER and CONTRACTOR. The sequence of work will be discussed and will be mutually agreed upon to assure that the work is accomplished and completed as stated in the Contract, and to allow for inspection and operations flexibility by OWNER. A list of labor, material, and equipment rates for additional work will be established and maintained throughout the project. The CONTRACTOR shall furnish a complete set of submittal data for use by the Owner.

1.08 QUALITY ASSURANCE -- GENERAL

- A. General. Quality assurance procedures and practices shall be utilized to monitor all phases of surface preparation, application, and inspection throughout the duration of the project. Procedures or practices not specifically defined herein may be utilized, provided they meet recognized and acceptable professional standards and are approved by the OWNER.
- B. All materials furnished and all work accomplished under the Contract shall be subject to inspection by the OWNER. The CONTRACTOR shall be held strictly to the true intent of the Specifications in regard to quality of materials, workmanship, and diligent execution of the Contract.
- C. Work accomplished in the absence of prescribed inspection may be required to be removed and replaced under the proper inspection, and the entire cost of removal and replacement, including the cost of all materials which may be furnished by the OWNER and used in the work thus removed, shall be borne by the CONTRACTOR, regardless of whether the work removed is found to be defective or not. Work covered up without the authority of the OWNER, shall, upon order of the OWNER, be uncovered to the extent required, and the CONTRACTOR shall similarly bear the entire cost of accomplishing all the work and furnishing all the materials necessary for the removal of the covering and its subsequent replacement, as directed and approved by the OWNER.
- D. Except as otherwise provided herein, the OWNER will pay the cost of inspection.
- E. The OWNER will make, or have made, such tests as he deems necessary to assure the work is being accomplished in accordance with the requirements of the Contract. Unless otherwise specified in the Special Conditions, the cost of such testing will be borne by the OWNER. In the event such tests reveal non-compliance with the requirements of the Contract, the CONTRACTOR shall bear the cost of such corrective measures deemed necessary by the OWNER, as well as the cost of subsequent retesting. It is understood and agreed that the making of tests shall not constitute an acceptance of any portion of the work, nor relieve the CONTRACTOR from compliance with the terms of the Contract.

- F. Surface Preparation. Surface preparation will be based upon comparison with: "Pictorial Surface Preparation Standards for Painting Steel Surfaces," SSPC-Vis 1, ASTM Designation D2200, NACE Standard TM-01-70. All surfaces to be power washed at 3,000 psi minimum, sweep blasted, lightly sanded and/or scuffed. All peeling and/or rusted surfaces shall be cleaned to a SSPC-SP3. Water used for pressure washing and general wash down will be provided to Contractor at 1220 Sweetwater Road. Temperature and dew point requirements herein shall apply to all surface preparation operations, except low- and high-temperature limits shall be based on the manufacturer's recommendations.
- G. Application Conditions. No coating or paint shall be applied:
1. When the surrounding air temperature or the temperature of the surface to be coated is outside the manufacturer's recommended temperature range.
 2. To wet or damp surfaces or in rain, snow, fog, or mist.
 3. When the temperature is less than 5°F above the dewpoint.
 4. When it is expected the air temperature will drop below the manufacturer's recommended temperature for epoxy coating or less than 5°F above the dewpoint within eight (8) hours after application of coating or paint.
 5. When there is dust present in the air or on the exterior tank surface.
- H. CONTRACTOR shall measure dewpoint by use of an instrument, such as a Sling Psychrometer in conjunction with the U.S. Department of Commerce Weather Bureau Psychrometric Tables, or equivalent.
- I. If the above conditions are prevalent, coating or paint application shall be delayed or postponed until conditions are favorable. The day's coating or paint application shall be completed in time to permit the film sufficient drying time prior to damage by atmospheric conditions. The CONTRACTOR shall keep a record of all-weather observations and submit them to the OWNER. Observations shall be taken at least three (3) times per day.
- J. Application Precautions. The CONTRACTOR shall conduct all operations so as to confine abrasive blasting debris and paint over-spray to within the bounds of the site. The CONTRACTOR shall take all precautions necessary to prevent adverse off-site consequences of painting operations, and shall submit at the Pre-Job Conference a procedure for over-spray prevention. Any complaints received by the OWNER relating to any such potential off-site problems will be immediately delivered to the CONTRACTOR. The CONTRACTOR shall immediately halt application work and shall take whatever corrective action is required to mitigate any such problems, including changing the method of application to roll-applied if deemed necessary by the OWNER. Any change in procedures in this regard will not be considered an "extra." The CONTRACTOR shall make known to itself the job-site area and potential paint application problems regarding adjacent properties. All costs associated with protection of off-site properties and/or correction of damage to property as a result of

application operations shall be borne directly by the CONTRACTOR at no additional expense to the OWNER.

1. OWNER approval of CONTRACTOR's over-spray prevention procedures and presence on project site does not free CONTRACTOR from responsibility for over-spray. Daily approval of procedures may be required prior to start of spray operations.
- K. **Thickness and Holiday Checking.** Thickness of paints shall be checked with a non-destructive, magnetic-type thickness gauge, such as a Nordson-Mikrotest dry mil thickness gauge. An instrument such as a Tooke gauge should be used if a destructive tester is deemed necessary. All defects shall be marked, repaired in accordance with the manufacturer's printed recommendations, and re-tested. No irregularities will be permitted.
- L. **Inspection Devices.** CONTRACTOR shall furnish, until final acceptance of coating and painting, inspection devices, and related materials such as the wetting agent for holiday testing, in good working condition for detection of holidays, measurement of dry-film thickness of coatings and paints, sling psychrometer, and anchor profile gauge as directed by the OWNER. They shall also furnish U.S. Department of Commerce, National Bureau of Standards certified thickness calibration plates to test accuracy of thickness gauges. Dry film thickness gauges and holiday detectors shall be available at all times until final acceptance of application. Inspection devices shall be operated by or in the presence of the OWNER with location and frequency basis determined by the OWNER. The OWNER is not precluded from furnishing his own inspection devices and rendering decisions based solely upon their tests. Also include scaffolding, ladders and scissor lifts.
- M. **Acceptable Inspection Devices.** Acceptable devices for ferrous metal surfaces include but are not limited to Tinker-Razor Models AP and AP-W holiday detectors and "Inspector" or "Positest" units for dry film thickness gauging. Inspection devices shall be operated in accordance with the manufacturer's instructions.
- N. **Warranty Inspection.** Warranty inspection shall be conducted before the twelve (12th) month following completion of all work and filing of the Notice of Completion. Personnel present at the Pre-Job Conference should also be present at this inspection. All defective work shall be repaired in strict accordance with this specification and to the satisfaction of the OWNER.
1. *Notification:* The OWNER shall establish the date for the inspection, and shall notify the CONTRACTOR at least 30 days in advance.
 2. *Inspection:* The entire exterior paint systems shall be visually inspected as specified in 1.08, Quality Assurance. All defective paint as well as damaged or rusting spots shall be satisfactorily repaired by and at the sole expense of the CONTRACTOR. All repaired areas shall then be electrically tested as specified in the above-mentioned section, and repair/electrical testing procedure repeated until the surface is acceptable to the OWNER.

3. *Inspection Report:* The OWNER shall prepare and deliver to the CONTRACTOR an inspection report covering the inspection, setting forth the number and type of failures observed, the percentage of the surface area where failure has occurred, and the names of the persons making the inspection.
 4. *Schedule:* Upon completion of inspection and receipt of Inspection Report as noted herein, OWNER shall establish a date for CONTRACTOR to proceed with remedial work. Any delay on the part of the CONTRACTOR to meet the schedule established by the OWNER shall constitute breach of this Contract, and OWNER may proceed to have defects remedied as outlined under General Provisions.
 5. *Remedial Work:* Any location where paint has peeled, bubbled, or cracked, and any location where rusting is evident shall be considered to be a failure of the system. The CONTRACTOR shall make repairs at all points where failures are observed by removing the deteriorated paint, cleaning the surface, and reapplying the same system. If the area of failure exceeds 25 percent of a specific painted surface, the entire applied system may be required to be removed and reapplied in accordance with the original specification.
 6. *Costs:* All noted costs for CONTRACTOR's inspection and all costs for repair shall be borne by the CONTRACTOR. In figuring his bid, the CONTRACTOR shall include an appropriate amount for testing and repair, as no additional allowance will be paid by the OWNER for said inspection and repair.
- O. All methods of exterior surface preparation shall conform to the applicable provisions of the Steel Structures Painting Council specifications. No visible rust shall be over-coated under any circumstances, regardless of the elapsed time between blasting and coating. Any steel that has rusted or changed color after cleaning shall be re-blasted in accordance with these specifications.
- P. The CONTRACTOR shall provide, at his own expense, all necessary power required for his operations under this contract.

1.09 SAFETY AND HEALTH REQUIREMENTS

- A. General. Ventilation, electrical grounding, and care in handling paints, solvents and equipment are important safety precautions during painting projects. CONTRACTOR shall conform with safety requirements set forth by regulatory agencies applicable to the construction industry and manufacturer's printed instructions and appropriate technical bulletins and manuals. The CONTRACTOR shall provide and require use of personal protective life-saving equipment for persons working in or about the project site.
- B. Access Facilities. All ladders, scaffolding, and rigging shall be designed for their intended uses. Ladders and scaffolding shall be erected where requested by OWNER to facilitate inspection and be removed by the CONTRACTOR to locations requested by the OWNER.

- C. Ventilation. Where ventilation is used to control hazardous exposure, all equipment shall be explosion-proof, of industrial design, and shall be approved by the OWNER. Household-type venting equipment will not be acceptable. Ventilation shall reduce the concentration of air contaminant to the degree that a hazard does not exist by ducting the air, vapors, etc.
- D. Head and Face Protection and Respiratory Devices. Equipment shall include protective helmets, which shall be worn by all persons while in the vicinity of the work. During cleaning operations, nozzle men shall wear U.S. Bureau of Mines approved air-supplied helmets; other persons who are exposed to blasting dust shall wear approved filter-type respirators and safety goggles. When paints are applied in confined areas, all persons exposed to toxic vapors shall wear approved air-supplied masks. Barrier creams shall be used on any exposed areas of skin.
- E. Grounding. Spray and air hoses shall be grounded to prevent accumulation of charges of static electricity.
- F. Illumination. Spark-proof artificial lighting shall be provided for all work in contained spaces. Light bulbs shall be guarded to prevent breakage. Lighting fixtures and flexible cords shall comply with the requirements of NFPA 70 "National Electric Code" for the atmosphere in which they will be used. Whenever required by OWNER, the CONTRACTOR shall provide additional illumination and necessary supports to cover all areas to be inspected. The level of illumination for inspection purposes shall be determined by the OWNER.
- G. Toxicity and Explosiveness. The solvents used with specified protective coatings are explosive at low concentrations and are highly toxic. Because of toxicity, the maximum allowable concentration of vapor shall be kept below the maximum safe concentration for an eight-hour exposure, plus Lower Explosive Limit (LEL) must be strictly adhered to. If coatings or paints contain lead or other hazardous materials, all regulations related to safety of personnel and handling of such materials shall be strictly adhered to.
- H. Protective Clothing. Paint materials may be irritating to the skin and eyes. When handling and mixing paints, workmen shall wear gloves and eye shields.
- I. Fire. During mixing and application of all materials, all flames, welding, and smoking shall be prohibited in the vicinity. Appropriate type fire abatement devices shall be provided by CONTRACTOR, and be readily available at the job site during all operations.
- J. Sound Levels. Whenever the occupational noise exposure exceeds the maximum allowable sound levels, the CONTRACTOR shall provide and require the use of approved ear protective devices.
 - 1. General sound levels for the project shall be those which will not affect routine facility or neighborhood activities. Whenever levels are objectionable, they shall be adjusted as directed by the OWNER.

1.10 SUBMITTALS

- A. Submittals shall include manufacturer's data and samples as indicated below, and shall be prepared and submitted in time to provide adequate review by the OWNER. Copies of all manufacturer's instructions and recommendations shall be furnished to the OWNER.
- B. Samples -- Painting.
 - 1. Paint colors will be selected by the OWNER. Compliance with all other requirements is the exclusive responsibility of the CONTRACTOR.
 - 2. Samples of each finish and color shall be submitted to the OWNER for approval before any work is started.
 - 3. Samples shall be prepared so that an area of each sample indicates the appearance of the various coats. For example, where three-coat work is specified, the sample shall be divided into three graduated areas: one showing the application of one coat only; one showing the application of two coats; and one showing the application of all three coats.
 - 4. Such samples, when approved in writing, shall constitute a standard as to color and finish only for acceptance or rejection of the finish work.
 - 5. For piping, valves, equipment, and miscellaneous metal work, provide sample chips or color charts of all paint selected, showing color, finish, and general characteristics.
 - 6. Rejected samples shall be resubmitted until approved.

1.11 DELIVERY, HANDLING, AND STORAGE

- A. Deliver all materials to the job site in original, unopened packages and containers bearing manufacturer's name and label. Packages shall not be opened until they are inspected by the OWNER and required for use.
 - 1. Provide labels on each container with the following information:
 - 2. Name or title of material
 - 3. Federal Specification number, if applicable
 - 4. Manufacturer's stock number and color
 - 5. Manufacturer's name, batch number, specification number
 - 6. Generic type
 - 7. Contents by volume for major pigment and vehicle constituents
 - 8. Application instructions
 - 9. Color name and number
 - 10. Date of manufacture and expiration date
- B. Containers shall be clearly marked to indicate any hazards connected with the use of the paint and steps which should be taken to prevent injury to those handling the product.

- C. All containers shall be handled and stored in such a manner as to prevent damage or loss of labels or containers. All painting materials shall be stored in a clean, dry, well-ventilated place, protected from sparks, flame, direct rays of the sun, or from excessive heat. The CONTRACTOR shall be solely responsible for the protection of the materials stored by himself at the job site.
- D. The OWNER shall designate areas for storage and mixing of all painting materials. The CONTRACTOR shall comply with the requirements of all pertinent codes and local fire regulations. Proper containers shall be provided by the CONTRACTOR and used for painting wastes. No plumbing fixtures shall be used for this purpose. Empty coating cans shall be neatly stacked and removed from the job site as required by applicable codes.
- E. Used rags shall be removed from the job site daily, and every precaution taken against spontaneous combustion.

ARTICLE 2 - PRODUCTS

2.01 GENERAL

- A. Materials specified are those which have been evaluated for the specific service. Standard products of manufacturers other than those specified will be accepted when it is proved to the satisfaction of the OWNER that they are equal in composition, durability, usefulness, and convenience for the purpose intended. Substitutions will be considered, provided the following minimum conditions are met:
 1. The proposed coating or paint system shall employ coatings or paints of the same manufacturer.
 2. All requests for substitution shall carry full descriptive literature and directions for application along with complete information on generic type, non-volatile content by volume, and a list of five (5) similar projects -- all at least three (3) years old -- where the coatings or paints have been applied to similar exposure.
- B. All material shall be brought to the job site in the original sealed containers. They shall not be opened or used until OWNER has physically inspected the contents and obtained the necessary data from information printed on containers or labels. Materials exceeding storage life recommended by the manufacturer shall be rejected.
- C. Flammability, toxicity, allergenic properties, and any other characteristic requiring field precautions shall be identified, and specific safety practices shall be stipulated by the manufacturer and followed by the CONTRACTOR.
- D. All coating, paint, and disinfection materials shall be stored to protect them from weather and excessive heat or cold. Flammable coatings and paints must be stored to conform with city, county, state, and federal safety codes for flammable coating and paint materials. At all times, coatings and paints shall be protected from freezing.

- E. CONTRACTOR shall use products of same manufacturer for all coats.

2.02 EXTERIOR PAINT MATERIALS

- A. Paint materials shall be provided by the CONTRACTOR for painting the exteriors.
 - 1. Spot Prime: Sherwin-Williams Kem Kromic Universal Metal Primer or equal, with a dry film thickness of 2.0 to 4.0 mils.
 - 2. First Coat: Sherwin-Williams Macopoxy 646 or equal, with a dry film thickness of 2.0 to 3.0 mil. Color to be selected by OWNER.
 - 3. Second Coat: Sherwin-Williams Acrolon 218 HS or equal, with a dry film thickness of 2.0 to 3.0 mil. Color to be selected by OWNER.
 - 4. System minimum: 6.0 mils DFT, 12.0 mils DFT maximum.
 - 5. Color: Sherwin Williams SW4024 Enviro Green

ARTICLE 3 - EXECUTION

3.01 GENERAL

- A. All surface preparation and paint application shall conform to applicable standards of the Steel Structures Painting Council, the Incline Village General Improvement District, and the manufacturer's printed instructions. Material applied prior to approval of the surface, by the OWNER, shall be removed and reapplied to the satisfaction of the OWNER at the expense of the CONTRACTOR.
- B. All work shall be accomplished by skilled craftsmen qualified to accomplish the required work in a manner comparable with the best standards of practice. Continuity of personnel shall be maintained and transfers of key personnel shall be coordinated with the OWNER.
- C. The CONTRACTOR shall provide a supervisor to be at the work site during cleaning and application operations. The supervisor shall have the authority to sign change orders, coordinate work, and make other decisions pertaining to the fulfillment of their contract.
- D. CONTRACTOR shall provide approved sanitary facilities at reservoir site for all CONTRACTOR personnel, as no existing facilities will be available to the CONTRACTOR. Facilities shall be maintained during the project to complete standards established by OWNER, and shall be removed prior to CONTRACTOR's departure from the reservoir sites at completion of the project.
- E. Dust, dirt, oil, grease, or any foreign matter which will affect the adhesion or durability of the finish must be removed by washing with clean rags dipped in an approved commercial cleaning solution, rinsed with clean water, and wiped dry with clean rags.

- F. The CONTRACTOR's equipment shall be designed for application of materials specified, and shall be maintained in first class working condition. Compressors shall have suitable traps and filters to remove water and oils from the air. Blotter or white cloth tests shall be accomplished at each start-up period and as deemed necessary by the OWNER. CONTRACTOR's equipment shall be subject to approval of the OWNER.
 - 1. Cleanliness of compressed air supply shall be verified daily and as deemed necessary by the OWNER by directing a stream of air from the blasting or air hose onto a white blotter or cloth for twenty seconds. If oil or water appears on the blotter or cloth, all traps and separators shall be blown down until subsequent twenty-second tests show no further oil or water.
- G. Application of the first coat shall follow immediately after surface preparation and cleaning within an eight-hour working day. Any cleaned areas not receiving the first coat within an eight-hour period shall be re-cleaned prior to application of first coat.
- H. Because of the presence of moisture and possible contaminants in the atmosphere, care shall be taken to ensure that previously painted surfaces are protected or re-cleaned prior to application of subsequent coat(s). Methods of protection and re-cleaning shall be approved by the OWNER.
 - 1. Project is subject to intermittent shutdown if, in the opinion of the OWNER, cleaning and application operations are creating a localized condition detrimental to ongoing facility activities, personnel, or adjacent property.
 - 2. In the event of emergency shutdown by the OWNER, CONTRACTOR shall immediately correct deficiencies. All additional costs created by shutdown shall be borne by CONTRACTOR.
- I. The CONTRACTOR shall provide, at his own expense, all necessary power required for his operations under the Contract.
- J. CONTRACTOR shall tightly seal reservoir vents and other open areas to prevent intrusion of paint or other contaminants. The sealing system shall be designed to allow continuous operation of facilities or equipment, with no detrimental effects. If necessary, the sealing system shall be removed at daily termination of work.

3.02 SURFACE PREPARATION -- General

- A. The latest revision of the following surface preparation specifications of the Steel Structures Painting Council shall form a portion of this specification. (Note: An element of surface area is defined as any given square inch of surface.)
 - 1. *Solvent Cleaning (SSPC-SP1)*: Removal of oil, grease, soil, and other contaminants by use of solvents, emulsions, cleaning compounds, steam cleaning, or similar materials and methods, which involve a solvent or cleaning action.

2. *Hand Tool Cleaning (SSPC-SP2)*: Removal of loose rust, loose mill scale, and other detrimental foreign matter present to degree specified by hand chipping, scraping, sanding, and wire brushing.
 3. *Power Tool Cleaning (SSPC-SP3)*: Removal of loose rust, loose mill scale, and other detrimental foreign matter present to degree specified by power wire brushing, power impact tools, or power sanders.
 4. *Commercial Blast Cleaning (SSPC-SP6)*: Blast cleaning until at least two-thirds of each element of surface area is free of all visible residue.
 5. *Brush-Off Blast Cleaning (SSPC-SP7)*: Blast cleaning to remove loose rust, loose mill scale, and other detrimental foreign matter present to the degree specified.
 6. *Near-White Blast Cleaning (SSPC-SP10)*: Blast cleaning to near-white metal cleanliness, until at least ninety-five percent of each element of surface area is free of all visible residues.
 7. *Power Tool Cleaning to Bare Metal (SSPC-SP11)*: Power tool cleaning to produce a bare metal surface and to retain or produce a surface profile of at least 1.0 mil.
 8. All surfaces are to be power washed at 3,000 psi minimum, sweep blasted, lightly sanded and/or scuffed. All peeling and/or rusted surfaces shall be cleaned to a SSPC-SP3. Water used for pressure washing and general wash down will be provided to Contractor at 1220 Sweetwater Road.
- B. During cleaning operations, caution shall be exercised to ensure that existing paints are not exposed to abrasion from blast cleaning.
 - C. Blast cleaning from scaffolds shall only be accomplished within confines of interior perimeter of scaffold. Reaching beyond limits of perimeter will be allowed only if blast nozzle is maintained in a position which will produce a profile acceptable to the OWNER.
 - D. The CONTRACTOR shall keep the area of his work in a clean condition, and shall not permit blasting materials to accumulate as to constitute a nuisance or hazard in the execution of the work or the operation of the existing facilities. All debris shall be removed from the site by the CONTRACTOR and disposed of properly. As existing paints are assumed to contain hazardous materials, handling of waste by CONTRACTOR shall meet OSHA and all regulatory agency requirements for handling such waste. Containment of these wastes and disposal of same shall be by CONTRACTOR. See attached paint test results.
 - E. Blast cleaned and coated/painted surfaces shall be cleaned prior to application of specified paints via a combination of blowing with clean dry air, brushing/brooming and/or vacuuming, as directed by the OWNER. Air hose for blowing shall be at least one-half inch (½") in diameter and shall be equipped with a shut-off device.

- F. All welds, when required, shall be neutralized with a suitable chemical compatible with the specified paint materials.
- G. Water blast cleaning (hydro-blasting) shall be used only when and as directed by OWNER. Pressures shall be those determined by OWNER to effectively accomplish removal of loose, peeling/flaking paint or other detrimental surface contaminants.
- H. If water is used for the cleaning process, spent water shall be contained and discharged to the OWNER's sanitary sewer system. No water shall be allowed to run off-site.

3.03 SURFACE PREPARATION – Exterior

Surface preparation shall be SSPC-SP1 to remove oil, grease, soil and other contaminants. Glossy areas shall be dulled by light sanding, all loose paint shall be removed and sanding dust removed. All bare areas shall be primed with a primer as recommended by the manufacturer. Treat damaged areas and overcoat existing surfaces per specification listed in Article 2 – Products, 2.02 Exterior Paint Materials.

3.04 APPLICATION - General

- A. Coating and paint application shall conform to the requirements of the Steel Structures Painting Council Paint Application Specification SSPC-PA1, latest revision, for "Shop, Field, and Maintenance Painting," the manufacturer of the coating and paint materials printed literature, and as specified herein.
- B. When applying an epoxy/urethane system, surface temperatures must be a minimum of 5° above dewpoint during application and minimum cure time, and surface temperatures must not exceed manufacturer's recommended temperature range, and the finish coat must be applied not later than seventy-two (72) hours after application of the epoxy primer. If the anticipated overcoat time is longer than seventy-two (72) hours, then an additional "mist coat" (*2 dry mils*) of epoxy shall be applied and the epoxy overcoat window clock shall start anew.
- C. Thinning shall only be permitted as recommended by the manufacturer and approved by the OWNER, and shall not exceed limits set by applicable regulatory agencies.
- D. Each application of coating and paint shall be applied evenly, free of brush marks, sags, and runs with no evidence of poor workmanship. Care should be exercised to avoid lapping on glass or hardware. Coating and paints shall be sharply cut to lines. Finished surfaces shall be free from defects or blemishes.
- E. Protective coverings or drop cloths shall be used to protect floors, fixtures, equipment, prepared surface, and applied coatings or paints. Personnel walking tank or walking on exterior roof of tank shall take precautions to prevent damage or contamination of coated or painted surfaces or room surface. If required by OWNER, personnel shall wear soft-soled shoes or shoe coverings approved by OWNER. Care shall be exercised to prevent coating or paint from being spattered onto surfaces, which are not to be coated or painted. Surfaces

from which such material cannot be removed satisfactorily shall be refinished as required to produce a finish satisfactory to the OWNER.

- F. All materials shall be applied as specified herein.
- G. All welds and irregular surfaces specified by the OWNER shall receive one brush coat of the specified product prior to application of each complete coat. Coating/paint shall be brushed in multiple directions to ensure penetration and coverage, as directed by the OWNER. These areas include, but are not limited to, welds, roof lap seams, nuts, bolts, ends and flanges of rafters, and other areas where complete coverage of paint might not be accomplished without this special attention. Special attention shall be given to the junction of the cover dome and the top angle on cylindrical walls, and to the joints between plates in the dome.
- H. At the conclusion of each day's cleaning and painting operations, a six-inch (6") wide strip of cleaned substrate shall remain unpainted to facilitate locating point of origin for successive day's cleaning operations.
- I. All attachments, accessories, and appurtenances shall be prepared and coated/painted/finished in the same manner as specified for adjoining tank sections.

3.05 FIELD APPLICATION – Exterior

- A. All painted/primed surfaces shall be clean, dry, and show no evidence of oxidation, after which all inorganic zinc or epoxy primed surfaces shall receive intermediate and finish coats specified under 2.02.
 - 1. All surfaces are to be power washed at 3,000 psi minimum, sweep blasted, lightly sanded and/or scuffed. All peeling and/or rusted surfaces shall be cleaned to a SSPC-SP3. Water used for pressure washing and general wash down will be provided to Contractor at 1220 Sweetwater Road.

3.06 QUALITY CONTROL -- Exterior

- A. All epoxy coating components shall be mixed in exact proportions specified by the manufacturer. Care shall be exercised to ensure that all material is removed from containers during mixing and metering operations.
- B. All coatings shall be thoroughly mixed, using an approved slow-speed power mixer until all components are thoroughly combined and are of a smooth consistency. Coatings shall not be applied beyond pot-life limits or re-coat cycles specified by manufacturer.
- C. Thinners shall be added to coating materials only as required in accordance with manufacturer's printed literature and in the presence of the OWNER. Quantities of thinner shall not exceed limits set by applicable regulatory agencies.

- D. Application shall be by airless spray method, except as otherwise specified. Drying time between coats shall be strictly observed as stated in manufacturer's printed instructions and as directed by the OWNER.
- E. When two or more coats are specified, where possible, each coat shall contain sufficient approved color additive as an indicator of coverage, or the coats must be of contrasting color (i.e., white/buff/white).
- F. Care shall be exercised during spray operations to hold the spray nozzle perpendicular and sufficiently close to surfaces being coated to avoid excessive evaporation of volatile constituents and loss of material into the air or the bridging of cracks and crevices. Reaching beyond the limits of scaffold perimeter will not be permitted, and shall be basis for a Stop Work Order issued by the OWNER. All over-spray shall be removed as directed by the OWNER.
- G. Upon completion of coating operations, after curing intervals in accordance with manufacturer's recommendations, holiday detection shall be accomplished. Access scaffolding and manpower to move scaffolding as required by the OWNER shall be provided by the CONTRACTOR in order to perform all testing. Repair and retesting shall be accomplished as specified under "QUALITY ASSURANCE."
- H. All mixing, thinning, application, and holiday detection of coatings shall be accomplished in the presence of the OWNER.
- I. Manufacturer's recommended curing times and conditions shall be followed to achieve final curing.

3.07 FIELD APPLICATION -- Exposed Exterior Surfaces

All materials shall be applied according to manufacturer's recommendations and as specified.

3.08 FINISHES

- A. Pigmented (Opaque) Finishes. Completely cover to provide an opaque, smooth surface of uniform finish, color, appearance, and coverage. Cloudiness, spotting, holidays, laps, brush marks, runs, sags, ropiness, or other surface imperfections will not be acceptable.
- B. Complete Work. Match approved samples for color, texture, and coverage. Remove, refinish, or repaint work not in compliance with specific requirements.

3.09 CLEANUP

- A. Upon completion of the work, all staging, scaffolding, and containers shall be removed from the site or destroyed in a manner approved by the OWNER. Coating spots upon adjacent surfaces shall be removed and the entire job site cleaned. All damage to surfaces resulting from the work of this section shall be cleaned, repaired, or refinished to the complete satisfaction of the OWNER at no cost to the OWNER.

- B. Cleaning. All paint brushed, spattered, spilled, or splashed on any surface not specified to be painted shall be removed ASAP and/or at OWNERS direction.

3.10 OMISSIONS

Care has been taken to delineate herein those surfaces to be coated. However, if coating requirements have been inadvertently omitted from this section or any other section of the specifications, it is intended that all metal surfaces, unless specifically exempted herein, shall receive a first-class protective coating equal to that given the same type surface pursuant to these specifications.

End of Protective Coatings Requirements

PROPOSAL FORM

Prices to include all labor, materials and incidentals.

IVGID reserves the right to reject any and all proposals, and/or to waive any irregularities or formalities in evaluating and awarding the work in accordance with Nevada Revised Statutes. IVGID reserves the right to award any or all schedules of work that is in the best interest of IVGID.

Schedule 1, In Numbers:	\$ 35,000.00
Schedule 1, In Words:	Thirty five thousand dollars and 00/100
Schedule 2, In Numbers:	\$ 24,440.00
Schedule 2, In Words:	Twenty four thousand four hundred forty dollars amd 00/100
Total Proposal, In Numbers:	\$ 59,440.00
Total Proposal, In Words:	Fifty nine thousand four hundred and forty dollars amd 00/100

Signature of Bidder:  Date: 01/26/2021

PRINT OR TYPE:

Name: George Tsiopos
Title: President
Firm Name: Olympus and Associates, Inc
Address: 405 Lovitt Lane
City, St, Zip: Reno, NV 89506
Phone & Fax #: 775-322-0346
Email: lyndsey1282@gmail.com

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winquest
District General Manager

Tim Callicrate
Chairman, Board of Trustees

SUBJECT: Review, discuss and possibly approve a contract with Best, Best & Krieger for legal services.

DATE: February 3, 2021

I. RECOMMENDATION

That the Board of Trustees makes a motion to approve the attached three-year contract for legal services with Best, Best & Krieger.

II. BACKGROUND

A contract was brought to the Board on December 9, 2020; see excerpt of minutes attached as well as the contract that went before the Board of Trustees on December 9, 2020. After this meeting, the District General Manager and Board Chairman had third party legal counsel review the contract (Jeremy Krenek of Incline Law Group) and discussions/negotiations took place with Best Best and Krieger representative Joshua Nelson. Attached is a red lined version of the negotiated contract and then a conformed contract submitted for approval at tonight's meeting (February 10, 2021). The changes are as follows:

- ✓ Length of contract – three years
- ✓ Requirement to bring on another Nevada licensed lawyer to the BBK legal team, within 18 months, was included. It is anticipated that this task will be accomplished sooner than 18 months.

At the November 18, 2020 Board of Trustees meeting, the Board Chairman identified that three of the Trustees were leaning towards Option 3 and two Trustees were leaning towards Option 1; the attached contract represents Option 3.

Best, Best & Krieger was retained by the Board of Trustees at their January 29, 2020 to assist with a review of documents and then later that year, in May, the Board retained this firm to be District General Counsel.

Best, Best & Krieger Contract – December 9, 2020

to be completed by the end of January 2021. Engineering Manager Chorey then noted that this contract will be executed with a new standard short form agreement instead of signing the Task Order 37, Amendment Number 1, as presented in the Board packet.

Trustee Morris made a motion to authorize a professional services contract for the Water Resources Recovery Facility Improvements Project; Fund: Utilities; Division: Sewer; Project 2259SS1707; Vendor: CH2M HILL (Jacobs), Inc. in the amount of \$18,000. with the changes as discussed; Trustee Wong seconded the motion. Chairman Callicrate asked for any further comments, hearing none, he called the question and the motion was passed unanimously.

K.8. Review, discuss and possibly approve a contract with Best & Krieger for legal services (Requesting Staff Member: Board Chairman Tim Callicrate and District General Manager Indra Winqest) – This item was moved from Consent Calendar Item J.3.

District General Manager Winqest gave an overview of the submitted materials. Trustee Schmitz said she would like it reviewed by an independent third party. District General Manager Winqest said he has engaged with outside legal counsel and hopes to have it done by the end of the week. The contract will not be signed until that review is made by outside legal counsel. Trustee Schmitz said do we have the option to ask questions? District General Manager Winqest said independent legal counsel? Trustee Schmitz said is there any opportunity to ask questions of the outside legal counsel? District General Manager Winqest said yes however the only way would be to re-agendize this item. He will be scheduling a meeting with independent legal counsel for the Board Chairman and himself to lay out the relationship and the work to be done. Further, it should be noted that Mr. Nelson did say that Staff should bring on independent legal counsel to do a review. Chairman Callicrate said that we will be in discussion with that independent legal counsel. Trustee Morris said he does find it frustrating when we revisit things that we have talked about before and either we have confidence or we don't have confidence.

Trustee Morris made a motion to approve the attached one-year contract for legal services with Best, Best & Krieger following an independent legal counsel review; Trustee Wong seconded the motion. Chairman Callicrate asked for any further comments, hearing none, he called the question and the motion was passed unanimously.

**AGREEMENT FOR INTERIM GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP**

1. PARTIES AND DATE.

This Agreement is made and entered into as of the 9th day of December, 2020, by and between the Incline Village General Improvement District (“Client”) and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law (“BB&K”).

2. RECITALS.

2.1 Client wishes to engage the services of BB&K as its Interim General Counsel to perform all necessary legal services for the Client on the terms set forth below.

3. TERMS.

3.1 Term. The term of this Agreement shall commence on December 1, 2020 and shall expire on December 31, 2021 unless earlier terminated in accordance with Section 3.12.

3.2 Scope of Services. BB&K shall serve as Interim General Counsel and shall perform legal services (“Services”) as may be required from time to time by the Client as set forth by this Agreement, unless otherwise agreed to by the Client and BB&K. As part of the Services to be performed hereunder, BB&K shall be responsible for the following:

3.2.1 Preparation for, and attendance at, regular meetings of the Client;

3.2.2 Provision of legal counsel at such other meetings as directed by the Client;

3.2.3 Preparation or review of Client ordinances and resolutions, together with such staff reports, orders, agreements, forms, notices, declarations, certificates, deeds, leases and other documents as requested by the Client;

3.2.4 Rendering to the officers and employees of the Client legal advice and opinions on all legal matters affecting the Client, including new legislation and court decisions, as directed by the Client;

3.2.5 Researching and interpreting laws, court decisions and other legal authorities in order to prepare legal opinions and to advise the Client on legal matters pertaining to Client operations, as directed by the Client;

3.2.6 Performing legal work pertaining to property acquisition, property disposal, public improvements, public rights-of-way and easements, as directed by the Client;

3.2.7 Responding to inquiries and review for legal sufficiency ordinances, resolutions, contracts, and administrative and personnel matters, as directed by the Client;

3.2.8 Representing and assisting on litigation matters, as directed by the Client. Such services shall include, but shall not be limited to, the preparation for and making of appearances, including preparing pleadings and petitions, making oral presentations, and preparing answers, briefs or other documents on behalf of the Client, and any officer or employee of the Client, in all federal and state courts of this State, and alternative dispute resolution officer, and before any governmental board or commission, including reviewing, defending or assisting any insurer of the Client or its agents or attorneys with respect to any lawsuit filed against the Client or any officer or employee thereof, for money or damages. Client understands and agrees that BB&K does not currently have a Nevada office. As such, all litigation matters will require local co-counsel per applicable requirements.

3.2.9 [reserved]

3.3 Designated General Counsel. Joshua Nelson shall be designated as Interim General Counsel, and shall be responsible for the performance of all Services under this Agreement, including the supervision of Services performed by other members of BB&K. No change in these assignments shall be made without the consent of the Client. Client understands that Mr. Nelson is the sole Nevada licensed attorney at BB&K as of the date of this Agreement but BB&K may increase the number of Nevada licensed attorneys during the term of this Agreement.

3.4 Time of Performance. The Services of BB&K shall be performed expeditiously in the time frames and as directed by the Client.

3.5 Assistance. The Client agrees to provide all information and documents necessary for the attorneys at BB&K to perform their obligations under this Agreement.

3.6 Independent Contractor. BB&K shall perform all legal services required under this Agreement as an independent contractor of the Client and shall remain, at all times as to the Client, a wholly independent contractor with only such obligations as are required under this Agreement. Neither the Client, nor any of its employees, shall have any control over the manner, mode or means by which BB&K, its agents or employees, render the legal services required under this Agreement, except as otherwise set forth. The Client shall have no voice in the selection, discharge, supervision or control of BB&K's employees, representatives or agents, or in fixing their number, compensation, or hours of service.

3.7 Fees and Costs. BB&K shall render and bill for legal services in the following categories and at rates set forth in Exhibit "A" and in accordance with the BB&K Billing Policies set forth in Exhibit "B", both of which are attached hereto and incorporated herein by reference. In addition, the Client shall reimburse BB&K for reasonable and necessary expenses incurred by it in the performance of the Services under this Agreement. Authorized reimbursable expenses shall include, but are not limited to, printing and copying expenses, mileage expenses at the rate allowed by the Internal Revenue Service, toll road expenses, long distance telephone and facsimile tolls, computerized research time (e.g. Lexis or Westlaw), research services performed by BB&K's

library staff, extraordinary mail or delivery costs (e.g. courier, overnight and express delivery), court fees and similar costs relating to the Services that are generally chargeable to a client. However, no separate charge shall be made by BB&K for secretarial or word processing services.

3.8 Billing. BB&K shall submit monthly to the Client a detailed statement of account for Services. The Client shall review BB&K's monthly statements and pay BB&K for Services rendered and costs incurred, as provided for in this Agreement, on a monthly basis.

3.9 [reserved]

3.10 Insurance. BB&K carries errors and omissions insurance with Lloyd's of London. After a standard deductible, this insurance provides coverage beyond what is required by the State of California. A separate schedule containing BB&K's insurance policies will be available for inspection upon Client's request.

3.11 Attorney-Client Privilege. Confidential communication between the Client and BB&K shall be covered by the attorney-client privilege. As used in this article, "confidential communication" means information transmitted between the Client and BB&K in the course of the relationship covered by this Agreement and in confidence by a means that, so far as the Client is aware, discloses the information to no third persons other than those who are present to further the interests of the Client in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for which BB&K is consulted, and includes any legal opinion formed and advice given by BB&K in the course of this relationship.

3.12 Termination of Agreement and Legal Services. This Agreement and the Services rendered under it may be terminated at any time upon thirty (30) days' prior written notice from either party, with or without cause. In the event of such termination, BB&K shall be paid for all Services authorized by the Client and performed up through and including the effective date of termination. BB&K shall also be reimbursed for all costs associated with transitioning any files or other data or documents to a new law firm or returning them to the Client. BB&K shall retain the Client's file for seven years or other applicable time period.

3.13 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

3.14 Governing Law. This Agreement shall be governed by the laws of the State of Nevada.

3.15 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.

3.16 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or

service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.

3.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.19 Delivery of Notices. All notices permitted or required under this Agreement notices shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Client: Incline Village General Improvement District
 893 Southwood Blvd.
 Incline Village, NV 89451
 Attention: Board Chairman

BB&K: Best Best & Krieger LLP
 500 Capitol Mall, Suite 1700
 Sacramento, CA 95814
 Attention: Joshua Nelson

IN WITNESS WHEREOF, the Client and BB&K have executed this Agreement for General Counsel Legal Services as of the date first written above.

(signatures contained on following page)

**SIGNATURE PAGE TO
AGREEMENT FOR INTERIM GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP**

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By: _____
Tim Callicrate
Board Chairman

Date: _____

BEST BEST & KRIEGER LLP

By: _____
Joshua Nelson
Partner

Date: _____

**EXHIBIT “A”
TO
AGREEMENT FOR INTERIM GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP**

1. Basic Legal Services - Description. Basic legal services shall include all services provided to Client that are not otherwise specifically identified below as Meetings or Special Legal Services, (“Basic Legal Services”).

2. Basic Legal Services – Rates. The Client shall pay for Basic Legal Services at the following hourly rates:

Attorneys	\$265
Paralegals	\$170
Law Clerks	\$170
Litigation Analysts	\$170
Muni Analysts	\$170

3. Meetings. Attendance at up to two Board of Trustees, Audit Committee or similar public meetings per month shall be charged a flat rate of \$750 unless the meeting lasted less than three hours in which case, it will be billed as Basic Legal Services. Multiple meetings occurring on the same calendar day shall be considered a single meeting.

4. Special Legal Services - Description. Special Legal Services shall include the following types of services:

- A. Litigation and formal administrative or other adjudicatory hearing matters
- B. Other matters mutually agreed upon between BBK and the Client.

5. Special Legal Services – Rates. The Client shall pay for Special Legal Services at the following hourly rates:

Attorney	\$295
Paralegals	\$185
Law Clerks	\$185
Litigation Analysts	\$185
Muni Analysts	\$185

EXHIBIT "B"
TO
AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP

BB&K BILLING POLICIES

Our century of experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or our Accounts Receivable Department (accounts.receivable@bbklaw.com). Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

Fees for Professional Services

Unless a flat fee is set forth in our engagement agreement with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. All legal services are billed in one-tenth of an hour (0.10/hour) or six-minute increments. Our attorneys are currently billed at rates from \$210 to \$750 per hour, and our administrative assistants, research assistants, municipal analysts, litigation analysts, paralegals, para professionals and law clerks are billed at rates from \$70 to \$290 per hour. Additional consultants and/or specialists are available as needed and their rates will be charged at the rate then in effect for such personnel. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

Fees For Other Services, Costs and Expenses

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges, computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate

charge is made for secretarial or word processing services; those costs are included within the above hourly rates.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

Advance Deposit Toward Fees And Costs

Because new client matters involve both a substantial undertaking by our firm and the establishment of client credit with our accounting office, we require an advance payment from clients. The amount of this advance deposit is determined on a case-by-case basis discussed first with the client, and is specified in our engagement agreement.

Upon receipt, the advance deposit will be deposited into the firm's client trust account. Our monthly billings will reflect such applications of the advance deposit to costs and not to attorney's fees. At the end of engagement, we will apply any remaining balance first to costs and then to fees. We also reserve the right to require increases or renewals of these advanced deposits.

By signing the initial engagement agreement, each client is agreeing that trust account balances may be withdrawn and applied to costs as they are incurred and to our billings, after presentation to the client. If we succeed in resolving your matter before the amounts deposited are used, any balance will be promptly refunded.

Monthly Invoices and Payment

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 30 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We will then advise the client by letter that the client may pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record.

If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

Changes in Fee Arrangements and Budgets

It may be necessary under certain circumstances for a client to increase the size of required advances for fees after the commencement of our engagement and depending upon the scope of the work. For example, prior to a protracted trial or hearing, the firm may require a further advance payment to the firm's trust account sufficient to cover expected fees. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing.

Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP

Best, Best & Krieger
Contract – redlined
version after third
party counsel review

**AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP**

1. PARTIES AND DATE.

This Agreement is made and entered into as of the [INSERT DATE] day of [INSERT MONTH], 2020, by and between the Incline Village General Improvement District (“Client”) and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law (“BB&K”).

2. RECITALS.

2.1 Client wishes to engage the services of BB&K as its General Counsel to perform all necessary legal services for the Client on the terms set forth below.

3. TERMS.

3.1 Term. The term of this Agreement shall commence on December 1, 2020 and shall expire on December 31, 2024⁺ unless earlier terminated in accordance with Section 3.3, 3.6 or 3.12.

3.2 Scope of Services. BB&K shall serve as General Counsel and shall perform legal services (“Services”) as may be required from time to time by the Client as set forth by this Agreement, unless otherwise agreed to by the Client and BB&K. As part of the Services to be performed hereunder, BB&K shall be responsible for the following:

3.2.1 Preparation for, and attendance at, public board meetings of the Client;

3.2.2 Provision of legal counsel at such other meetings as directed by the Client;

3.2.3 Preparation or review of Client ordinances and resolutions, together with such staff reports, orders, agreements, forms, notices, declarations, certificates, deeds, leases and other documents as requested by the Client;

3.2.4 Rendering to the officers and employees of the Client legal advice and opinions on all legal matters affecting the Client, including new legislation and court decisions, as directed by the Client;

3.2.5 Researching and interpreting laws, court decisions and other legal authorities in order to prepare legal opinions and to advise the Client on legal matters pertaining to Client operations, as directed by the Client;

3.2.6 Performing legal work pertaining to property acquisition, property disposal, public improvements, public rights-of-way and easements, as directed by the Client;

3.2.7 Responding to inquiries and review for legal sufficiency ordinances, resolutions, contracts, and administrative and personnel matters, as directed by the Client;

3.2.8 Representing and assisting on litigation matters, as directed by the Client. Such services shall include, but shall not be limited to, the preparation for and making of appearances, including preparing pleadings and petitions, making oral presentations, and preparing answers, briefs or other documents on behalf of the Client, and any officer or employee of the Client, in all federal and state courts of this State, and alternative dispute resolution officer, and before any governmental board or commission, including reviewing, defending or assisting any insurer of the Client or its agents or attorneys with respect to any lawsuit filed against the Client or any officer or employee thereof, for money or damages. Client understands and agrees that BB&K does not currently have a Nevada office. As such, all litigation matters will require local co-counsel per applicable requirements.

3.2.9 [reserved]

3.3 Designated General Counsel. Joshua Nelson shall be designated as General Counsel, and shall be responsible for the performance of all Services under this Agreement, including the supervision of Services performed by other members of BB&K. No change in these assignments shall be made without the consent of the Client. Client understands that Mr. Nelson is the sole Nevada licensed attorney at BB&K as of the date of this Agreement but BB&K may increase the number of Nevada licensed attorneys during the term of this Agreement. BB&K agrees to attempt to recruit at least one additional Nevada licensed attorney with experience in the pertinent areas of practice relating to this engagement within ~~six-eighteen~~ (618) months of the effective date of this Agreement. Said recruit may be in the form of a current member of BB&K sitting for and passing the Nevada bar exam or the hiring of an additional attorney with a Nevada license and relevant experience. If, during the term of this Agreement, BB&K no longer has any Nevada counsel employed with the firm, IVGID shall have the right to terminate this Agreement immediately notifying BB&K in writing so that IVGID can hire replacement counsel. This termination provision shall supersede the time requirement for termination as set forth in Paragraph 3.12 of this Agreement.

3.4 Time of Performance. The Services of BB&K shall be performed expeditiously in the time frames and as directed by the Client.

3.5 Assistance. The Client agrees to provide all available information and documents reasonably necessary for the attorneys at BB&K to perform their obligations under this Agreement.

3.6 Independent Contractor. BB&K shall perform all legal services required under this Agreement as an independent contractor of the Client and shall remain, at all times as to the Client, a wholly independent contractor with only such obligations as are required under this Agreement. Neither the Client, nor any of its employees, shall have any control over the manner, mode or means by which BB&K, its agents or employees, render the legal services required under this Agreement, except as otherwise set forth. The Client shall have no voice in the selection, discharge, supervision or control of BB&K's employees, representatives or agents, or in fixing

their number, compensation, or hours of service. It is agreed and understood by the parties hereto that a specific inducement to IVGID to enter into this Agreement is that attorney Joshua Nelson will be personally involved in the representation of IVGID and the delivery of services under this Agreement. If at any time, Mr. Nelson becomes substantially unavailable for any reason, IVGID may terminate this Agreement immediately by notifying BB&K in writing so that IVGID can hire replacement counsel. This termination provision shall supersede the time requirement for termination as set forth in Paragraph 3.12 of this Agreement..

3.7 Fees and Costs. BB&K shall render and bill for legal services in the following categories and at rates set forth in Exhibit "A" and in accordance with the BB&K Billing Policies set forth in Exhibit "B", both of which are attached hereto and incorporated herein by reference. In addition, the Client shall reimburse BB&K for reasonable and necessary expenses incurred by it in the performance of the Services under this Agreement. Authorized reimbursable expenses shall include, but are not limited to, printing and copying expenses, mileage expenses at the rate allowed by the Internal Revenue Service, toll road expenses, long distance telephone and facsimile tolls, computerized research time (e.g. Lexis or Westlaw), research services performed by BB&K's library staff, extraordinary mail or delivery costs (e.g. courier, overnight and express delivery), court fees and similar costs relating to the Services that are generally chargeable to a client. However, no separate charge shall be made by BB&K for secretarial or word processing services. Additionally, BB&K shall not charge for both mileage expenses at the rate allowed by the Internal Revenue Service *and* the time of the attorney for traveling those miles. For purposes of calculating mileage expense, BB&K shall use IVGID headquarters as the origin of all travel related to IVGID work.

3.8 Billing. BB&K shall submit monthly to the Client a detailed statement of account for Services. The Client shall review BB&K's monthly statements and pay BB&K for Services rendered and costs incurred, as provided for in this Agreement, on a monthly basis.

3.9 [reserved]

3.10 Insurance. BB&K carries errors and omissions insurance with Lloyd's of London. A separate schedule containing BB&K's insurance policies will be available for inspection upon Client's request.

3.11 Attorney-Client Privilege. Confidential communication between the Client and BB&K shall be covered by the attorney-client privilege. As used in this article, "confidential communication" means information transmitted between the Client and BB&K in the course of the relationship covered by this Agreement and in confidence by a means that, so far as the Client is aware, discloses the information to no third persons other than those who are present to further the interests of the Client in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for which BB&K is consulted, and includes any legal opinion formed and advice given by BB&K in the course of this relationship.

3.12 Termination of Agreement and Legal Services. This Agreement and the Services rendered under it may be terminated at any time upon thirty (30) days' prior written notice from

either party, with or without cause. In the event of such termination, BB&K shall be paid for all Services authorized by the Client and performed up through and including the effective date of termination. BB&K shall also be reimbursed for all costs associated with transitioning any files or other data or documents to a new law firm or returning them to the Client. BB&K shall retain the Client's file for seven years or other applicable time period.

3.13 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

3.14 Governing Law. This Agreement shall be governed by the laws of the State of Nevada.

3.15 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.

3.16 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.

3.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.19 Delivery of Notices. All notices permitted or required under this Agreement notices shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Client: Incline Village General Improvement District
893 Southwood Blvd.
Incline Village, NV 89451
Attention: Board Chairman

BB&K: Best Best & Krieger LLP
500 Capitol Mall, Suite 1700
Sacramento, CA 95814
Attention: Joshua Nelson

IN WITNESS WHEREOF, the Client and BB&K have executed this Agreement for General Counsel Legal Services as of the date first written above.

(signatures contained on following page)

**SIGNATURE PAGE TO
AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP**

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By: _____
Indra Winquest
General Manager

Date: _____

BEST BEST & KRIEGER LLP

By: _____
Joshua Nelson
Partner

Date: _____

EXHIBIT "A"
TO
AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP

1. Basic Legal Services - Description. Basic legal services shall include all services provided to Client that are not otherwise specifically identified below as Meetings or Special Legal Services, ("Basic Legal Services").

2. Basic Legal Services – Rates. The Client shall pay for Basic Legal Services at the following hourly rates:

Attorneys	\$265
Paralegals	\$170
Law Clerks	\$170
Litigation Analysts	\$170
Muni Analysts	\$170

3. Meetings. Attendance at up to two Board of Trustees, Audit Committee or similar public meetings per month shall be charged a flat rate of \$750 unless the meeting lasted less than three hours in which case, it will be billed as Basic Legal Services. Multiple meetings occurring on the same calendar day shall be considered a single meeting.

4. Special Legal Services - Description. Special Legal Services shall include the following types of services:

A. Litigation and formal administrative or other adjudicatory hearing matters. For clarity, initiation and/or defense of litigation requires specific approval of the IVGID Board of Trustees. BB&K shall provide immediate notice to IVGID, in writing, of any litigation relating to IVGID which requires initiation or defense and make all reasonable efforts to allow time for IVGID to call a Special Meeting of the Trustees, if one is not regularly scheduled, so that proper authorization may be obtained from the Board of Trustees. Such reasonable efforts may include, but are not limited to, requesting an extension of time to file pleadings from opposing counsel or the opposing party.

B. Other matters mutually agreed upon between BBK and the Client and designated in writing from time to time as Special Legal Services.

5. Special Legal Services – Rates. The Client shall pay for Special Legal Services at the following hourly rates:

Attorney	\$295
----------	-------

Paralegals	\$185
Law Clerks	\$185
Litigation Analysts	\$185
Muni Analysts	\$185

EXHIBIT "B"
TO
AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP

BB&K BILLING POLICIES

Our century of experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or our Accounts Receivable Department (accounts.receivable@bbklaw.com). Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

Fees for Professional Services

Unless a flat fee is set forth in our engagement agreement with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. All legal services are billed in one-tenth of an hour (0.10/hour) or six-minute increments. Our attorneys are currently billed at rates from \$210 to \$750 per hour, and our administrative assistants, research assistants, municipal analysts, litigation analysts, paralegals, para professionals and law clerks are billed at rates from \$70 to \$290 per hour. Additional consultants and/or specialists are available as needed and their rates will be charged at the rate then in effect for such personnel. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

Fees For Other Services, Costs and Expenses

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges, computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate

charge is made for secretarial or word processing services; those costs are included within the above hourly rates.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

Advance Deposit Toward Fees And Costs

Because new client matters involve both a substantial undertaking by our firm and the establishment of client credit with our accounting office, we require an advance payment from clients. The amount of this advance deposit is determined on a case-by-case basis discussed first with the client, and is specified in our engagement agreement.

Upon receipt, the advance deposit will be deposited into the firm's client trust account. Our monthly billings will reflect such applications of the advance deposit to costs and not to attorney's fees. At the end of engagement, we will apply any remaining balance first to costs and then to fees. We also reserve the right to require increases or renewals of these advanced deposits.

By signing the initial engagement agreement, each client is agreeing that trust account balances may be withdrawn and applied to costs as they are incurred and to our billings, after presentation to the client. If we succeed in resolving your matter before the amounts deposited are used, any balance will be promptly refunded.

Monthly Invoices and Payment

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 30 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We will then advise the client by letter that the client may pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record.

If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

Changes in Fee Arrangements and Budgets

It may be necessary under certain circumstances for a client to increase the size of required advances for fees after the commencement of our engagement and depending upon the scope of the work. For example, prior to a protracted trial or hearing, the firm may require a further advance payment to the firm's trust account sufficient to cover expected fees. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing.

Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP

Best, Best & Krieger
Contract – conformed
version – ready for
approval

**AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP**

1. PARTIES AND DATE.

This Agreement is made and entered into as of the [INSERT DATE] day of [INSERT MONTH], 2020, by and between the Incline Village General Improvement District (“Client”) and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law (“BB&K”).

2. RECITALS.

2.1 Client wishes to engage the services of BB&K as its General Counsel to perform all necessary legal services for the Client on the terms set forth below.

3. TERMS.

3.1 Term. The term of this Agreement shall commence on December 1, 2020 and shall expire on December 31, 2024 unless earlier terminated in accordance with Section 3.3, 3.6 or 3.12.

3.2 Scope of Services. BB&K shall serve as General Counsel and shall perform legal services (“Services”) as may be required from time to time by the Client as set forth by this Agreement, unless otherwise agreed to by the Client and BB&K. As part of the Services to be performed hereunder, BB&K shall be responsible for the following:

3.2.1 Preparation for, and attendance at, public board meetings of the Client;

3.2.2 Provision of legal counsel at such other meetings as directed by the Client;

3.2.3 Preparation or review of Client ordinances and resolutions, together with such staff reports, orders, agreements, forms, notices, declarations, certificates, deeds, leases and other documents as requested by the Client;

3.2.4 Rendering to the officers and employees of the Client legal advice and opinions on all legal matters affecting the Client, including new legislation and court decisions, as directed by the Client;

3.2.5 Researching and interpreting laws, court decisions and other legal authorities in order to prepare legal opinions and to advise the Client on legal matters pertaining to Client operations, as directed by the Client;

3.2.6 Performing legal work pertaining to property acquisition, property disposal, public improvements, public rights-of-way and easements, as directed by the Client;

3.2.7 Responding to inquiries and review for legal sufficiency ordinances, resolutions, contracts, and administrative and personnel matters, as directed by the Client;

3.2.8 Representing and assisting on litigation matters, as directed by the Client. Such services shall include, but shall not be limited to, the preparation for and making of appearances, including preparing pleadings and petitions, making oral presentations, and preparing answers, briefs or other documents on behalf of the Client, and any officer or employee of the Client, in all federal and state courts of this State, and alternative dispute resolution officer, and before any governmental board or commission, including reviewing, defending or assisting any insurer of the Client or its agents or attorneys with respect to any lawsuit filed against the Client or any officer or employee thereof, for money or damages. Client understands and agrees that BB&K does not currently have a Nevada office. As such, all litigation matters will require local co-counsel per applicable requirements.

3.2.9 [reserved]

3.3 Designated General Counsel. Joshua Nelson shall be designated as General Counsel, and shall be responsible for the performance of all Services under this Agreement, including the supervision of Services performed by other members of BB&K. No change in these assignments shall be made without the consent of the Client. Client understands that Mr. Nelson is the sole Nevada licensed attorney at BB&K as of the date of this Agreement but BB&K may increase the number of Nevada licensed attorneys during the term of this Agreement. BB&K agrees to attempt to recruit at least one additional Nevada licensed attorney with experience in the pertinent areas of practice relating to this engagement within eighteen (18) months of the effective date of this Agreement. Said recruit may be in the form of a current member of BB&K sitting for and passing the Nevada bar exam or the hiring of an additional attorney with a Nevada license and relevant experience. If, during the term of this Agreement, BB&K no longer has any Nevada counsel employed with the firm, IVGID shall have the right to terminate this Agreement immediately notifying BB&K in writing so that IVGID can hire replacement counsel. This termination provision shall supersede the time requirement for termination as set forth in Paragraph 3.12 of this Agreement.

3.4 Time of Performance. The Services of BB&K shall be performed expeditiously in the time frames and as directed by the Client.

3.5 Assistance. The Client agrees to provide all available information and documents reasonably necessary for the attorneys at BB&K to perform their obligations under this Agreement.

3.6 Independent Contractor. BB&K shall perform all legal services required under this Agreement as an independent contractor of the Client and shall remain, at all times as to the Client, a wholly independent contractor with only such obligations as are required under this Agreement. Neither the Client, nor any of its employees, shall have any control over the manner, mode or means by which BB&K, its agents or employees, render the legal services required under this Agreement, except as otherwise set forth. The Client shall have no voice in the selection, discharge, supervision or control of BB&K's employees, representatives or agents, or in fixing their number, compensation, or hours of service. It is agreed and understood by the parties hereto

that a specific inducement to IVGID to enter into this Agreement is that attorney Joshua Nelson will be personally involved in the representation of IVGID and the delivery of services under this Agreement. If at any time, Mr. Nelson becomes substantially unavailable for any reason, IVGID may terminate this Agreement immediately by notifying BB&K in writing so that IVGID can hire replacement counsel. This termination provision shall supersede the time requirement for termination as set forth in Paragraph 3.12 of this Agreement..

3.7 Fees and Costs. BB&K shall render and bill for legal services in the following categories and at rates set forth in Exhibit "A" and in accordance with the BB&K Billing Policies set forth in Exhibit "B", both of which are attached hereto and incorporated herein by reference. In addition, the Client shall reimburse BB&K for reasonable and necessary expenses incurred by it in the performance of the Services under this Agreement. Authorized reimbursable expenses shall include, but are not limited to, printing and copying expenses, mileage expenses at the rate allowed by the Internal Revenue Service, toll road expenses, long distance telephone and facsimile tolls, computerized research time (e.g. Lexis or Westlaw), research services performed by BB&K's library staff, extraordinary mail or delivery costs (e.g. courier, overnight and express delivery), court fees and similar costs relating to the Services that are generally chargeable to a client. However, no separate charge shall be made by BB&K for secretarial or word processing services. Additionally, BB&K shall not charge for both mileage expenses at the rate allowed by the Internal Revenue Service *and* the time of the attorney for traveling those miles. For purposes of calculating mileage expense, BB&K shall use IVGID headquarters as the origin of all travel related to IVGID work.

3.8 Billing. BB&K shall submit monthly to the Client a detailed statement of account for Services. The Client shall review BB&K's monthly statements and pay BB&K for Services rendered and costs incurred, as provided for in this Agreement, on a monthly basis.

3.9 [reserved]

3.10 Insurance. BB&K carries errors and omissions insurance with Lloyd's of London. A separate schedule containing BB&K's insurance policies will be available for inspection upon Client's request.

3.11 Attorney-Client Privilege. Confidential communication between the Client and BB&K shall be covered by the attorney-client privilege. As used in this article, "confidential communication" means information transmitted between the Client and BB&K in the course of the relationship covered by this Agreement and in confidence by a means that, so far as the Client is aware, discloses the information to no third persons other than those who are present to further the interests of the Client in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for which BB&K is consulted, and includes any legal opinion formed and advice given by BB&K in the course of this relationship.

3.12 Termination of Agreement and Legal Services. This Agreement and the Services rendered under it may be terminated at any time upon thirty (30) days' prior written notice from either party, with or without cause. In the event of such termination, BB&K shall be paid for all

Services authorized by the Client and performed up through and including the effective date of termination. BB&K shall also be reimbursed for all costs associated with transitioning any files or other data or documents to a new law firm or returning them to the Client. BB&K shall retain the Client's file for seven years or other applicable time period.

3.13 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

3.14 Governing Law. This Agreement shall be governed by the laws of the State of Nevada.

3.15 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.

3.16 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.

3.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.19 Delivery of Notices. All notices permitted or required under this Agreement notices shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Client: Incline Village General Improvement District
893 Southwood Blvd.
Incline Village, NV 89451
Attention: Board Chairman

BB&K: Best Best & Krieger LLP
500 Capitol Mall, Suite 1700
Sacramento, CA 95814
Attention: Joshua Nelson

IN WITNESS WHEREOF, the Client and BB&K have executed this Agreement for General Counsel Legal Services as of the date first written above.

(signatures contained on following page)

**SIGNATURE PAGE TO
AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP**

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By: _____
Indra Winquest
General Manager

Date: _____

BEST BEST & KRIEGER LLP

By: _____
Joshua Nelson
Partner

Date: _____

EXHIBIT "A"
TO
AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP

1. Basic Legal Services - Description. Basic legal services shall include all services provided to Client that are not otherwise specifically identified below as Meetings or Special Legal Services, ("Basic Legal Services").

2. Basic Legal Services – Rates. The Client shall pay for Basic Legal Services at the following hourly rates:

Attorneys	\$265
Paralegals	\$170
Law Clerks	\$170
Litigation Analysts	\$170
Muni Analysts	\$170

3. Meetings. Attendance at up to two Board of Trustees, Audit Committee or similar public meetings per month shall be charged a flat rate of \$750 unless the meeting lasted less than three hours in which case, it will be billed as Basic Legal Services. Multiple meetings occurring on the same calendar day shall be considered a single meeting.

4. Special Legal Services - Description. Special Legal Services shall include the following types of services:

A. Litigation and formal administrative or other adjudicatory hearing matters. For clarity, initiation and/or defense of litigation requires specific approval of the IVGID Board of Trustees. BB&K shall provide immediate notice to IVGID, in writing, of any litigation relating to IVGID which requires initiation or defense and make all reasonable efforts to allow time for IVGID to call a Special Meeting of the Trustees, if one is not regularly scheduled, so that proper authorization may be obtained from the Board of Trustees. Such reasonable efforts may include, but are not limited to, requesting an extension of time to file pleadings from opposing counsel or the opposing party.

B. Other matters mutually agreed upon between BBK and the Client and designated in writing from time to time as Special Legal Services.

5. Special Legal Services – Rates. The Client shall pay for Special Legal Services at the following hourly rates:

Attorney	\$295
----------	-------

Paralegals	\$185
Law Clerks	\$185
Litigation Analysts	\$185
Muni Analysts	\$185

EXHIBIT "B"
TO
AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
BEST BEST & KRIEGER LLP

BB&K BILLING POLICIES

Our century of experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or our Accounts Receivable Department (accounts.receivable@bbklaw.com). Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

Fees for Professional Services

Unless a flat fee is set forth in our engagement agreement with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. All legal services are billed in one-tenth of an hour (0.10/hour) or six-minute increments. Our attorneys are currently billed at rates from \$210 to \$750 per hour, and our administrative assistants, research assistants, municipal analysts, litigation analysts, paralegals, para professionals and law clerks are billed at rates from \$70 to \$290 per hour. Additional consultants and/or specialists are available as needed and their rates will be charged at the rate then in effect for such personnel. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

Fees For Other Services, Costs and Expenses

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges, computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate

charge is made for secretarial or word processing services; those costs are included within the above hourly rates.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

Advance Deposit Toward Fees And Costs

Because new client matters involve both a substantial undertaking by our firm and the establishment of client credit with our accounting office, we require an advance payment from clients. The amount of this advance deposit is determined on a case-by-case basis discussed first with the client, and is specified in our engagement agreement.

Upon receipt, the advance deposit will be deposited into the firm's client trust account. Our monthly billings will reflect such applications of the advance deposit to costs and not to attorney's fees. At the end of engagement, we will apply any remaining balance first to costs and then to fees. We also reserve the right to require increases or renewals of these advanced deposits.

By signing the initial engagement agreement, each client is agreeing that trust account balances may be withdrawn and applied to costs as they are incurred and to our billings, after presentation to the client. If we succeed in resolving your matter before the amounts deposited are used, any balance will be promptly refunded.

Monthly Invoices and Payment

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 30 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We will then advise the client by letter that the client may pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record.

If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

Changes in Fee Arrangements and Budgets

It may be necessary under certain circumstances for a client to increase the size of required advances for fees after the commencement of our engagement and depending upon the scope of the work. For example, prior to a protracted trial or hearing, the firm may require a further advance payment to the firm's trust account sufficient to cover expected fees. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing.

Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP

MEMORANDUM

TO: Board of Trustees

THROUGH: Tim Callicrate
Board of Trustees, Chairman

FROM: Sara Schmitz and Matthew Dent
Audit Committee Trustee Members

SUBJECT: Review and accept the written annual Audit Committee Report in conjunction with the presentation of the annual audit in accordance with Policy 15.1.0 (2.4.6) and Additionally, to review, discuss and potentially take action on the recommendation(s) presented by the Audit Committee as it relates to the 2019/2020 Comprehensive Annual Financial Report (CAFR)

DATE: February 4, 2021

Attached to this memorandum, please find Audit Committee At-Large Member Cliff Dobler's agenda item that was on the February 10, 2021 Audit Committee Agenda. This first item is to ask the Board of Trustees to review and accept the written annual Audit Committee Report in accordance with Policy 15. 1.0 (subparagraph 2.4.6). The second item is to review, discuss and potentially take action on the recommendation(s) presented by the Audit Committee as it relates to the 2019/2020 CAFR. The District has obtained a two-week extension to the filing of the CAFR which means that the CAFR must be filed by February 15, 2021, a holiday therefore it would need to be filed on February 12, 2021, or another extension must be requested should the Board of Trustees desire to take immediate action on the recommendations from the Audit Committee.

MEMORANDUM

TO: Audit Committee

THROUGH: Matthew Dent
Audit Committee Chair

FROM: Cliff Dobler
Audit Committee At-Large Member

SUBJECT: Review, discuss, and possibly approve the written annual Audit Committee Report to the District's Board of Trustees (Exhibit One) in conjunction with the presentation of the annual audit in accordance with Policy 15.1.0 (subparagraph 2.4.6).

DATE: February 1, 2021

I. RECOMMENDATION

To discuss and formalize the annual Audit Committee Report to be submitted to the Board of Trustees (see Exhibit One) and to discuss including certain recommendations to the Board of Trustees

Should Exhibit One include the following:

- Recommend to the Board of Trustees that the 2020 Comprehensive Annual Financial Report (CAFR) comply with the requirements of Generally Accepted Accounting Principles (GAAP) as outlined in the Moss Adams report and listed as major concerns in Exhibit One.
- Recommend to the Board of Trustees that the 2020 CAFR include the charge off as expense approximately \$3,179,000 in costs that were capitalized rather than expensed relating to the Effluent Pipeline Phase II preliminary stage activities.
- Recommend to the Board of Trustees that Eide Bailly be informed of the historic intent by past Boards of Trustees to commit the annual Facility Fees for Community Services and Beaches into separate components for operations, capital projects and debt service requiring compliance with GAAP under Governmental Accounting Standards Board (GASB) #54 Definition of a Special Revenue Fund.
- Recommend to the Board of Trustees that the **other concerns** listed in Exhibit One reviewed for materiality and be included in any consideration of revising the 2020 CAFR.

II. BACKGROUND

Policy 15.1.0 states: The Audit Committee ("Committee") is to assist the Board of Trustees fulfill its responsibilities in accordance with Nevada Revised Statutes, District Policies, Practices, Ordinances, and Resolutions by providing oversight over the District's financial reports, the systems of internal controls including the internal audit plans and reports, and the independent external auditor's assessment of financial statements.

One of the annual responsibilities of the Audit Committee is to facilitate the external audit process. Below is an excerpt from Policy 15.1.0 as it pertains to the audit process:

- 2.4 Facilitate the external audit process.
 - 2.4.1 Review and approve formal reports or letters to be submitted to the external auditor.
 - 2.4.2 Provide an independent forum for (external and/or internal resources) auditors to report findings or difficulties encountered during the audit.
 - 2.4.3 Review the auditors' report of findings and recommendations with management and the auditor.
 - 2.4.4 Review the CAFR in its entirety, including unaudited sections and letters.
 - 2.4.5 Follow-up on any corrective action identified.
 - 2.4.6 Submit a written annual Audit Committee Report to the District's Board of Trustees in conjunction with the presentation of the annual audit.
 - 2.4.7 Assess the performance of the independent auditors.

III. HISTORY - Submittals to the Audit Committee of the District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020

At the September 30, 2020 Audit Committee meeting, Director of Finance Navazio provided a verbal update regarding the District's Independent External Audit for fiscal year 2019/2020.

At the October 27, 2020 Audit Committee meeting, Director of Finance Navazio delivered the following draft sections of the 2020 CAFR:

- Management Discussion and Analysis

Review, discuss, and possibly approve the written -3-
annual Audit Committee Report to the District's Board
of Trustees (Exhibit One) in conjunction with the
presentation of the annual audit in accordance with
Policy 15.1.0 (subparagraph 2.4.6).

February 1, 2021

- Basic Financial Statements
- Welcome letter

At the November 19, 2020 Audit Committee meeting, Director of Finance Navazio delivered the following sections of the 2020 CAFR:

- Revised Management Discussion and Analysis
- Revised Basic Financial Statements
- Revised Notes to Financial Statements

At the January 20, 2021 Audit Committee meeting, Director of Finance Navazio provided the 2020 CAFR **excluding** the following required external independent auditor reports:

- Independent Auditor's Report
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Auditor's Comments
- Auditor's Letter to Audit Committee (**not part of CAFR**)

At the January 27, 2020 Audit Committee meeting, Director of Finance Navazio presented the entire CAFR for the year ended June 30, 2020 consisting of 104 pages. In addition, he provided the IVGID Management Representation Letter to Eide Bailly and the Eide Bailly Letter to Audit Committee both dated January 22, 2021.

Tiffany Williamson, the Eide Bailly representative, provided comments on the Auditor's four reports required under their engagement letter.

At the meeting, several concerns and issues were discussed with IVGID Management and Ms. Williamson. Most of the discussion related to the Moss Adams final report **and their recommendations which were not contained** within the 2020 CAFR.

Management and the Audit Committee entered into the engagement with Moss Adams to bring long standing concerns of improper accounting and reporting in past CAFR's to closure. The group had agreed at the onset of the Moss Adams engagement to accept the findings and recommendations presented by Moss

Review, discuss, and possibly approve the written -4-
annual Audit Committee Report to the District's Board
of Trustees (Exhibit One) in conjunction with the
presentation of the annual audit in accordance with
Policy 15.1.0 (subparagraph 2.4.6).

February 1, 2021

Adams in an effort to build a common goal and foundation for the District's financial accounting and reporting. To have some of the Moss Adams recommendations excluded in the 2020 CAFR is a concern to the Audit Committee.

IV. FINANCIAL IMPACT AND BUDGET

Unknown.

V. ALTERNATIVES

None.

VI. COMMENTS

The Audit Committee had expected the Moss Adams recommendations to be incorporated into the CAFR.

In general, Audit Committee members felt that the CAFR and Auditor reports should have been presented in a timely fashion to provide ample time to prepare and discuss the written Audit Committee Annual Report to the Board of Trustees in conjunction with the presentation of the annual audit.

Additionally, the Audit Committee had requested copies of the draft documents provided to the external auditor to expedite the review process. This process needs to be improved as part of the 2021 annual external audit process to comply with Board Policy 15.1.0.

VII. BUSINESS IMPACT

Should the 2020 CAFR require further modifications, there are potential costs to the District and additional human resource requirements.

Should the 2020 CAFR remain unchanged there are potential challenges to the integrity of the financial statements in the District's failure to fully comply with GAAP.

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

The IVGID Audit Committee (“AC”) is required under Board Policy 15.1.0, subparagraph 2.4.6 to "Submit a written annual Audit Committee Report to the District's Board of Trustees in conjunction with the presentation of the annual audit." This report is provided to comply with the policy and provide the Board with our questions, concerns, comments and recommendations.

At the public meeting held on January 27, 2021, the Audit Committee received and reviewed the final IVGID Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020 along with the Management Representation Letter dated January 22, 2021 and other related materials. These items were presented by Director of Finance Paul Navazio. Eide Bailly Audit Engagement Partner Tiffany Williamson was in attendance to answer questions and provide an overview with specific comments on the contents of the four documents issued by Eide Bailly as required under their audit engagement letter with IVGID.

In light of the AC receiving the final 2020 CAFR and related documents for the first time on January 27, 2021, AC Chair Matthew Dent stated that the written annual Audit Committee Report to the Board of Trustees could not be prepared and completed in conjunction with the presentation of the annual audit to the Board of Trustees prior to the Board of Trustees meeting to be held the following evening.

Major Concerns and Comments regarding compliance with Generally Accepted Accounting Principles (GAAP)

The AC noted that in violation of Board Policy 15.1.2.4.1, IVGID management issued and signed the Management Representation letter to Eide Bailly prior to review and approval by the AC.

The AC expressed concerns about the actual number of adjustments that were made to the Basic Financial Statements since several incomplete drafts were provided to the AC during the prior four months. The AC was not provided a **complete** set of the Basic Financial Statements which were delivered to Eide Bailly for them to conduct their audit. This was also in violation of Board Policy 15.1.0, subparagraph 2.4.1 and precluded the AC from conducting prior independent review and oversight.

The major concern of the AC was that the Basic Financial Statements in the 2020 CAFR reflected the recommendations contained in the two Moss Adams LLP (“Moss Adams”) reports. The AC members and IVGID Management supported the engagement of Moss Adams to review accounting and reporting treatments on four major items. This engagement was enacted to provide final clarification on accounting and reporting issues which had been a "bone of contention" from citizens and two Trustees for several years. Through the course of the engagement, Moss Adams identified several other accounting

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

and reporting treatments used by IVGID that were NOT in compliance with GAAP or Best Practices.

Four additional major accounting treatments, both historical and/or within the current 2020 CAFR, were identified by Moss Adams as improper and not in accordance with GAAP. Two treatments on reporting Central Services Cost Allocations and Internal Services were corrected in the 2020 CAFR. However, two others were not corrected and are described as follows:

- As stated by Moss Adams representative Jim Lanzarotta at the January 28, 2021 IVGID Board of Trustees Meeting and in the Moss Adams report: “ In the historic and current CAFRs, accounting and reporting portions of the Recreation and Beach Facility Fees committed to capital projects and debt service as revenues in the Special Revenue Funds is a violation of GASB Statement #54.” In addition, it was found that the portion of the Facility Fees committed to operations for the Community Services activities reported in the Special Revenue Fund were insufficient to meet the spirit and intent of the "substantial portion" criteria of GAAP and to support the use of special revenues funds. This citation can be found on pages 12-13 of the Moss Adams “Evaluation of Certain Accounting and Reporting Matters” Final Report. Exhibit A is an excerpt from the Moss Adams report. This improper reporting affects pages 23, 26, 27, 61, 64, 65, 66 and 67 of the 2020 CAFR. Also see Exhibit D for pages 26 and 27 of CAFR calculating substantial portion.
- As stated on page 24 of the same Moss Adams Report and excerpted in Exhibit B attached to this Report: “Reporting \$6,740,884 in Facility Fees specifically for Community Services and Beach activities in the Statement of Activities (2020 CAFR pages 20 - Exhibit D) as general revenues rather than program revenues is NOT in compliance with GAAP and should be corrected.”

Concerns about expensing Effluent Pipeline Phase II costs which had been reported as Capital Assets and Construction in Progress in previous CAFRs

The Moss Adams reports provided applicable capital expenditure and best practice guidance based on Governmental Accounting Standards Board (GASB) Concepts Statement No 4. The accepted practice includes recognition of the different stages of a project which include preliminary, construction and post-construction. The preliminary stage activities that include conceptual formulation and evaluation of alternatives, determination of future needs, feasibility studies and development of financing alternatives should be expensed as they are not directly connected with creating service capacity.

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

Over \$800,000 of preliminary costs (defined above) on certain projects which had been capitalized in prior years were addressed by IVGID Management and reversed as an expense and stated as a prior year adjustment in Note 22 of the CAFR.

IVGID Management, however, did not address as a prior year adjustment or a restatement of the fiscal 2019 financial statements, for the approximate \$3,179,000 in expenses of \$5,146,100 in costs incurred through June 30, 2019 for the Effluent Pipeline Phase II Project. These costs had been recorded in the Utility Fund as a capital asset and/or construction in progress. A majority of AC members believe these costs were preliminary stage project costs as defined in the Moss Adams report and should be expensed in the 2020 CAFR to follow GAAP guidance.

Exhibit C is a memorandum from Clifford F. Dobler providing an overview of the entire costs incurred through fiscal year 2019 on the Effluent Pipeline Phase II Project. It is apparent that a major portion of these costs were required to satisfy conditions of an Administrative Order on Consent with the Nevada Department of Environmental Protection issued in April, 2014 and not resolved until May, 2019.

AC members believe an expense charge off of \$3,179,000 must be addressed in the 2020 CAFR to be consistent with other charge offs made by Management in the 2020 CAFR.

Other Concerns

- Failure to report, in Note 19, the outstanding contract commitment of \$1,314,954 with KG Walters for the Utility Fund WRRF Aeration project.
- Failure to report, in Note 8, the \$379,916 of cash transferred from the Community Services Special Revenue Fund to the Beach Special Revenue Fund to satisfy charges for services reported in the Beach Fund but not offset by the contra revenue accounting treatment for punch card value utilized as stated in Note 18 and also Note 1U of the CAFR.
- Note 1U misstates that property owners can “use a portion of the value of their recreation passes to pay down the difference between the regular rate and resident rate. These forms of payment are presented as “contra revenue” in the fund statements.” Members could not find the “contra revenue” presented in the fund statements nor anything in Ordinance 7 that substantiates this representation of Recreation passes. Recreation Passes are not the same as punch cards, although this Note states they are.

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

- Of the remaining 20 accounting and reporting concerns of community members within the 2019 CAFR, Moss Adams stated three were immaterial, two required no action, one was a duplicate and the remaining 14 should be addressed in future CAFRs which purportedly would be the 2020 CAFR. Management did not provide the AC with a plan of action to resolve the 14 items which should be addressed.
- Certain AC members expressed concern that only 19 of the 24 Eide Bailly recommended audit adjustments were made and the remaining 5 were "passed" by Management as immaterial. An AC member stated that if adjustments are being made then all adjustments should be made.
- The question as to when an adjustment or a "pass" should be made to numbers presented in the CAFR is based on the concept of "materiality" which is determined by the auditor's judgment.
- AC members identified several grammatical mistakes, incorrect statements and reporting errors. Members suggested improvements or additional disclosures in all sections of the 2020 CAFR. Most were not incorporated into the final CAFR. The AC members suggest that a review of the grammar, incorrect statements and reporting errors be conducted prior to submission of the CAFR to the Nevada Department of Taxation.
- Failure to disclose the extended Smith litigation and the potential to reimburse Smith for legal fees.

The AC believes this report satisfies our required responsibilities under Audit Committee Board Policy 15.1.0 and trust that the Board of Trustees will consider our questions, concerns, comments and recommendations.

Respectfully,

IVGID Audit Committee

Mathew Dent, IVGID Board Trustee Vice Chair and Chair of the Audit Committee
Sara Schmitz, IVGID Board Trustee (and former IVGID Board Treasurer) and Trustee Member of the Audit Committee
Ray Tulloch, At large Audit Committee Member
Derrek Aaron, At large Audit Committee Member
Clifford F. Dobler, At large Audit Committee Member

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

Attachments

Exhibit A - Excerpt from Moss Adams report on Non- Compliance with GAAP regarding reporting of Community Services and Beach Facility Revenues

Exhibit B - Excerpt from Moss Adams report on Non- compliance with GAAP - Statement of Activities

Exhibit C - Memorandum from Clifford F. Dobler regarding applying best practices to expense costs for the Effluent Pipeline Phase II Project

Exhibit D - Statement of Activities and the Statements of Revenues, Expenditures and Change in Fund Balance for the Community Services and Beach Special Revenue Funds in the 2020 CAFR

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

EXHIBIT A

Non-compliance with GAAP - Community Services and Beach Revenue Funds *"We find that given the specific intent of the Board to commit portions of the Facility Fees to capital projects and debt service, the portions so committed should be reported as revenue directly within the respective capital projects and debt service funds. Further, we find that the portion of the Facility Fees committed to operations of the Community Services and Beach funds are insufficient to meet the spirit and intent of the "substantial portion" criteria in GAAP to support the use of a special revenue funds. While GAAP provides no specific benchmarks or percentages necessary to meet the substantial portion criteria, a 20% threshold has evolved in practice as a benchmark that can be defended as meeting the substantial portion criteria. In cases where separate funds are utilized for management reporting, budgetary compliance, or other purposes but fail the substantial portion criteria, the funds are to be combined with the General Fund for external financial reporting purposes. (GASB Q&A Z.54.39)" (page 12 & 13 of report)*

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

EXHIBIT B

Non-compliance with GAAP - Statement of Activities "*We find that the classification of the Facility Fees in the government-wide statement of activities since 2015 as a general revenue is inconsistent with GAAP in that the fees are assessed specifically to finance the District's recreational activities. As such it meets the criteria to be reported as a program revenue in the statement of activities. Further, the fees meet the criteria to be included in the charges for services column in the statement. (GASB Cod Sec 2200.137)*" (page 24 of report)

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

EXHIBIT C

Memorandum

TO: IVGID Audit Committee

THROUGH: Matthew Dent
Audit Committee Chair

FROM: Clifford F. Dobler
Audit Committee At Large Member

SUBJECT: Effluent Pipeline Project - Phase II - Expensing costs which were recorded as capital assets through fiscal year 2019/2020 by applying best practices and recommendations by Moss Adams - Capitalization criteria and suggested expensing of costs capitalized through fiscal year 2019/2020.

DATE: February 1, 2021

I. CONCLUSION

\$3,179, 600 which had previously been capitalized through fiscal year 2019/2020 should have been expensed. The vast majority of the work performed was not part of the original budget and annual funds collected from customers were inappropriately used for the historic activities.

II. MOSS ADAMS REPORT OBSERVATIONS

On December 19, 2020, Jim Lanzarotta of Moss Adams presented a draft report dated November 16, 2020 to the Audit Committee for review. A revised draft, dated December 7, 2020, was received by members of the Audit Committee. A final report, dated January 11, 2021, was delivered to the Board of Trustees. On pages 28 and 29 is the section regarding applicable expenditures Capital Assets.

Excerpts from Moss Adams report

Applicable capital expenditure and best practice accounting guidance - GASB Concept Statement No. 4.

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

Accepted practice includes recognition of three stages of a project

- Preliminary
- Construction
- Post Construction

Preliminary stage activities include

- Conceptual formulation
- Evaluation of alternatives
- Determination of future needs
- Feasibility studies
- Development of financing alternatives

Costs incurred in the preliminary stages are **EXPENSED** as costs in this stage are not directly connected with creating service capacity of a particular asset.

III. SUMMARY OF HISTORICAL WORK PERFORMED AND COSTS INCURRED ON THE EFFLUENT PIPELINE – PHASE II PROJECT THROUGH FISCAL YEAR 2019/2020

Sources: Management presentation to the Board of trustees on January 29, 2020
Public Records requests obtained by Clifford F. Dobler

Project Description: Replace 6 miles of Effluent Pipeline along Highway 28 consisting of two segments of 17,300 linear feet in Segment 2 and 13,700 linear feet in Segment 3. Segment 1 and a portion of Segment three was completed prior to 2011 and considered Phase 1 of the Effluent Pipeline Project.

Time period: Fiscal year 2011- current.

Total accumulated costs of the Effluent Pipeline Project - Phase II as of 6/30/2019 - \$5,156,100

- Capitalized prior to Fiscal 2019 \$281,825.
- Capitalized in Fiscal 2019..... \$4,201,768.
- Remaining in CIP..... \$662,507.
- TOTAL \$5,156,100.

Work performed, entities involved and cost incurred

- A. Preliminary Planning – HDR..... \$367,000
- B. HDR Estimate of Costs - Replacing pipeline in center of Highway 28 and abandoning existing pipeline (included in A)

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

- C. Interlocal agreements with Tahoe Transportation District to explore co-locating pipeline in a future phase of bike paths - IVGID contribution of \$300,000
- D. Major Pipeline Break on 4/17/2014 - not listed
- E. Administrative Order on Consent with Nevada Department of Environmental Protection 12/3/2014 - the District's effluent export pipeline shall be evaluated for structural integrity and a plan for repair or replacement be prepared and implemented to mitigate risk of future releases in the Tahoe Basin
- F. Pipeline evaluations for wall thickness and joint damage - PICA and HDR and IVGID supplies..... \$1,604,800

Construct Launch and Retrieval Facilities -

First attempt failed at entry

Repair bore restriction

Remobilization Costs

Second attempt - only obtained joint locations in Segment 2 and completed all evaluation on Segment 3 - Overpaid on contract

Third attempt obtained all information required to satisfy conditions of Nevada Environmental Protection Order.

Parts, Pumps rentals and valves supplied by IVGID for evaluations

- G. Repair 1,100 linear feet of pipeline in 13 locations within Segment 3 - NDOT and HDR contract \$1,236,600 required to comply with the Order and Consent by Nevada Department of Environmental Protection. Compliance h was obtained in May 2019, 54 months after original order
- H. Attempt at obtaining partial financing from US Army Corp of Engineers for pipeline and pond lining.
- I. Replacement of Air Pressure Relief Values assumed for the entire 21-mile pipeline includes staff time)..... \$643,400
IVGID cannot identify \$75,000 of costs, NOT PART OF ORIGINAL BUDGET
- J. Administrative Order on Consent with Nevada Environmental Protection regarding closure of Wastewater Pond and obtaining an alternate temporary resolution
- K. Preliminary concepts on linings for the Wastewater Pond
..... \$12,300
- L. Meters and Valves replaced in areas outside of the Phase II Pipeline Project
..... \$86,500
NOT PART OF ORIGINAL BUDGET
- M. IVGID Staff time related to above items \$895,500

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

IV. CAPITALIZED COSTS WHICH SHOULD BE EXPENSED

- Item A \$367,000 **EXPENSE**
- Item B Staff time
- Item C \$300,000 **EXPENSE**
- Item D Unknown
- Item E Staff time
- Item F \$1,604,800 **EXPENSE**
- Item G \$1,236,600 **SHOULD BE EXPENSED - CONDITION OF EPA.**
COULD possibly be retained depending on current Granite
Construction contract.
- Item H Staff time
- Item I \$643,400 remain capitalized, however, many may be destroyed when
new pipeline is installed.
- Item J Staff time
- Item K \$12,300 **EXPENSE**
- Item L \$86,500 - remain Capitalized. May have value - Requires more
information. Many expenses were charged.
- Item M \$895,500 **EXPENSE** Most of Staff time was spent on preliminary
stage activities

V. SUMMARY

Based on actual facts and applying best practices guidance approximately \$3,179,600 of costs recorded as a capital asset for the Effluent Pipeline Project-Phase II should be expensed.

Exhibit D

3 pages

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,098,969	\$ -	\$ -	\$ -	\$ (4,098,969)	\$ -	\$ (4,098,969)
Community Services	19,596,517	15,597,229	17,000	1,637,399	(2,344,889)	-	(2,344,889)
Beach	2,010,652	1,619,582	-	-	(391,070)	-	(391,070)
Total governmental-type activities	<u>25,706,138</u>	<u>17,216,811</u>	<u>17,000</u>	<u>1,637,399</u>	<u>(6,834,928)</u>	<u>-</u>	<u>(6,834,928)</u>
Business-type activities:							
Utilities	11,495,874	12,564,466	-	-	-	1,068,592	1,068,592
Total primary government	<u>\$ 37,202,012</u>	<u>\$ 29,781,277</u>	<u>\$ 17,000</u>	<u>\$ 1,637,399</u>	<u>(6,834,928)</u>	<u>1,068,592</u>	<u>(5,766,336)</u>
General revenues:							
Property taxes					1,722,895	-	1,722,895
Combined taxes					1,719,933	-	1,719,933
Facility Fees (Assessed)					6,740,884	-	6,740,884
Unrestricted investment earnings					587,208	298,225	885,433
Gain (loss) on sale of capital assets					23,888	(22,332)	1,556
Insurance Proceeds					243,548	-	243,548
Miscellaneous revenues					116,993	-	116,993
Transfers In (Out)					(45,000)	45,000	-
Total general revenues and transfers					<u>11,110,349</u>	<u>320,893</u>	<u>11,431,242</u>
Changes in net position					<u>4,275,421</u>	<u>1,389,485</u>	<u>5,664,906</u>
Net position - beginning, as previously reported					75,655,473	77,308,278	152,963,751
Prior Period Adjustment					(665,009)	-	(665,009)
Net positions, beginning, as adjusted					<u>74,990,464</u>	<u>77,308,278</u>	<u>152,298,742</u>
Net position - ending					<u>\$ 79,265,885</u>	<u>\$ 78,697,763</u>	<u>\$ 157,963,648</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,070,762	\$ (445,559)
Mountain Golf	678,573	678,573	690,798	12,225
Facilities	420,793	420,793	361,890	(58,903)
Ski	9,222,320	9,222,320	9,781,499	559,179
Community Programming and Recreation Center	1,285,209	1,285,209	1,004,900	(280,309)
Parks	62,178	62,178	32,505	(29,673)
Tennis	156,100	156,100	133,786	(22,314)
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888
Subtotal Charges for Services	15,592,894	15,592,894	15,485,428	(107,466)
Facility Fees Should report only \$2,050,000	5,783,115	5,783,115	5,774,067	(9,048)
Intergovernmental Services	23,400	23,400	35,245	11,845
Interfund Services	98,210	98,210	76,558	(21,652)
Operating Grants	17,000	17,000	17,000	-
Capital Grants	623,800	623,800	-	(623,800)
Investment income	50,000	50,000	126,143	76,143
Miscellaneous - other	110,361	110,361	116,042	5,681
Total revenues	<u>22,298,780</u>	<u>22,298,780</u>	<u>21,630,483</u>	<u>(668,297)</u>
EXPENDITURES				
	Adjust by removing CP and DS		(3,732,000)	
COMMUNITY SERVICES OPERATIONS:				
Championship Golf	4,703,639	4,703,639	4,255,618	448,021
Mountain Golf	1,027,877	1,027,877	960,547	67,330
Facilities	549,035	549,035	469,752	79,283
Ski	7,565,368	7,565,368	7,011,524	553,844
Community Programming and Recreation Center	2,475,123	2,475,123	2,189,572	285,551
Parks	891,279	891,279	843,619	47,660
Tennis	270,423	270,423	242,873	27,550
Recreation Administration	444,071	444,071	572,599	(128,528)
COMM. SERVICES CAPITAL OUTLAY				
Championship Golf	653,200	-	-	-
Mountain Golf	2,420,700	-	-	-
Facilities	180,400	-	-	-
Ski	2,770,850	-	-	-
Community Programming and Recreation Center	468,650	-	-	-
Parks	1,028,752	-	-	-
Tennis	1,363,950	-	-	-
COMM. SERVICES DEBT SERVICE				
Principal	355,188	-	-	-
Interest	29,166	-	-	-
Total expenditures	<u>27,197,671</u>	<u>17,926,815</u>	<u>16,546,104</u>	<u>1,380,711</u>
Excess (deficiency) of revenues over expenditures	(4,898,891)	4,371,965	5,084,379	712,414
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	44,639	44,639
Insurance Proceeds	300,000	300,000	243,548	(56,452)
Operating Transfers In	561,800	561,800	241,875	(319,925)
Operating Transfers (Out) - Capital Projects	-	(8,886,502)	(3,421,632)	5,464,870
Operating Transfers (Out) - Debt Service	-	(384,354)	(384,354)	-
Total other financing sources (uses)	<u>861,800</u>	<u>(8,409,056)</u>	<u>(3,275,924)</u>	<u>5,133,132</u>
Net change in fund balance	(4,037,091)	(4,037,091)	1,808,455	5,845,546
Fund Balance, July 1, as previously reported	13,183,167	13,183,167	13,333,953	150,786
Prior Year Adjustment	-	-	138,505	138,505
Fund Balance, July 1, as adjusted	13,183,167	13,183,167	13,472,458	289,291
Fund balance, June 30	<u>\$ 9,146,076</u>	<u>\$ 9,146,076</u>	<u>\$ 15,280,913</u>	<u>\$ 6,134,837</u>

The notes to the financial statements are an integral part of this statement.

Portion of Facility Fee Based on Budget	26	Adjusted Revenues	\$17,898,000
Operations	\$2,050,000	Facility Fee for operations	\$2,050,000
Capital Projects	3,322,000		
Debt Service	410,000	Substantial portion	11.5%

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Beach	\$ 1,488,800	\$ 1,488,800	\$ 1,619,582	\$ 130,782
Facility Fees <i>Should only report \$659,000</i>	968,500	968,500	966,817	(1,683)
Investment earnings	22,500	22,500	28,422	5,922
Total revenues	<u>2,479,800</u>	<u>2,479,800</u>	<u>2,614,821</u>	<u>135,021</u>
EXPENDITURES				
		Adjust for CP & DS	(\$310,000)	
BEACH RECREATION:				
Beach - Operations	2,109,190	2,109,190	1,758,394	350,796
Capital Outlay	990,050	-	-	-
Debt Service				
Principal	5,812	-	-	-
Interest	477	-	-	-
Total expenditures	<u>3,105,529</u>	<u>2,109,190</u>	<u>1,758,394</u>	<u>350,796</u>
Excess (deficiency) of revenues over expenditures	<u>(625,729)</u>	<u>370,610</u>	<u>856,427</u>	<u>485,817</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	13,125	13,125
Operating Transfers (Out) - Capital Projects	-	(990,050)	(82,009)	908,041
Operating Transfers (Out) - Debt Service	-	(6,289)	(6,289)	-
Total other financing sources (uses)	<u>-</u>	<u>(996,339)</u>	<u>(75,173)</u>	<u>921,166</u>
Net change in fund balance	(625,729)	(625,729)	781,254	1,406,983
Fund Balance, July 1	<u>1,749,171</u>	<u>1,749,171</u>	<u>1,810,378</u>	<u>61,207</u>
Fund balance, June 30	<u>\$ 1,123,442</u>	<u>\$ 1,123,442</u>	<u>\$ 2,591,632</u>	<u>\$ 1,468,190</u>

The notes to the financial statements are an integral part of this statement.

Portion of Facility Fess Based on Budget
 Operations \$659,000
 Capital Projects 302,000
 Debt Service 8,000

Adjusted Revenues \$2,304,821

Facility Fee for operations \$659,000

Substantial portion 28.6%

MINUTES

REGULAR MEETING OF JANUARY 13, 2021 Incline Village General Improvement District

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Tim Callicrate on Wednesday, January 13, 2021 at 6:00 p.m. This meeting was conducted virtually via Zoom.

CLOSED SESSION – TIME CERTAIN - 5:00 p.m. to 5:45 p.m.

The Board may consider a motion to enter a Closed Session to consider negotiating strategy pertaining to the Operating Engineers Local Union No. 3 (pursuant to NRS 288.220). The Board held its closed session.

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, and Michaela Tonking.

Also present were District Staff Members Director of Finance Paul Navazio, General Manager Diamond Peak Ski Resort Mike Bandelin, and Engineering Manager Nathan Chorey.

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*

Linda Newman said this Board is seated in the eye of the storm. All of the danger signals are clearly apparent. They warrant your immediate attention and action before the consequences become devastating and irrevocable. The Moss Adams report validates the District's lack of internal controls and the failure of our Trustees to protect our public money, the failure of past and present Senior Management to execute proper contract management and capital project implementation –and to date, the failure of Trustees to hold Management accountable. There is no firm business plan to correct the high and medium risk assessments outlined in the report. Current Senior Management handicapped by the growing vacancies in key positions, lack the business, finance, accounting, public works and capital project management experience to set us on the correct path forward. I recommend the engagement of Moss Adams or another independent firm to develop effective

internal controls and handle contract and project management. With the exodus of the Human Resources Director who championed the expenditure of more than \$1 million for software that may or may not fit our District's needs while she failed to provide alternatives and omitted complete and accurate information – I would like to know who is in charge of this expensive project and where we are in fulfilling its terms? As we will be hiring a new Director who may have greater skills and different preferences, can this contract be canceled? I would also like to call your attention to NRS 281A –which the legislature passed to define the code of ethics for elected NV officials and public officers. The Code on tonight's agenda is unnecessary and subjectively restrictive. Our elected officials and their committee appointees are here to exercise their statutory and fiduciary duties. They have first amendment rights in their public and private lives. This Code is an attempt to trample upon those rights and responsibilities. It does not serve our citizens' best interests and should be pulled from the agenda. The same action should be taken on engaging Tri-Strategies to act as our Nevada legislative lobbyist. This is a waste of public money that does not serve our citizens' interests. The way staff spends our money on hundreds of thousands of dollars in unnecessary litigation, hundreds of thousands of dollars to a Federal lobbyist who for a decade promises everything and delivers little; staff's engagement of multiple engineering and design consultants when one design consultant and one engineering consultant per project should suffice –needs to end. Trustees must be actively engaged and secure the independent external resources this District needs to operate effectively and successfully. The time is now to make 2021 the year of positive change with Trustees that earn the public's trust. Begin by enabling the creation of a professional management team with succession plans, establish effective internal controls, proper accounting and contract management, efficient operations and responsible asset management for our community services, beaches and public works.

Margaret Martini said welcome Trustee Tonking and Happy 2021 to all. The calendar has given us a new year for new beginnings and an opportunity for resolutions that can improve our lives. As our elected officials, you will determine whether or not you will exercise the leadership to correct the serious operational and financial mismanagement of our public works and recreational and beach venues. You will determine whether or not the mistakes of the past will be repeated under your watch. If you do not hold yourselves accountable to fulfill your statutory and fiduciary duties, you will fail our District and deprive Senior Management, full-time, part-time and seasonal staff an environment that will allow them to thrive and perform to the best of their abilities. And all of us who live, work, invest and recreate here will suffer the consequences. This is no small matter as you do not have a seasoned professional General Manager and after the exodus of close to a dozen employees in key positions, you do not have a staffed Management team. As

Trustees, you are also deprived of complete and accurate information upon which to make your decisions. There are Resolutions, Ordinances, Board and District policies and practices that only exist on paper. There are administrative policies that stand outside of the Board's approval and oversight. There are no internal controls to safeguard public money or ensure compliance with State laws and the Board approved budgets. There is only one solution: OUTSOURCING to acquire the essential resources this District needs to reorganize and assemble an effective management team, manage contract administration, procurement and capital projects, implement effective internal controls and establish proper accounting and reporting. We must stop the bleeding at our Golf courses that require millions of dollars of annual subsidies and we must responsibly invest our public money in improving our utility and recreational and beach infrastructure! I completely support the engagement of an independent firm for the Utilities Management Review and Asset Assessment as well as the forthcoming contract for an independent firm to line the emergency effluent storage pond and replace or rehabilitate our six miles of failing effluent pipeline. I also encourage this Board to engage an independent consultant to make the corrective recommendations in tonight's Moss Adams report. These should be the Board's priorities along with establishing performance standards for our new General Manager. The District does not need a Code of Conduct for our elected officials and their appointees. The State legislature has already set the standards. And, we do not need a lobbyist to lobby against new laws that may protect the rights of our citizens. Nor do we need to commit funds for capital projects that are not clearly defined and we are guessing on the actual cost -and most importantly, do not represent our community's top priorities.

Aaron Katz said he would like to talk about Tri-Strategies. IVGID is a limited power special district. What the Board has to understand is that a GID has no power to legislate, lobby the legislature, and then he referenced Dillon's Rule. GID's act through the Board and the intent to remove the Board is totally improper and he objects. He objects that the General Manager is the contact person as it violates Policy 3.1.0 as it brings matters to the Board for action and not the General Manager. There is going to be a list of bills to view so we don't need this expense. Object to another expense being paid by the Recreation Fee. He objects to the code of conduct and agrees with Linda Newman as there is an NRS that regulates this. Very concerned about sanctions, all have the equal rights, and we have been doing fine without a code of conduct. Their boss is the Board and he hopes you will dispose of these two matters.

Judith Miller said that when a new policy is brought forth, it would be nice to know the source. A Goggle search turned up references from California and Colorado. We are not California. Trustees should be able to comment on work of the employees. Robert's Rules, Trustee handbook and existing statutes already have

ways to handle uncivil remarks. The document appears to have been hastily adopted with references to council members, commissioners, etc. In the interest of efficiency, she recommends removal of this item from the agenda. This document needs some work. Tri-Strategies - the Board, as a whole, needs to establish a position and there are rare situations when one is needed, the reports should be written and not verbal. This Board packet is once again not searchable; will a searchable one be posted online? Debt financing – when will the District allow the public to weigh in on what and how much? If we are going to saddle the community with long term debt, shouldn't the voters decide? Isn't that what most of the candidates said when you ran for office?

Cliff Dobler said welcome Ms. Tonking and while he realizes you have limited business experience, his conversations with you seem to indicate you have a head on your shoulders and are able to grasp and understand data quickly; good luck over the next 4 years. He asks the Board to remove business item K.6. as it is not worthy of a discussion. He sent each Board member a memo on the reasons for withdrawal. Poor workmanship is not acceptable. Now, as to the Moss Adams report, over the past 5 years he has reviewed in detailed public records and has provided several memorandums to the Board addressing IVGID's appalling administration of capital projects. The total lack of controls over budgets, bidding procedures, improperly written contracts, undocumented change orders, contract overpayments and contracts deliverables have been numerous. He would assume that due to his and Linda Newman's efforts, Moss Adams was engaged. The Moss Adams report made 11 observations stating that most were high risk which would have an impact on project costs, schedules and scope. These impacts can be assumed to be unfavorable with our citizens being the losers. After each observation, management gave a response which more or less made promises for improvements with fixes being implemented this month or next. Who is kidding who? Last month when Trustee Schmitz asked the GM about employing a Contract Administrator, his response was that he could not come up with a job description and didn't know if there was enough money in the budget. If he looked at the monthly financials for the past five months through November, he would see that the General Fund's expenditures are under budget by \$520,000, plenty of money to derail high risk. It seems that Moss Adams did some cheerleading when stating that IVGID has some good practices and he named a few – a strategic plan, an annual five-year plan, procedure documents with minimum NRS requirements. This statement is actually funny as these items have no bearing on poor capital project administration. Projects in the five-year plan are like metal balls on a pinball machine. Let's be honest about this – IVGID has no management or controls to properly administrate capital projects. It is evidenced in so many ways that the Canadian company PICA was engaged for approximately \$300,000 of works that they did not perform and stated so in their report. The effluent pipeline storage

pond has finally been stripped away from management after wasting \$1 million in Staff time and going nowhere. Bringing in experts and competent administrators. Thank you very much.

Yolanda Knaak said in the code of conduct, keep in mind that people elect Trustees, the Board can't remove them unless they follow State law so make sure you rework that paragraph and cite that paragraph that allows removal from office. When she put in a new driveway, she made sure no one drove in her driveway with chains. The problem with a new road on Ski Way, it only takes about 10 people driving on it with chains to look like it is now, so fix it rather than replace it as we can get by for 10 years. Let's put that expense on the back burner as well as a couple of other projects like the Incline Beach house and the Snowflake Lodge; put them off for 2 to 4 years and then we don't have to get a bond – she is opposed to a bond at this time.

Frank Wright said that he will touch on the new code of conduct; it is amazing that we are so bent on holding Trustees to a code of conduct but we can't hold employees responsible where an employee put his name on three unbuildable lots and nothing was done to this individual and he thinks this employee a bonus. Plagiarism of a document by Mr. Severance – there was nothing done and no consequence. Have a Board of Trustee member who authorized the defense of our former legal counsel and spent \$60,000; no consequence. Now, we have a code of conduct to stifle and who is going to enforce that? This place is not designed for people who live here rather it is designed for those that don't live here. On Tri-Strategies, it helps the residents who don't live here – wrong, wrong as they do not represent us at all. He is a member of GM's Ordinance 7 Committee and something has come up that is shocking. Every employee has access to our beaches. There are people who live in Crystal Bay or Washoe 1 who don't have access yet there are employees who don't live here who have complete access and may have a silver or gold card and have use of our facility for life – this is horrible and we need to do something about it. Code of conduct – unbelievable.

Patricia Moser Morris said she has a comment on tonight's agenda – it seems clear, in the Moss Adams report, that the items that are basic and elementary aren't being followed. Follow the recommendations with a timeline and assigning responsibilities as soon as possible. She has e-mailed her proposed changes to the Trustees on the code of conduct and she hope that you will read them; she then went over the contents of that e-mail. Trustees have the unquestioned opportunity to give information thus you should have legal counsel review this code as there could be legal liability under the United States Constitution.

Diane Becker said that she is making a public comment in strong opposition to the proposed code of conduct to the extent it applies to the Trustees. She asked the General Manager to remove it from today's agenda. The public has been very vocal in their demand for transparency, accuracy and accountability by IVGID and all but one of the current Trustees who ran for office, in part, on that platform. There have been many improvements by IVGID and the improvements continue but the report from Moss Adams shows how important the commitment of those Trustees to the public to deliver on transparency, accuracy and accountability is and how important it is that they continue to meet with Staff and work to solve the problem and the deficiency that still exists with IVGID procedures. The Moss Adams report would not have come about but for the insistence of a few of the Trustees that it occur and it is essential to the public and to IVGID as an organization that the Trustees continue to work directly with Staff on improved transparency, accuracy and accountability. The proposed code of conduct purports to put limits on Trustees communicating directly with Staff and will seriously limit the Trustees ability to make improvements and investigate issues and that will hinder transparency, accuracy and accountability. Additionally, it will not be possible for the Trustees especially Trustee officers to fulfill their statutory duties in the Nevada Revised Statutes if they were to follow these proposed rules that prohibit much of the needed communication between Trustees and Staff. The Board of Trustees have duties and obligations to us, the public. They have statutory duties and obligations and this code of conduct will not allow them to comply with these duties and she hopes that the Trustees will not consider applying this set of procedures to themselves. As a separate matter, it may be that there needs to be some improved communication procedures, may be there needs to be more communication with the General Manager so that he can balance workloads. If that is needed, she is sure that the Trustees will concur and work with the General Manager. This is not a standard policy and she would ask that our outside attorney, if he believes that it is, would give us a list of Nevada governmental entities that have policies limiting access between governing Boards and Staff so that we can be advised on the subject. After receiving this, she has looked at lots and lots of current policies of Nevada governing boards and in their codes of conduct they list things like duty of care, obedience, courtesy of the need to attend Board meetings, but they don't put in limits such as this. She hopes that this policy will not be adopted by the Trustees. Thank you.

Charley Miller said he would like to discuss a serious issue at the District. He has seen an exodus of staff and he is fearful that there will be more. Staff is vital. The District has infrastructure that will require maintenance such as ski, wastewater operation, effluent pipeline, etc. The systems are complex and require skills. We are losing this District's institutional knowledge. Heard about the toxic environment created by members of the public. One is on the Audit Committee, harassed our

staff, enabled by this Board, thus he is hopeful that this Board will understand that our Staff is hardworking and valuable.

D. APPROVAL OF AGENDA (for possible action)

Trustee Schmitz said, as it relates to General Business Item K.4. Tri-Strategies, is it the intention that it would be approved as a contract, the contract is not in our Board packet, or is this coming forward as the statement of work or approval of the contract – she would like to get that clarified. District General Manager Winqest said as he had responded to Trustee Schmitz earlier, the purpose is to discuss a potential scope of work, and then assuming that the Board desires to move forward, Staff will take all the feedback and apply that to a contract and then we will bring back a contract on January 27 as Staff didn't want to be presumptive on this matter. Trustee Schmitz said she has no issues with the agenda. Chairman Callicrate, hearing no other changes, approved the agenda as submitted.

E. PUBLIC HEARINGS

There were no Public Hearings for this agenda.

F. DISTRICT STAFF UPDATES (for possible action)

F.1. District General Manager Indra Winqest

District General Manager Winqest went over his written report that was included in the packet. Trustee Schmitz asked if we have an update on the status of the BBK contract; District General Manager Winqest said that there are a few changes to be made, the redlined version will be e-mailed to Mr. Nelson and we did hire third party counsel to review that contract; we are very close. Trustee Schmitz said, relating to the great weather, have both the ladder projects been completed? Engineering Manager Chorey said both reservoir projects have been completed and a notice of completion has been issued. Trustee Schmitz asked about the Diamond Peak software upgrade and was that implemented and how has that helped the staff at Diamond Peak. District General Manager Winqest said he hasn't gotten an update this week. Trustee Schmitz asked how are they doing up at Diamond Peak. District General Manager Winqest said no COVID related issues, our staff is doing a really good job, and our community members feel safe. Nothing to be concerned about other than what we are normally concerned about. Trustee Schmitz asked if there are any updates regarding the DPSEF leasing issues? District General Manager Winqest said had one conversation and are expecting to hear back soon. Trustee Schmitz said

with the unfortunate departure of our Director of Human Resources, who is leading the Tyler project? District General Manager Winquest said it is a project team and tomorrow he will have a full transition plan for Human Resources and Staff is meeting with the Tyler project team next week to discuss how we are moving forward; he will update the Board. Trustee Schmitz said in light of all the change, which was not anticipated and hiring someone new with different ideas, etc., would it be appropriate to pause or put on hold the payroll portion of that project until someone new comes in to reaffirm that portion? District General Manager Winquest said it is something that we will discuss and we have a Payroll Coordinator who is handling all that so we are okay. He also hasn't decided how fast we want to move on the Human Resources Director as we have several new staff we are working in and we want to take the required time. Our current Director of Human Resources is leaving us with a very strong Human Resources team and with all the transition we are going through, it is his intent to have that comfort level with staff. Director of Information Technology Mike Gove said that on the Diamond Peak website upgrade project, development team ran into some issues, in the end stages of that transition, and we are expecting the site to be live by January 20 barring any further development issues. On the Tyler project, there are 7 to 10 people involved on the decision side, all very much in favor of the decision made. Trustee Dent asked if Staff was looking into technology regarding restricted access at the beaches. District General Manager Winquest said that he and the Director of Information Technology talked about it and we will be presenting a capital project during that planning time. With a drive through gate, we will need to have some engineering and that Staff will bring you some different options through the capital plan. Trustee Wong read the following statement:

Chair Callicrate, this is going to be an emotional statement for me to make. You may want to take a break after I read my statement. To say that Dee's resignation is disappointing is an understatement. I want to thank Dee for her years of service to the district. Her letter of resignation makes me reflect on my own service to the district and makes me question if I have done enough to show that I value our staff and their contributions to the community. I have tried to be diplomatic with my colleagues on this board about staff morale and the current environment. However, diplomacy has clearly not gotten us anywhere, so I will be direct. Staff are leaving because they do not feel supported by the board; in fact, the board is making their jobs more difficult. Trustee Schmitz, members of the Audit Committee, and to some extent Trustee Dent, I blame you for our loss of outstanding staff. Lori, Joe, to some extent Shane, and now Dee. We're losing

staff that I thought were here for the rest of their careers and I am angry they are backed into a corner and feel the need to leave. Our staff are not leaving because they are not professional or qualified – in fact, they are excellent employees, often leaving for better opportunities when they would prefer to stay at IVGID. They are not leaving because of Indra’s leadership. Trustee Dent, I know you privately support staff, many have told me as such. But you have done nothing to publicly support them. Trustee Schmitz, I have learned that our staff are leaving because they feel like you and certain members of the community are on a witch hunt to discredit them and damage their professional reputation. The sad part is, if I had just listened to your campaign, I probably would have voted for you. You talked about building community and making sound, logical decisions. However, your actions as a board member are contradictory to those objectives. You push forth the agenda of the vocal minority and give them a larger voice than they should have. I have found that you micromanage our staff and question their authority and ability to do their jobs. I keep trying to figure out what possible motivation you could have to distrust our staff and push this negative agenda. The only possible explanation I can think of is that you just want to create a toxic environment and thrive on the conflict. You fail to act in the best interest of the community. How many more staff do we need to lose before you realize that you are the problem? You need to learn what your role is as a board member and how to build trust with our staff. In turn, maybe, just maybe, someday they will respect you. The community should be angry that your actions are not congruent with the campaign you just ran. The community should be angry that we are losing good employees. The community should be angry that we are wasting time and resources. The community should be angry that we are diverting staff time from doing what they do best – serve the community. To our staff members, your motto is One District, One Team and I see you live that every day. I only hope the Board can join you in serving the community as One District, One Team.

About mid-way through the reading by Trustee Wong, Trustee Dent asked the Chairman for a point of order. Chairman Callicrate said we have had a very difficult year and that this has been a trying experience. We appreciate the hard work that District General Manager Winquest has been putting in and appreciate all the work of all his colleagues. We may have disagreements, those days are in the past, we can’t undo them but he would like to make the commitment that this Board supports the District General Manager as he was hired with 5-0 vote. The District has lost key personnel

and we don't like it. He was shocked by the Director of Human Resources resignation. He supports what the District General Manager does and in building his team. We, as a Board of 5, are directing. We may disagree, but when the Board makes a decision, we abide by it and move forward. It is One District-One Team and the bulk of the community agrees. There are those that want to find things that are wrong – they can share those ideas, they can reach out and we can let them know that we hear them. Our District General Manager is the professional. We are all being paid, we are elected officials, and we serve all members of the community. As to the comments that were made, he would ask that all Trustees read the entire Board packet as several of those concerns were answered in this report. He would hope that as we go into 2021, take a collective step back and press a reset button. We are 5 elected officials who should check our egos at the door and come together with the spirit of collaboration. As to changes in the future, he doesn't know however he will make one more comment, in regard to the code of conduct, that was meant as a placeholder, if the law trumps it so be it and when we get to that item we can discuss it.

G. REVIEW OF THE LONG RANGE CALENDAR (for possible action)

District General Manager Winqest went over the submitted long range calendar; following are the highlights:

- ✓ 01/20 – Budget workshop will begin at 6 p.m.
- ✓ 01/27 – Audit Committee meeting
- ✓ 01/28 – Board meeting (rescheduled)
- ✓ Trustee Wong said after watching some of the Audit Committee meetings that she has some serious concerns about Mr. Dobler thus she would like to agendize an item of continued service of Mr. Dobler on the Audit Committee. Chairman Callicrate said that he didn't know when that item would be but that he will sit down and look at the long range calendar; request is duly noted.
- ✓ Trustee Schmitz asked that the quarterly financial reviews be added to the calendar. District General Manager Winqest said that the mid-year budget update is on the long range calendar for February 10.
- ✓ Trustee Schmitz asked about the date for the Ordinance 7 proposed changes; District General Manager Winqest said that he would like to have one more meeting with the committee and would like to hold a community workshop and then come to the Board.
- ✓ Trustee Schmitz asked about a game plan and timetable for Moss Adams.

- ✓ Trustee Schmitz said that she sees on the long range calendar there is an item about the chart of accounts and that according to the Tyler plan that was to be live at the end of December so she would like to get an update onto the calendar as well as talk about a no cost change order and a zero-dollar change order. District General Manager Winquest said that Staff will circle back with Trustee Schmitz after this meeting.
- ✓ Trustee Dent said that we have received the Moss Adams 2.0 report and that he would like to bring that report forward so that needs to be put on the long range calendar. District General Manager Winquest said once we have the final version, Staff will try and work that item onto the long range calendar.

Chairman Callicrate at 7:10 p.m. called for a break; the Board reconvened at 7:20 p.m.

H. DISTRICT GENERAL COUNSEL UPDATE (for possible action)

There was no District General Counsel update for this agenda.

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

I.1. Final report regarding the District's contract administration submitted by Moss Adams Representative Stephen Bacchetti (Requesting Staff Member: District General Manager Indra Winquest)

Moss Adams representative Stephen Bacchetti reviewed the report that was included in the packet. Chairman Callicrate asked if there were any questions. Trustee Tonking said in terms of risk factors, what was your process? Mr. Bacchetti said it is based on Moss Adams experience; it doesn't take a lot to become a major risk factor. Trustee Schmitz said what's the recommended next steps and, when you were evaluating this and focused on policy and procedure and mentioned a loss of resources, is there also a gap in resources that the District needs to be aware of in relation to these deliverables? Mr. Bacchetti said first recommendation is to focus on policy and procedures and really defining the roles and responsibilities and we have done this and just make progress; the first set won't be perfect. This gets everyone on the same page and making sure everyone is held accountable. The second piece would be master planning and reporting and that they believe that key performance indicators (KPIs) are critical. Trustee

Schmitz said, from your experience, how much time do you think it will take us to get policy, procedure and controls implemented - realistic expectation? Mr. Bacchetti said his team can knock it out, policy is continuous improvement and you have a good starting point and good focus areas to zone in on. For a first draft, getting something done in the 3 to 6 months' time frame will be a huge improvement. Trustee Wong said that the recommendation is good and looks like our Staff is well on its way to improvement. She hopes this report stops the comment of impropriety and let's our Staff do their jobs. Chairman Callicrate said that he is glad to hear that Mr. Bacchetti has had the full cooperation from those involved. Are you putting together a timeline, that is accelerated, as it is imperative to have all the safeguards in place so we have a workable game plan going forward? There have been a lot of allegations in the past and we have had a complete change in management so he sees a lot of opportunities to take the recommendations and move forward.

I.2. Treasurers Report (*for possible action*)

- A. *Payment of Bills (for possible action) (For District payments exceeding \$10,000 or any item of capital expenditure, in the aggregate in any one transaction, a summary of payments made shall be presented to the Board at a public meeting for review. The Board hereby authorizes payment of any and all obligations aggregating less than \$10,000 provided they are budgeted and the expenditure is approved according to District signing authority policy)*

Treasurer Schmitz said that she wanted to extend gratitude to Director of Finance and District General Manager as she goes through all of the bill pays and she identifies things that are just questions and they are very appreciative which she is grateful for because in some cases she finds things are helpful and here are a couple of examples – there was a donation to the Tahoe Film Festival for \$1,000 and there was also a check to the Tahoe InDepth paper and legal counsel reviewed these things because we have had a lot of questions about Dillon's Rule and that sort of thing so legal counsel did review this and this is part of the Tahoe Water Suppliers Association and it is a pass through and those expenses that were paid are not an issue related to Dillon's Rule and she just wanted to put the public's mind at ease that she is keeping an eye on those things. The other thing that she was very happy to hear is that there was a capital improvement project, the Rose Bridge Project, and that was a completed project and there was a check for \$3,000 that came through and when she brought this to the

attention of the District General Manager and also the Director of Finance, they were happy to see this as it is a learning opportunity because it wasn't classified as part of the capital improvement project, it was expensed, so it was an opportunity for learning and it is an opportunity to take some of the things we are learning in both of these Moss Adams reports and actually start working to implement some changes. She thinks that there have been some really positive things that have come out of all of this and she appreciates their attitude that they take as it relates to the items being brought forth.

I.3. Audit Committee Chairman Matthew Dent: Report on December 19, 2020 Audit Committee Meeting

Audit Committee Chairman Dent gave a verbal overview of the December 19, 2020 meeting:

Reviewed the Moss Adams 2.0 draft report with the Moss Adams representative and had a productive meeting; and

Will be reviewing the CAFR at our next meeting, asked for a one-month extension in October or November which was granted, will have two Audit Committee meetings and then will hold them quarterly because we had way too many meetings last year.

J. CONSENT CALENDAR (for possible action)

There were no Consent Calendar items for this agenda.

K. GENERAL BUSINESS (for possible action)

K.1. Election of Board of Trustees Officers for the 2021 Term – Effective January 13, 2021 (Requesting Trustee: Chairman Tim Callicrate)

District Clerk Susan Herron conducted the election of the Board of Trustees officers for the 2021 term. Upon opening the nominations for Board Chair, Trustee Schmitz read the following statement:

In an effort to give all Board members an opportunity to pursue their demonstrated area of interest, I'd like to share some observations and a recommended slate of officers. First of all, our Chair Callicrate, he has worked diligently to build camaraderie with Staff, he has been

dedicated to building relationships with the Senior Staff members and has also been an integral member of the Ordinance 7 committee as it relates to the beach deed. Trustee Dent has been effectively chairing the Audit Committee, he has been involved with interviewing the department of Public Works candidates, he has been collaborating with Staff on the CMAR with the Effluent Pipeline and the Utility Assessment engagement statement of work. He has been working with Eide Bailly and Staff to resolve questions and concerns and to ensure that our CAFR is clear and correct. Trustee Dent has demonstrated dedication and commitment to the Board, Staff and parcel owners. Therefore, I am nominating Trustee Dent as Chair and Trustee Callicrate to continue to work with Trustee Dent so that his dedication and his efforts can be taken to a higher level and continue to leveraging and collaborating with Trustee Callicrate as his Vice Chair. As it relates to Trustee Tonking, I would like to say "welcome". In continuing with the practice of changing positions on the Board, I'd like to nominate Trustee Tonking to be Treasurer. She has a background in accounting, has taken a keen interest in understanding the contractual changes I've made in the past contracts and has been digging into the history of the effluent pipeline projects. She has expressed an interest in taking the work I've done to the next level and expanding and enhancing the role of our Board Treasurer. Over the past year, I've dedicated and demonstrated a keen interest in contract language to protect the District and support the efforts of Staff. As Board Secretary, I feel my skills for contract and minute language review would be helpful to the Board and the Staff and parcel owners.

Trustee Schmitz nominated Trustee Dent as Chair, Trustee Callicrate as Vice Chair, Trustee Tonking as Treasurer and Trustee Schmitz as Secretary. Trustee Dent seconded.

District Clerk Herron asked if there were any other nominations or slates.

Trustee Wong nominated Trustee Callicrate as Chair, Trustee Dent as Vice Chair, Trustee Tonking as Treasurer and Trustee Schmitz as Secretary. Trustee Callicrate seconded.

District Clerk Herron asked for any further nominations, hearing none, closed the nominations and proceeded to take a roll call vote on each slate as follows:

Slate: Trustee Dent as Chair, Trustee Callicrate as Vice Chair, Trustee Tonking as Treasurer and Trustee Schmitz as Secretary.

Trustee Callicrate voted no, Trustee Dent voted yes, Trustee Wong voted no, Trustee Schmitz voted yes, and Trustee Tonking voted no. District Clerk Herron announced that this slate of officers failed to pass; three no and two yes.

Slate: Trustee Callicrate as Chair, Trustee Dent as Vice Chair, Trustee Tonking as Treasurer, and Trustee Schmitz as Secretary.

Trustee Callicrate voted yes, Trustee Dent voted no, Trustee Wong voted yes, Trustee Schmitz voted no and Trustee Tonking voted yes. District Clerk Herron announced that this slate of officers passed; three yes and two no and offered congratulations to the elected officers.

K.2. Review, discuss and possibly approve a Code of Conduct for elected and appointed officials (Requesting Trustee: Chairman Tim Callicrate)

Chairman Callicrate said that this was meant to be a placeholder and that he would like to pull this item from the agenda and discuss with our Legal Counsel as this was brought back because the Board of Trustees requested it. It is more appropriate to take it off for further review and reschedule it to another meeting. Trustee Schmitz asked if Chairman Callicrate would like any of us to provide our comments. Chairman Callicrate said that all Trustees need to offer their concerns and then he will meet with Legal Counsel and put in the Nevada statutes that dictate. This was not meant to stifle free speech or interchange of ideas with the District General Manager or members of the District as everyone has freedom of speech rights. Please get any comments to the District Clerk and those items will be taken and given to Legal Counsel. District General Counsel Nelson said, with respect to NRS 281A and those issues, this code of conduct is completely separate from that as NRS 281A is handled in a different section of our policies so there is no role in this or interaction. This code of conduct, like other agencies, are not intended to be enforced by Staff or for Staff to have a role in implementation. This is used as a set of guidelines by the Board members to abide by and adhere to among each other and if there are any questions, it is something that is handled by the Board itself without a role for Staff thus it is really self-policing. This was put together as a straw proposal and he has had a discussion with the District General Manager and what he would

like to change. Chairman Callicrate confirmed that was the intent. District General Manager Winquest said he doesn't want to bring this back to the Board until it is brought back for discussion only, Staff just wants to work with the Board as a team to accomplish what we are trying to accomplish. There is a reason for this being on the agenda and Staff wants to work collaboratively. If some actions by a member of the Audit Committee doesn't continue, we will work together for the best outcome we can have.

K.3. Review, discuss and possibly approve a Professional Services Contract for Utilities Management Review and Asset Assessment; Vendor: Raftelis; Amount: \$74,175, plus 10% contingency (Requesting Staff Member: Engineering Manager Nathan Chorey)

Engineering Manager Chorey gave an overview of the submitted materials. Trustee Schmitz said she wanted to let her fellow Trustees know that she had a conversation with our legal counsel and there are a couple of enhancements that are going to be made to the Professional Services Agreement, specifically in 3.1 and 4.2, and that Staff is going to make sure that the proper billing address is added to this contract; these minor changes were made with the agreement with Legal Counsel. District General Counsel Nelson added that there will be one additional enhancement made to 5.2.

Trustee Schmitz made a motion to authorize a Professional Services Contract for a Utilities Management Review and Asset Assessment; Vendor: Raftelis in the amount of \$74,175; Fund 200 (Utilities) and authorize Staff to manage to the statement of work and deliverables and, if necessary, make change orders up to 10%, up to the amount of \$7,418, and authorize Staff to execute the contract documents as amended by District General Counsel. Trustee Dent seconded the motion. Chairman Callicrate asked for any further comments, hearing none, he called the question and the motion was passed with Trustees Callicrate, Dent, Schmitz and Tonking voting in favor of the motion and Trustee Wong voting opposed.

K.4. Review, discuss and possibly approve a scope of work with Tri-Strategies for Legislative representation services during the 81st Legislative Session for the State of Nevada beginning on February 1, 2021 (Requesting Staff Member: District General Manager Indra Winquest)

District General Manager Winqest gave an overview of the submitted materials. Trustee Wong said, as a reminder of where we have been, four years, we had no representation and there were topics that came up about operation of the District and we were scrambling to get representation with our existing legal group and two years ago we had Tri-Strategies and they brought forth things and the Board failed to act. We are the largest GIDs in the state and sometimes things come forward that impact us and she trusts the District General Manager and the Board Chairman to act when needed; she is supportive of this action. Trustee Dent said he is mixed on this item; definitely recalls that representation that we had by our prior legal group and scrambling. He is in favor of having some representation but doesn't know if this is the bare bones or if there is something less expensive thus he is curious as to what his colleagues have to say about this item. Trustee Schmitz said she was curious if Trustees Wong or Dent could explain what happened in the past and mentioned that the Board didn't take action, so would they be so kind as to fill in the information gap as it would be helpful for her. Trustee Wong said that the minutes will show what happened 4 years ago and that 2 years ago, it was about selling real estate. Chairman Callicrate said yes, that did impact all governmental agencies in the state, it was about selling the property on Southwood and the possibility of relocating to the Recreation Center. That legislation was to stymie us from doing that sale. Trustee Dent said that there were community members making comments at some of the legislative committee meetings and our attorney was countering them. Trustee Wong said that it started out with a vexatious litigant. Chairman Callicrate said it is the Board's decision on how we want to be represented. Tri-Strategies had a listing of all the bills, gave us a synopsis and that potential impact, and then what would be the Board's position. There are some things that happen at the end of the session which gets fast and furious thus we don't want to leave ourselves exposed. It may be easier now as we have to have a virtual meeting. Trustee Schmitz said she appreciates the information, four years ago, didn't have anything to do with legislation and the situation with land sales, don't see how we would be getting value out of this or how we received any value, not feeling it is something of value to the District, if fellow Trustees decide to go forward, all reports should be written not verbal, should act as a Board, and any action should be brought back to the Board. Trustee Tonking said having legislative representation is probably vital, there are other GIDs that were represented, and it is also very important that Tri-Strategies comes forward with their list and walk us through that as that will allow us to have more of an opinion. It is more important to have them there given the way the legislature runs and it is important to spend time with Tri-Strategies so they can form that direction.

Trustee Wong made a motion to approve the attached scope of work for legislative representation services for the 81st Legislative Session of the State of Nevada with Tri-Strategies as discussed. Trustee Tonking seconded the motion. District General Counsel Nelson asked if that was with the edits offered by Trustee Schmitz; both Trustees Wong and Tonking said yes. Chairman Callicrate asked for further comment, receiving none, he called the question – the motion was passed with Trustees Callicrate, Dent, Tonking and Wong voting in favor and Trustee Schmitz voting opposed,

K.5. Discussion Item Only: As requested by Trustee Matthew Dent, review, discuss and provide direction regarding the proposed 2020/2021 Utility Rate adjustment (Discussion will be led by District General Manager Indra Winquest, Director of Finance Paul Navazio and Engineering Manager Nathan Chorey)

District General Manager Winquest began the overview of the submitted materials. Trustee Dent said he did want to bring this back for discussion as six months from now will have a third party giving us a rate study. Another important item to consider is the \$2 million per year being collected and what do we want to do with the \$12 million we have - do we hold \$5 million back or use it to help pay the bond? He wanted to have a deeper discussion. We are running ahead on the Utility Fund as we have deferred several capital projects, revenues are above budget and expenses are below budget so we don't need to raise rates but wanted to have a deeper discussion and do we continue to collect the \$2 million or wait another 6 months for the rate study? Chairman Callicrate said he agrees and that he is more prone to allow the third party to do the assessment and then at that point have a better understanding of the overall picture as the \$2 million set aside is problematic and that he thinks that project [Effluent Export Pipeline] is prime for bonding. He would like to have the third party come in and tell us what they think. He is more prone to revisit this at the budgeting cycle or at the new fiscal year. Trustee Wong asked what financials is Trustee Dent looking at as she pulled up November and there is \$6.1 million but budget was \$7.3 million so where are we ahead or on target with budget? Trustee Dent said we deferred \$600,000 in capital projects, budgeted operating expenses were reduced by \$108,000 and there was \$405,000 saved in the watermain budget. Trustee Wong said and revenue ahead of budget? Trustee Dent said he may have misspoken but we have more money than needed and we have enough money to get through. Director of Finance Navazio said, overall, the Utility Fund is ahead of budget and overall the revenues are lagging, resources

are coming from fund balance and show up as sources, charges for services are tracking a little better and haven't tapped the fund balance for capital projects so everyone is correct. Trustee Tonking asked do we think the study will be done for this year or next budget cycle? District General Manager Winqest said it will not be wrapped until June, this report will come in after 2021/2022 budget approval, there will be check-ins along the way, not a full blown rate study, and that we will get a lot of great feedback that will help inform us. We can get through this fiscal year without a rate increase and another idea is that District may want to look at implementing rate increases during non-high use time, may want to look at when we implement rate increases, and that we can't expect Raftelis to inform the 2020/2021 budget. Director of Finance Navazio said there may be some benefit to proceeding with a comprehensive rate study and do so concurrently with Raftelis as it will provide input to the rate study and we can discuss shortening that timeline. Trustee Tonking asked if the deferrals could go into the next budget cycle. Director of Finance Navazio said we will probably need to do those projects but that there may be new ones to defer and we need to get the options. Engineering Manager Chorey said we would have to defer some projects but probably not the same ones; Staff has to do that analysis. District General Manager Winqest said he was hoping for a little more direction from the Board because at some point in time the Board needs to have a robust discussion about the \$2 million. We need the Chair to direct Staff on when we should bring things back and what he did hear is to hold off any rate increase now as there was no direction on setting a public hearing, may want to consider a concurrent rate study as we are working with Raftelis, will wait for further direction on when we will bring back someone on or hire Raftelis for rate study, and then the process of collection of \$2 million for pipeline. Chairman Callicrate asked Trustee Dent what would be a workable schedule regarding the utility situation? Trustee Dent said that was a point, a starting point for the budget process, as he would like us to not collect the \$2 million each year for a project we aren't building as it is one of the things that Mr. Tulloch said it is unheard of - collecting money for a project we are not building so what do you want to do with it? That project is coming at us, Staff is going to be coming back to the Board with the CMAR and the pond lining and it is up to the Board as we should have an idea on the project funding for when the project starts in two years. District General Manager Winqest said we will be bringing the contract to the Board for CMAR and then it will be a reality and we can sort through that then. Director of Finance Navazio said he can work through that process with Trustee Dent of discussing the \$2million annually and the Board will need to make a decision about collection and, assuming no, then how do we use what has been collected. There will need to be an agenda item on

that moving forward. Trustee Schmitz said before we make the decision to no longer collect the \$2 million, we will need to make a decision about a bond and get further along in the CMAR process. She thinks we are close but we need a few more pieces of information. District General Manager Winquest said we will get to a point of knowing the cost of this project but it won't happen in three months but we will know more and will continue to communicate on that which will inform the future agenda item.

K.6. Review, discuss and possibly commit Community Services fund balance to priority Board projects (Requesting Staff Member: Director of Finance Paul Navazio)

Chairman Callicrate said we are all looking at prioritizing what we have, we have a new member on the Board, financing for things there weren't done last time, he brought up about Snowflake Lodge but we don't have a Diamond Peak Master Plan and we have some time constraints with the upcoming lease. There are a lot of moving parts in this and don't know if this is premature, he has been pushing this, and he was adamant on having it at this meeting so we could do this and then how are we going to pay for everything; let's take a stab at it. District General Manager Winquest said that he knows that people are confused by this and the goal was to get an updated priority project list. Understand that this was about making the community aware as well as Staff and the message we want to send to our community is that we will be spending down quite a bit of fund balance on established priority projects and we will be having a discussion, with the Board, during the budget sessions. There still needs to be discussion for the Incline Beach house and reallocate monies and look at alternative funding opportunities which we will discuss during the budgeting process. Have accumulated fund balance and we are spending that balance in areas that the community has asked us to spend that money. Trustee Schmitz said she is looking for clarification because the memo was confusing. What we intended to do, over from what we are supposed to have, which is \$5 million, and identify and specifically, to the projects, commit the funds necessary. At our last meeting, in our minutes, comment was that the Championship Golf Course cart paths need improvement so let's get those paths fixed before we get the new golf carts. Instead of swaging \$500,000 for the dog park, these are the projects and we want to restrict to ensure that the projects are done in a timely fashion. Chairman Callicrate said that was a good way to put it and make it clear. There are a lot of projects on the plate and he knows that we pulled out the pavement on Ski Way so that we could spread it out through the District, and we are not ignoring the dog park, as everything

seems to be a priority. Mountain Golf Course cart paths were deemed a priority and the Championship Golf Course paths were a wish list item.

Director of Finance Navazio gave an overview of the submitted materials. Trustee Dent said we can spend \$2 million to accelerate the Mountain project but we have \$1.6 million in the budget so we need to add like \$400,000 to accelerate that. Director of Finance Navazio said maybe he misunderstand - Staff said we could accelerate and he is hearing that it isn't going to cost the \$1.6 million. Trustee Dent said he has ridden around course and agrees so we are on the same page. Director of Finance Navazio said we can use it at the Championship Golf Course and we have some work to do to refine. This should focus on the added projects that the Board wants. Chairman Callicrate said he hopes the community understands that we are working on this and that if there is excess money, we spread that money out appropriately. This is what we have, look through this and say okay and if we decide we want to take out Diamond Peak's Ski Way and then we realize we have to reallocate or move them up on the project list. The cross country skiing is going to be a private endeavor and not to take on the wish list but we have an opportunity to recognize what we have and need a little more tweaking. Trustee Schmitz said it puts another thing on our long range calendar and we need to really work on what is the Diamond Peak Master Plan, bring it forward, and get it approved. Director of Finance Navazio said he wants to caution that we will be discussing all our funding capacity, etc. but not at the one workshop next week. Part of the goal, going forward, is how do we present as it matters so our goal is to start to bring to the Board the five year forecast so funding is clear. Look at it from a multi-year perspective and it will be more clear. Chairman Callicrate said we need one more look at this as a lot of this is going to be addressed during the budgeting cycle. District General Manager Winqest said Staff will be bringing you a 2020/2021 capital plan along with a 5-year plan and at that point in time, we identify accumulated funds and how we want to spend that balance and using fund balance so as to not increase the Recreation Fee, stay with existing capital plan, and then the Board can make its decisions.

L. APPROVAL OF MINUTES (for possible action)

L.1. Meeting Minutes of December 9, 2020

District Clerk Susan Herron said that Judith Miller had requested a change and that Trustee Schmitz had requested a change; both of which have been incorporated. Chairman Callicrate said that the minutes are approved as amended.

M. REPORTS*

There were no Reports for this agenda.

N. FINAL PUBLIC COMMENTS*

Linda Newman said it is quite unfortunate that former Trustee Chair Wong and a former member of the Audit Committee has chosen to embarrass herself by attacking two Board members and a member of the Audit Committee for a staff exodus that began under her leadership and has continued under the new General Manager. The two Board members and the at large Audit Committee member she singled out are highly respected by our community for their integrity, intellect and extraordinary service. Trustee Wong's lack of leadership and failure to address accounting and reporting irregularities as well as chronic operational and financial mismanagement has left a mess that all of our newly elected Trustees must expend all of their energies and efforts to clean up. Trustee Wong owes an apology to our community and to the respected and responsible individuals she chose to attack with her emotional and malicious allegations. It is even more unfortunate that she has no shame and does not hold herself accountable for her failure to fulfill her fiduciary and statutory duties. Among her many deficiencies, she has used public money without Board approval to engage an attorney for her and Jason Guinasso's defense to withhold public records that has cost our citizens more than one hundred thousand dollars. This is a misappropriation of public funds that cannot be ignored and should be addressed along with her disrespect for the important issues raised by the citizens she took an oath to serve. She is actually stunned by Trustee Wong's incompetence in performing her statutory duties, her indifference to the concerns of our community, her continued dismissal of the views of her fellow Trustees, and her abject failure to exercise oversight and safeguard our public money.

Aaron Katz said he will have several written statements. Talk about the merry go round as IVGID personified by Charley Miller and Trustee Wong and it is their views that everything that is wrong with IVGID. Operate for profit business and impossible to operate on a positive cash flow. Only reason in commercial recreation is to subsidize and to make them available to us. We all know this is complete lie. Venues are far larger than our community needs and our community is too small to financially support these venues because they are underutilized. Once one has bought into these myths then it rolls into our wonderful employees because if we can't staff the venues then we can't operate them and therefore it takes our wonderful employees and once you drink that Kool-Aid everything becomes a consequences and any Trustee thinks they can get us off this merry

go round is foolish. None of our Trustees want to change what you know is wrong. We are on this involuntarily merry go round and his recommendation is to do a cost study and then ask the community if they want to prioritize everything for the owners and their legitimate guests.

Cliff Dobler said he wanted to clarify on the utility rate item because everyone was quite confused. In January, the Board decided not to raise the rates, and made changes. Five months into the new year, take look at operating reports, ahead on by \$107,000, ahead by \$422,000, and saved \$405,000 on Martis Peak which makes you ahead of the game by almost \$900,000. With no rate increase for the rest of the year, we can go ahead and do the \$600,000 in projects, using fund balance which is not a revenue. Trustee Wong looks at the total and that report needs to be corrected because to consider fund balance a revenue is the craziest thing he has ever heard. Go with these projects. Facts matter, he works very hard to uncover things for the Board, and because it embarrasses you, he is sorry, he uncovers facts.

Charley Miller said congratulations on another Board President and congratulations to Ms. Tonking, welcome. We had a Public Works Department that had four engineers, now we have one engineer who has come up to speed quickly. There are many projects to be worked on and, along with Public Works projects, you will need to temper your expectations with the current staffing. To Trustee Schmitz – he feels you are on a witch hunt to damage the District and, in listening to your campaign, he might have voted for you. However, you micromanage our Staff and disable them from doing their jobs. He has tried to figure out your motivation, only thing he can think of is that you thrive on conflict thus how many more Staff must we lose? You need to figure out your role and maybe someday they will return.

Frank Wright said he is appalled, Trustee Wong said publicly undressed two Board members who she works with, unbelievable. This is a woman who was the orchestrator of True Blue Facts and took apart our Board Chair. This woman has done more damage than any other Board member - unbelievable and unspeakable. The Board members that were spoken about are hardworking board members and class acts. Mr. Miller, don't know where you are coming from. Those that have left, left on their own accord, question about Director of Human Resources and lying about how many were put out. They left on their own accord and he says go for it. For you to stand up and say because of a Board member who is doing their job, if you have your facts, get them out, if you don't, shut up.

Gail Krolick said thank you to all of the members for being here at this late hour. Congratulations to the new member and official members. She refuses to give

personal attacks as there is enough in our national comments. Happy new year, before than last year, when the previous Board had been on a merry go round, she served and worked her tail off. Staff is doing the best they can during these very turbulent time. Full heartedly support the Staff as they are doing the best they can and are there bad apples, perhaps. Let's make 2021 a better year and stop these personal attacks.

Margaret Martini said attacks from Ms. Wong and Mr. Miller were wrong. She is appalled at the personal attack on Ms. Schmitz who is concerned about things, intelligent, and very open to solutions. If the solution ruffle employee feathers, too damn bad, very fortunate to have Trustee Schmitz on the Board and she would urge taking a look at Mr. Miller's performance.

O. ADJOURNMENT (for possible action)

The meeting was adjourned at 9:38 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 January 13, 2021 regular IVGID Board meeting – agenda item C – Public Comments – The merry go-round we know as IVGID

Submitted by Aaron Katz: Written statement to be included in the written minutes of this January 13, 2021 regular IVGID Board meeting – agenda item K(4) – Ratifying our GM's decision to engage Tri Strategies to perform state legislative advocacy services and to deprive the Board as a whole from making state legislative advocacy decisions

Submitted by Aaron Katz: Written statement to be included in the written minutes of this January 13, 2021 regular IVGID Board meeting – agenda item C – Public Comments – The tens of thousands of dollars of our Recreation ("RFF") and Beach ("BFF") facility fees which are needlessly spent on

membership dues in all sorts of third party organizations – here the National Recreation and Parks Association

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS JANUARY 13, 2021 REGULAR IVGID BOARD MEETING – AGENDA ITEM C – PUBLIC COMMENTS – THE MERRY-GO-ROUND WE KNOW AS IVGID

Government is supposed to exist for the people. But when it comes to IVGID, that's not the case. In fact, staff want the public to believe IVGID's not really government; it's only quasi-government¹.

For these reasons, the #1 tenet of IVGID is that it exists to operate commercial for profit recreation businesses which are impossible to operate at a break even or on a positive cash flow basis notwithstanding past Boards have repeatedly instructed staff to do so.

Staff tell us that the only reason we're in the commercial recreation business is to subsidize the costs to make our recreational venues available to us. Supposedly with the financial support that comes from outsiders, local property owners recreation user fees are subsidized/reduced.

But we all know this is a complete lie as the costs of operating our commercial businesses the way staff operate them far exceeds the added revenues they realize from outsiders.

Moreover, it's impossible to prudently operate our recreation businesses, at least financially, for at least two reasons. First, our venues are far larger than our community's real needs. This means their maintenance and capital costs far exceed our ability to pay without massive subsidies.

Second, our community is too small to financially support these recreation venues which by design are intended to be under-utilized. Because when they're under-utilized, it means we have extra capacity to market them to outsiders.

Once you've bought into these myths, staff's #2 tenet becomes "our most important asset is our wonderful employees." Because if we cannot staff our facilities, we can't operate them. And if we can't operate them, they won't be available for our use. And therefore, we must go to no ends of the earth to do everything it takes, and far more, to retain our wonderful employees.

Once you drink this kool aid, everything else we suffer from becomes a natural consequence. Everything.

Any trustee who thinks he or she can do something to get us off this merry-go-round, is either naive or lying to him/herself. We have had more than 60 years of trustees who have had the opportunity to change the narrative I describe. Yet not one has been successful. Not one.

The truth of the matter is that none of our trustees wants to change what in their heart-of-hearts they know is wrong. Not one of them. So our trustees should be up front with the community and acknowledge we're on this involuntary merry-go-round for life!

¹ "IVGID, is a quasi-public agency" (go to <https://www.yourtahoeplace.com/ivgid/about-ivgid>).

Conclusion: So here's my response to this mentality. Let's do a study of our real costs if we were to eliminate everything we do to make our recreational venues available to outsiders. Once we know what those costs are, let's ask local property owners whether they want to privatize everything just for parcel owners and their legitimate guests. I'm guessing a majority will say yes because our property values will instantly go through the roof!

So are you up to the task Board members? If not then it's clear where your priorities lie.

And to those asking why our Recreation ("RFF") and Beach ("BFF") Facility Fees are as high as they are and never seem to go down, now you have another example of the reasons why.

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

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS JANUARY 13, 2021 REGULAR IVGID BOARD MEETING – AGENDA ITEM K(4) – RATIFYING OUR GM’S DECISION TO ENGAGE TRI STRATEGIES TO PERFORM STATE LEGISLATIVE ADVOCACY SERVICES AND TO DEPRIVE THE BOARD AS A WHOLE FROM MAKING STATE LEGISLATIVE ADVOCACY DECISIONS

Introduction: Here our general manager (“GM”) seeks board approval to contract with Tri-Strategies¹ for State legislative advocacy services². Additionally, he proposes that the IVGID Board be *excluded* from communicating with Tri-Strategies, verbally or in writing, with respect to “activity at the (State) Legislative session,” and in its place, he proposes that Tri-Strategies be directed to *only* communicate with he or the IVGID Board chairperson³. I object for at least three (3) reasons [what Indra proposes violates Board policy; legislative advocacy is not appropriate conduct for limited purpose general improvement districts (“GIDs”) like IVGID; and, GIDs take their actions through their entire Board of Trustees rather than any single member or an unelected GM], and these are the purposes for this written statement.

Inappropriate Conduct: Policy No. 3.1.0⁴ which in part addresses “Legislative Matters” was last amended effective September 30, 2021. Over the public’s objections; although Policy 3.1.10 was amended to give the GM the authority to “propose positions on legislative issues...*on IVGID’s behalf*,” as our GM admits⁵, that authority was expressly conditioned upon those “positions...be(ing first) reviewed and approved by the Board at its regular meeting(s).”⁶ Yet here our GM proposes the Board

¹ See page 68 of the packet of materials prepared by staff in anticipation of this January 13, 2021 IVGID Board meeting [“the 1/13/2021 Board packet” (https://www.yourtahoeplace.com/uploads/pdf-ivgid/011321_-_Full_Packet.pdf)] – “staff...recommend contracting with...Tri-Strategies.”

² “Consultant will advocate...a position (on legislative matters that)...impact the Incline Village General Improvement District...determined...to be advantageous to (the) same” (see page 69 of the 1/13/2021 Board packet).

³ “Consultant will verbally communicate with the Incline Village General Improvement District’s... General Manager and Board of Trustees Chair(person)...based on the activity at the Legislative session” (see page 69 of the 1/13/2021 Board packet).

⁴ This is a policy which according to its title, purportedly addresses the “Conduct (of) Meetings of the Board of Trustees” rather than addressing what it purports to address; influencing State legislation.

⁵ See page 68 of the 1/13/2021 Board packet.

⁶ See page 14 at https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Board_Policies_3.pdf. Moreover, given *insufficient* time for the Board as a collective body to take a position on a legislative issue will be the rule rather than the exception, this policy in essence gives the GM the authority to propose positions on IVGID’s behalf on essentially *every legislative issue imaginable* because the advance notice the public has of Legislative committee hearings is at most, 2-3 days, and as little as a handful of hours.

as a whole be excluded from the process altogether. Instead, he proposes that those positions *only* be approved and advanced by himself or the Board Chairperson³. ***This violates Board policy!***

But more to the point, ***IVGID Has No Power to Lobby For/Against State Legislation***. We've had this discussion before⁷. According to the State Legislative Counsel Bureau ("LCB"),

"The purpose of...(GIDs') is to provide municipal-type services to an area which needs them, but which may not need or want the full range of services implied by incorporation. (Thus) GIDs are most effectively used where it will be necessary to carry out ongoing operation and maintenance of a (particular) facility or service."⁸

Given GIDs are creatures of County Boards of Commissioners ["County Boards" {see NRS 318.015(1) and 318.075(1)}], the *only* "basic powers" they may exercise⁹ are those *expressly included* in their initiating [NRS 318.055(4)(b)] or supplemental (NRS 318.077) ordinance(s) with the *proviso* they must be "one or more of those authorized in NRS 318.116, as supplemented by the sections of this chapter (NRS 318) designated therein."

But NRS 318.116 Does Not Recognize the Power to Create Laws Nor Lobby/Influence State Legislation as a Legitimate GID Basic Power: Don't believe me? Take a look for yourself¹⁰! Moreover, even if such power were recognized, since there is no question IVGID has never been granted this power by the Washoe County Board, insofar as IVGID is concerned, ***it does not exist!***

Moreover still, lobbying the State Legislature in support or opposition of State legislation is not a service local property owners may want or need from IVGID because it is already being provided by their true municipality; Washoe County!

Moreover still, IVGID's assumption of these powers is prohibited by Dillon's Rule: We've had this discussion many times before. Since "Nevada is considered a state without home rule...(local)

⁷ Go to pages 154-156 of the packet of materials prepared by staff in anticipation of the Board's May 10, 2017 meeting ["the 5/10/2017 Board packet" (https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_5-10-17.pdf)]. And go to pages 269-271 of the packet of materials prepared by staff in anticipation of the Board's July 22, 2020 meeting ["the 7/22/2020 Board packet" (https://www.yourtahoeplace.com/uploads/pdf-ivgid/0722_-_Regular_-_Searchable.pdf)].

⁸ See ¶II at page 1, Background Paper 83-4, General Improvement Districts, at <https://www.leg.state.nv.us/Division/Research/Publications/Bkground/BP83-04.pdf>.

⁹ Since "all of such statutes...constitute a grant of power to certain boards and governing bodies, and (they) are a deprivation of powers and privileges in respect to the individuals residing within the affected areas...(they)...must...be strictly construed, to include no more than (the) Legislature clearly intended" [see A.G.O. No. 63-61, p. 102, p. 103 (August 12, 1963)].

¹⁰ Go to <https://www.leg.state.nv.us/nrs/NRS-318.html#NRS318Sec116>.

governments generally have *only* those powers that are (expressly) granted to them by the Legislature ... (because) without home rule, the general application of 'Dillon's Rule' limits the powers of counties, cities...towns" and here, IVGID. In other words,

“[A] municipal corporation¹¹ possesses and can exercise the following powers *and no others*: First, those granted in express words; second, those necessarily implied or necessarily incident to the powers expressly granted; (and) third, those absolutely essential to the declared objects and purposes of the corporation—*not simply convenient, but indispensable.*”¹²

IVGID's History: IVGID was created on May 20, 1961 as a “body corporate and politic and a quasi-municipal corporation” [NRS 318.075(1)] pursuant to Washoe County Board Bill No. 57, Ordinance 97. IVGID’s initial basic powers were expressly *limited* to: 1) grading, re-grading, surfacing and resurfacing Incline Village streets, alleys and public highways; 2) constructing, reconstructing and improving Incline Village streets with curbs, gutters, drains, catch basins and sidewalks; 3) constructing, reconstructing, replacing or extending storm, sewer and other drainage; 4) constructing, reconstructing, improving, extending or bettering Incline Village's sanitary sewer system; and, 5) acquiring, constructing, reconstructing, improving, extending or bettering facilities for the supply, storage and distribution of water. In other words, ***IVGID was created to be nothing more than a utility district!***

IVGID's Assumption of Public Recreation Powers: Many people think IVGID’s assumption of recreation powers goes back to its creation on May 20, 1961¹³. But that’s not accurate. Between 1960-68 Incline Village’s real estate developer, Crystal Bay Development Co. (“CBDC”), represented to every purchaser of Incline Village property that Incline Village’s beaches would be a private homeowner amenity available to be used only by purchasers of Incline Village property/their guests. But because sales of Incline Village lots were not as brisk as had been projected, CBDC had encumbered the beaches (and thus didn’t have the means to transfer them to a community homeowners’ association “free and clear”), the IVGID Board was made up of CBDC principals and their collaborators, and bonding had worked so well to divert the infrastructure costs of development to the ultimate purchasers of Incline Village property, the “plan” became IVGID would purchase the beaches from CBDC with the proceeds of a bond issue and then assess the owners of Incline Village property the servicing costs associated with those bonds’ repayment. But no GID in the State had the power to furnish facilities for recreation¹⁴. This meant CBDC’s principals had to lobby the State Legislature to secure

¹¹ GIDs are quasi-*municipal* corporations [NRS 318.015(1) and 318.075(1)].

¹² See page 5 of that April 2014 LCB Research Division Policy and Program Report on State and Local Government (<http://www.leg.state.nv.us/Division/Research/Publications/PandPReport/19-SLG.pdf>).

¹³ See Ordinance 97, Bill 57 (go to <https://www.yourtahoeplace.com/ivgid/about-ivgid/history-of-ivgid>).

¹⁴ The power to furnish facilities for public recreation [see NRS 318.116(14) {go to <https://www.leg.state.nv.us/NRS/NRS-318.html>}], is “as provided in NRS 318.143.” NRS 318.143 expressly instructs that “such recreational facilities may include without limitation...*beaches, marinas, levees, piers, docks, wharves, boat basins, boathouses, harborages, (and) anchorages.*”

modification to the predecessor to NRS 318.116 (i.e., NRS 318.143) by adding public recreation as an additional GID basic power.

Shortly after the State Legislature added public recreation as a new GID basic power (on August 12, 1965), the IVGID Board adopted Resolution 279 which asked the Washoe County Board “to commence proceedings...for the addition of...powers of public recreation.” And on November 15, 1965 a divided (3-to-2) County Board amended Ordinance No. 97 via Bill 132 granting IVGID the new basic power to furnish facilities for public recreation.

However, in either event, IVGID was expressly not created to lobby for/against, nor influence legislation.

IVGID's Assumption of Additional Powers Based Upon Their Alleged Incidence, Necessity and/or Implication: IVGID staff will likely argue that IVGID has the power to furnish facilities and services for *all* sorts of questionable purposes, whether or not necessary to furnishing public utilities or recreation facilities, because of NRS 318.210 which gives GID Boards the power to: “exercise all rights and powers necessary or incidental to or implied from the specific powers granted in...chapter” NRS 318. If so, I disagree for at least two reasons. First, *Dillon's Rule* (discussed above). And second, the legal doctrine of *expressio unius est exclusio alterius*¹⁵ which in lay person's terms instructs that:

“To express one thing is to *exclude* another. This maxim reflects a form of reasoning that is widespread and important in interpretation...the *a contrario* argument...(i.e. the) negative implication (or)...implied exclusion. An implied exclusion argument lies whenever there is reason to believe that if the Legislature had meant to include a particular thing within the ambit of its legislation, it would have *referred to that thing expressly*. Because of this expectation, the Legislature's failure to mention ‘the thing’ becomes grounds for inferring that *it was deliberately excluded*. Although there is no express exclusion, *exclusion is implied*.”¹⁶

Thus “whenever there is reason to believe that if the Legislature had meant to include a particular thing within the ambit of its legislation it would have *referred to that thing expressly*...(its) failure to mention the thing becomes grounds for inferring that *it was deliberately excluded*.”¹⁶

Our GM's Proposed Action Will be “Improper Governmental Action” And a Gross Waste of Public Money: NRS 281.611(1) defines “improper governmental action (a)s any action taken by a... local governmental officer or employee in the performance of the officer's or employee's official

¹⁵ “The United States Supreme Court has applied th(is) maxim...in a string of decisions, with the result that a clear standard for its application has emerged for determining whether an implied private cause of action may be inferred from a statute” [see *Nunez v. Sahara Nevada Corp.*, 677 F. Supp. 1471, 1473-1474 (D. Nev. 1988)].

¹⁶ See <http://www.duhaime.org/LegalDictionary/E/ExpressioUniusEstExclusioAlterius.aspx>.

duties, whether or not...within the scope of employment of the officer or employee, which is:

- (a) In violation of any state law or regulation;
- (b) If the officer or employee is a local governmental officer or employee, in violation of an ordinance of the local government;
- (c) An abuse of authority;
- (d) Of substantial and specific danger to the public health or safety; or
- (e) A gross waste of public money.

That's exactly what we have here!

GIDs Take Action Through *Collective* Board Resolution, Rather Than the Whim of Any Individual Member: This is another aspect of the proposed agenda item I take issue with. When Tri-Strategies was first retained by the Board, Eddie Ableser made it crystal clear to the Board and the public that Tri-Strategies would *only* take direction from the Board as a whole rather than any individual trustee. *So what has changed?*

Moreover, current Board Policy mandates that IVGID's position on legislative matters must first "be reviewed and approved by the Board (as a whole) at its regular meeting(s)." Not the Board Chairperson or our GM acting on his/her individual behalf, but rather, the Board acting collectively.

Finally, as one examines NRS 318 as to the powers a GID possesses, *nowhere* do we see that those powers may be exercised by any individual trustee. Rather, the statutes only speak to "the Board" as a whole. Yet here our GM is proposing these powers be exercised only by himself or the Board Chair.

This Proposed Expenditure is Improperly Funded by the RFF/BFF and the Utility Rates, Tolls and Charges Local Residents Pay: We've had this discussion before. Examine Schedule B-10 at page 8 of the current budget¹⁷. This page depicts revenues assigned to the District's General Fund. Note the total \$5,043,240¹⁸. Now compare this number to budgeted expenses¹⁹; \$5,170,249²⁰. The two numbers essentially balance each other²¹.

¹⁷ This budget appears at https://www.yourtahoeplace.com/uploads/pdf-ivgid/FINAL_IVGID_2020.2021_APPROVED_BUDGET_FORM_4404LGF.pdf. This page is attached as Exhibit "A" to this written statement.

¹⁸ I have placed an asterisk next to this number on Exhibit "A."

¹⁹ This page is attached as Exhibit "B" to this written statement.

²⁰ I have placed an asterisk next to this number on Exhibit "B."

²¹ I understand budgeted expenditures exceed revenues by roughly \$127,000. However, that excess is covered by a draw down of the beginning fund balance of \$3,935,986¹⁸.

But wait. In order to balance the District's General Fund, an infusion of \$1,471,440 is required¹⁸. And lucky for staff, this has been manufactured from "central services cost" revenues. According to staff these revenues come from transfers of the reasonable value of services the District's General Fund allegedly provides to the District's Community Services (i.e., recreation), Beach and Utility Funds. But according to Aaron, these transfers are nothing more than subsidies, just like the RFF and BFF, necessary to offset budgeted over spending assigned to the District's General Fund.

Page 8 of the Budget is the District's "Central Services Cost Allocation Plan" adopted pursuant to NRS 354.613(1)(c)²². There the reader can see that: \$106,046 has been budgeted to be transferred from the Beach Fund, \$392,709 has been budgeted to be transferred from the Utility Fund, and \$972,865 has been budgeted to be transferred from the Community Services Fund. And since the District's Community Services and Beach Funds have been intentionally budgeted to overspend, some of that overspending is the central services cost transfers to the General Fund²³, and that overspending is subsidized by the RFF and BFF respectively, the central services cost transfers to the General Fund come from the RFF, BFF and utility rates, tolls and charges paid by local parcel owners.

Why Exactly Has Our GM Agendized This Matter For Possible Action When if Justified, He Has the Unilateral Power to Contract With Tri-Strategies: Policy 3.1.05(f) instructs that,

"Contracts proposed and/or estimated to exceed \$50,000 must be approved by the Board of Trustees. The General Manager has the (unilateral) authority to execute contracts, not to exceed \$50,000, so long as the funds were budgeted for the specific purpose."

Given our GM's proposed contract with Tri-Strategies involves the expenditure of far less than \$50,000²⁴, why exactly has he brought this contract to the Board for approval?

Conclusion: Nearly every one of my written statements attempts to identify one or more problems with powers IVGID staff and the Board exercise. Each statement includes a detailed discussion about a specific problem, how we got there, and what I view is required to remedy the problem. And here I have provided yet another example. *Dillion's Rule* instructs that if there be any doubt as to whether a local government may legitimately exercise a particular power, that doubt *shall* be resolved *against its exercise*. Although I do not believe there to be any doubt insofar as legislative advocacy is concerned, assuming *arguendo* there is, whether it is appropriate for un-elected staff or just one Board Trustee to authorize lobbying the Legislature for/against proposed legislation on the District's behalf, must be resolved *against IVGID*. I urge the Board to stop staff from wasting local property owners' RFF and BFF on "pie-in-the-sky" endeavors such as this one it has no power to pursue.

²² This page is attached as Exhibit "C" to this written statement.

²³ When one budgets to overspend, it is disingenuous to argue that any particular expenditure hasn't contributed to that overspending.

²⁴ See page 69 of the 1/13/2021 Board packet.

Moreover, I object to the Board abdicating power to an un-elected GM to represent the District's position on State legislative matters to the Legislature. Especially when the interests of our non-resident GM do not coincide with those of us who are residents.

Board members can stick their collective heads in the sand and deny there are problems (because one can "bring a horse to water, but one cannot make him drink"). They can defer to the biased arguments from a less than forthright staff and attorney *who are part of the problem*. They can look for ways to attack and marginalize critics like me who are nothing more than messengers, making us the focus of attention rather than the issues we have identified. Or they can just do the right thing and recognize IVGID for the limited purpose local government it really is, and start acting like one! And to those asking why our RFF/BFF are as high as they are and never seem to go down, now you have another example of the reasons why.

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

EXHIBIT "A"

REVENUES	(1)	(2)	(3) BUDGET YEAR ENDING 06/30/21	
	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	TENTATIVE APPROVED	FINAL APPROVED
Taxes:				
Property Tax	1,615,540	1,690,000	1,770,000	1,770,000
Personal Property Tax	17,871	12,000	12,000	12,000
Subtotal Taxes	1,633,411	1,702,000	1,782,000	1,782,000
Intergovernmental:				
Consolidated Tax (CTX)	1,440,607	1,489,000	1,494,000	1,407,000
LGTA tax	249,615	249,000	249,000	249,000
State Grants	-	-	-	-
Subtotal Intergovernmental	1,690,222	1,738,000	1,743,000	1,656,000
Miscellaneous:				
Investment income	327,815	275,000	131,400	131,400
Other	2,002	2,000	2,400	2,400
Central Services Cost Allocation	1,169,400	1,367,400	1,471,440	1,471,440
Subtotal Other	1,499,217	1,644,400	1,605,240	1,605,240
SUBTOTAL REVENUE ALL SOURCES	4,822,850	5,084,400	5,130,240	5,043,240
OTHER FINANCING SOURCES				
Transfers In (Schedule 1)	-	-	-	-
Sale of capital assets	-	-	-	-
Proceeds of Long-term Debt				
Other				
SUBTOTAL OTHER FINANCING SOURCES	-	-	-	-
BEGINNING FUND BALANCE				
Prior Period Adjustments	800,000			
Residual Equity Transfers				
TOTAL BEGINNING FUND BALANCE	2,522,786	3,765,586	3,935,986	3,935,986
TOTAL AVAILABLE RESOURCES	8,145,636	8,849,986	9,066,226	8,979,226

Incline Village General Improvement District

SCHEDULE B - GENERAL FUND

EXHIBIT "B"

EXPENDITURES BY FUNCTION AND ACTIVITY	(1)	(2)	(3) BUDGET YEAR ENDING 06/30/21	
	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	TENTATIVE APPROVED	FINAL APPROVED
GENERAL GOVERNMENT				
General Administration				
Salaries and Wages	40,757	29,100	29,967	29,967
Employee Benefits	17,980	18,700	20,311	20,311
Services and Supplies	524,466	420,000	434,718	479,718
Subtotal General Administration	583,203	467,800	484,996	529,996
General Manager				
Salaries and Wages	244,421	270,000	265,714	265,714
Employee Benefits	105,047	115,000	115,751	115,751
Services and Supplies	69,361	60,000	56,340	56,340
Subtotal General Manager	418,829	445,000	437,805	437,805
Trustees				
Salaries and Wages	102,992	104,000	106,114	106,114
Employee Benefits	27,822	32,400	32,904	32,904
Services and Supplies	45,068	45,000	77,000	77,000
Subtotal Trustees	175,882	181,400	216,018	216,018
Accounting				
Salaries and Wages	572,025	592,500	611,635	611,635
Employee Benefits	252,081	275,000	323,754	323,754
Services and Supplies	60,134	70,000	77,636	77,636
Subtotal Accounting	884,240	937,500	1,013,025	1,013,025
Information Services & Technology				
Salaries and Wages	426,004	484,000	494,412	409,070
Employee Benefits	191,122	250,000	288,096	246,800
Services and Supplies	211,242	300,000	360,817	360,817
Subtotal Information Services	828,368	1,034,000	1,143,325	1,016,687
Risk Management				
Salaries and Wages	81,841	-	-	-
Employee Benefits	40,039	-	-	-
Services and Supplies	15,139	-	-	-
Subtotal Risk Management	137,019	-	-	-
Human Resources				
Salaries and Wages	431,911	532,600	551,976	551,976
Employee Benefits	203,821	304,000	304,561	304,561
Services and Supplies	46,662	115,000	129,196	129,196
Subtotal Human Resources	682,394	951,600	985,733	985,733
Health & Wellness				
Salaries and Wages	18,446	16,500	16,496	14,936
Employee Benefits	5,875	6,900	9,274	6,235
Services and Supplies	4,495	5,000	21,475	21,475
Subtotal Health & Wellness	28,816	28,400	47,245	42,646
Communications				
Salaries and Wages	95,076	96,300	91,868	91,868
Employee Benefits	43,559	48,000	54,803	54,803
Services and Supplies	55,763	84,000	131,518	131,518
Subtotal Communications	194,398	228,300	278,189	278,189
Capital Outlay				
General Government	64,972	340,000	370,150	650,150
Information Services & Technology	56,285			
Subtotal Capital Outlay	121,257	340,000	370,150	650,150
FUNCTION SUBTOTAL	4,054,406	4,614,000	4,976,486	5,170,249

Incline Village General Improvement District

SCHEDULE B - GENERAL FUND

General Government

EXHIBIT "C"

**Incline Village General Improvement District
Central Services Cost Allocation Plan**

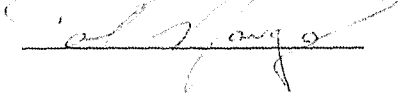
For the Fiscal Year Ending June 30, 2021

	General	Utility	Championship Golf	Mountain Golf	Facilities	Ski	Recreation Center	Parks	Tennis	Comm. Services Admin	Beach	Internal Services	Total District
Base Cost													
Budgeted FTE by Fund Allocation	22.5 8.70%	35.4 13.74%	39.2 15.18%	10.9 4.22%	1.4 0.56%	75.9 29.41%	21.2 8.22%	7.7 3.00%	1.5 0.60%	3.3 1.27%	21.1 8.17%	17.8 6.92%	257.9 100%
Budgeted Wages by Fund Allocation	\$ 2,081,280 14.69%	\$ 2,921,780 20.62%	\$ 1,616,161 11.40%	\$ 409,731 2.89%	\$ 88,583 0.63%	\$ 3,135,849 22.13%	\$ 1,037,021 7.32%	\$ 313,796 2.21%	\$ 108,530 0.77%	\$ 147,970 1.04%	\$ 810,930 5.72%	\$ 1,499,515 10.58%	\$ 14,171,146 100%
Budgeted Benefits by Fund Allocation	\$ 1,105,120 18.99%	\$ 1,449,604 24.91%	\$ 509,946 8.76%	\$ 117,206 2.01%	\$ 47,500 0.82%	\$ 1,050,665 18.05%	\$ 327,605 5.63%	\$ 82,979 1.43%	\$ 28,038 0.48%	\$ 61,384 1.05%	\$ 221,093 3.80%	\$ 819,153 14.07%	\$ 5,820,293 100%
Budgeted Services & Supplies by Fund Allocation	\$ 1,288,700 8.93%	\$ 3,341,969 23.17%	\$ 2,289,792 15.87%	\$ 551,971 3.83%	\$ 394,378 2.73%	\$ 3,450,786 23.92%	\$ 729,896 5.06%	\$ 413,837 2.87%	\$ 79,190 0.55%	\$ 184,372 1.28%	\$ 768,230 5.33%	\$ 932,642 6.47%	\$ 14,425,763 100%
Budgeted Accounting - Invest. Int. \$ 880,590 Percentage of Costs Allocated 80%													
Allocation based on Services & Supplies	62,933	163,203	111,820	26,955	19,259	168,517	35,644	20,209	3,867	9,004	37,516	45,545	\$ 704,472
Blended Allocation	14%	20%	12%	3%	1%	23%	7%	2%	1%	1%	6%	11%	
Budgeted Human Resources HR + 20% Accounting \$ 985,735 \$ 1,161,853													
Based on Wages, Benefits & FTE	164,124	229,507	136,887	35,345	7,736	269,526	81,989	25,714	7,156	13,056	68,530	122,283	\$ 1,161,853
Central Services Cost Allocation	\$ 394,885	\$ 392,709	\$ 248,707	\$ 62,301	\$ 26,995	\$ 438,043	\$ 117,633	\$ 45,923	\$ 11,023	\$ 22,060	\$ 106,046		\$ 1,866,325
Annual Billing for Adopted Budget	\$ 392,709	\$ 248,707	\$ 62,301	\$ 26,995	\$ 438,043	\$ 117,633	\$ 45,923	\$ 11,023	\$ 22,060	\$ 106,046			\$ 1,471,440 ★

Prepared and calculated in accordance with NRS 354.613 Subsection 1c and IVGID Board Policy 18.1.0

Note: The basis for Services & Supplies for the Central Services Cost Allocation differs from the Budgeted Services & Supplies by excluding costs for the allocation itself.

By: Paul Navazio, Director of Finance



WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS JANUARY 13, 2021 REGULAR IVGID BOARD MEETING – AGENDA ITEM C – PUBLIC COMMENTS – THE TENS OF THOUSANDS OF DOLLARS OF OUR RECREATION (“RFF”) AND BEACH (“BFF”) FACILITY FEES WHICH ARE NEEDLESSLY SPENT ON MEMBERSHIP DUES IN ALL SORTS OF THIRD PARTY ORGANIZATIONS – HERE THE NATIONAL RECREATION AND PARKS ASSOCIATION

Introduction: IVGID staff repeatedly tell the Board and the public that the purpose of the RFF/BFF are to make the public’s recreational and beach facilities “available” to be accessed and used by the owners/occupants of those parcel/dwelling units which are involuntarily assessed¹. However, that’s not true. As I have demonstrated so many times before², they pay for the difference between budgeted revenues and intentional over spending assigned by staff to the District’s Community Services and Beach Funds, respectively. In fact, ever since former Finance Director Gerry Eick invented the term “smoothing,” the RFF/BFF have paid for far *more* than that difference³. After all, how else can one explain the rapid increase in Community Services and Beach Fund balances⁴? And one

¹ See pages 107-116 of the packet of materials prepared by staff in anticipation of the Board’s May 27, 2020 meeting [“the 5/27/2020 Board packet” (https://www.yourtahoepalace.com/uploads/pdf-ivgid/BOT_Packet_Regular_5-27-2020.pdf)].

² The latest being page 339 of the packet of materials prepared by staff in anticipation of the Board’s July 22, 2020 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/0722_-_Regular_-_Searchable.pdf (“the 7/22/2020 Board packet”)] which made reference to: footnote 5 at pages 468-469 of the packet of materials prepared by staff in anticipation of the Board’s April 10, 2019 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/BOT_Packet_Regular_4-10-19.pdf (“the 4/10/2020 Board packet”)]; and, pages 82-83 of the packet of materials prepared by staff in anticipation of the Board’s June 13, 2018 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/BOT_Packet_Regular_6-13-2018.pdf (“the 6/13/2018 Board packet”)].

³ See pages 138-145 of the packet of materials prepared by staff in anticipation of the Board’s July 20, 2017 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/BOT_Packet_Regular_7-20-17.pdf (“the 7/20/2017 Board packet”)]

⁴ See pages 267-268 of the 7/22/2020 Board packet. On June 30, 2011 the unrestricted balance assigned by staff to the District’s Community Services Fund was \$4,226,167 [see page 25 of the Comprehensive Annual Financial Report (“CAFR”) ending June 30, 2011 (“the 2011 CAFR”)]. Yet as of June 30, 2020, staff had estimated this fund’s balance would total \$12,360,444 [see page 24 of the packet of materials prepared by staff in anticipation of the Board’s May 7, 2020 meeting {“the 5/7/2020 Board packet” (https://www.yourtahoepalace.com/uploads/pdf-ivgid/5-7-2020_Workshop_Packet.pdf)}]. Similarly, I documented that on June 30, 2011 the unrestricted balance assigned by staff to the District’s Beach Fund was \$1,177,762 [see page 586 of the packet of materials prepared by staff in anticipation of this June 23, 2020 meeting {“the 6/23/2020 Board packet” ([1](https://www.yourtahoepalace.com/uploads/pdf-</p></div><div data-bbox=)

category of those expenditures is the dozens of memberships in all sorts of third party organizations having nothing to do with making recreational and beach facilities available to be used by *anyone*! For this reason on July 21, 2020 I made a public records request to examine records evidencing:

1. All third party group or organization wherein IVGID was a member in 2019;
2. To the extent not already included in paragraph 1 above, any IVGID department or venue which in 2019 was a member of a third party group or organization;
3. To the extent not already included in paragraphs 1 or 2 above, any IVGID employee which in 2019 was a member of a group or organization wherein IVGID paid or reimbursed the employee's membership dues in that group or organization;
4. The yearly membership dues paid or reimbursed by IVGID in each such group or organization identified in paragraphs 1, 2 and 3 above; and,
5. Any additional fees paid to or associated with in any manner whatsoever any such group or organization identified in paragraphs 1, 2 and 3 above, together with records evidencing the reasons for such payments. Examples but not limitations of such fees would extend to continuing education, meetings, conferences, lodging associated therewith, transportation associated therewith, food associated therewith, per diem associated therewith, etc.

My intent was to discover the dozens of third party organizations I believe IVGID is a member of, and for which the RFF/BFF are used to pay yearly membership fees and conference attendance.

On August 21, 2020 IVGID's Public Records Officer, Susan Herron, provided "the dues/ subscriptions (she had)...located, to date, in response to (my) request" which consisted of twenty-three (23) organizations she admittedly did "not feel...(wa)s complete." So she stated she would "continue to work on (my) request."

As I went through the records provided, my intent was and is to share what I discover with the public. And here I share records pertaining to the twenty-fourth (24th) such organization; the National Recreation & Parks Association ("NRPA"). These are the purposes of this written statement.

NRPA⁵: In response to my initial request, Ms. Herron provided no records whatsoever identifying NRPA as one of the third party organizations in which IVGID or at least one of its

ivgid/BOT_Packet_Regular_Part2_06_23_2020.pdf}}. Yet as of June 30, 2020, staff had estimated this fund's balance would total \$2,159,282 (see page 25 of the 5/7/2020 Board packet).

⁵ Go to <https://www.nrpa.org/>.

employees was or is a member. It was only after I asked to examine Samantha Gough's⁶ procurement card purchases and Ms. Herron provided a summary of those charges, that I discovered NRPA. I am certain Ms. Herron hid the existence of NRPA because as the reader will see, procurement card charges to NRPA were made on January 9, 2020.

What is the NRPA? According to its web site⁷, "the...NRPA is the leading not-for-profit organization dedicated to building strong, healthy and resilient communities through the power of parks and recreation. NRPA advances this vision by investing in and championing the work of park and recreation professionals as a catalyst for positive change in service of equity, climate-readiness, and overall health and well-being."⁸ Its mission statement is "to advance parks, recreation and environmental conservation efforts that enhance the quality of life for all people."⁸ NRPA claims to "advance this (mis)sion by investing in and championing the profession as a catalyst of positive change for equity, climate readiness and overall well-being."⁸

IVGID is Paying At Least \$875 Annually to the NRPA For Up to Twenty (20) of its Parks', Recreation's, Recreation Center's and Recreation Programming Employees' "Premiere" Membership in the NRPA⁹: We know this because when Ms. Herron provided a summary of Samantha Gough's procurement card purchases, \$875 of charges were reflected for "members' dues. A copy of the portion of the summary where those charges appear is attached as Exhibit "A" to this written statement¹⁰.

Membership: Like most other third party lobbying groups, "NRPA members receive special discounts, news, exclusive education and networking opportunities, advocacy support, grant opportunities, and much more to help them be successful...assets they cannot get anywhere else."¹¹ Meaningless stuff such as:

⁶ According to Transparent Nevada, Ms. Gough is a Parks Supervisor (go to <https://transparentnevada.com/salaries/search/?a=incline-village-general-improvement-district&q=gough&y=2019>).

⁷ Go to <https://cprs.org/about-us-cprs>.

⁸ Go to <https://www.nrpa.org/about-national-recreation-and-park-association/>.

⁹ Go to <https://www.nrpa.org/membership/premier/>.

¹⁰ The chart of account numbers ("COA") next to the asterisks placed on the exhibit, according to the District's legend of accounts (go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/Account_Structure-All_legend_7-1-19.pdf), reveal that \$240 of the cost was assigned to fund "370" (parks), and \$635 of the cost was assigned to fund "350" [recreation programming which operates out of the Recreation Center (which explains why Department "48" which corresponds to the Recreation Center is indicated)].

¹¹ Go to <https://www.nrpa.org/membership/member-benefits/>.

- 1) “The member rate to NRPA Annual Conferences;”
- 2) “The member rate to NRPA’s various schools;”
- 3) “Discounted member rate(s) on...online learning opportunities such as online courses and webinars;”
- 4) “Discounted rate(s) on Career Center postings and access to an array of job resources;”
- 5) “Discounts on subscriptions to the *Journal of Leisure Research* and the *Therapeutic Recreation Journal*;”
- 6) “Discount(s) on all (NRPA) publications, resources and apparel;”
- 7) Access to “Park and Recreation Executive (‘CPRE’)...Park and Recreation Professional (‘CPRP’), Aquatic Facility Operator (‘AFO’), and...Playground Safety Inspector (‘CPSI’)... certifications;”
- 8) “Volunteer...opportunities...for NRPA’s...Networks, Committees and Board;”
- 9) “Networking” opportunities (“members can engage in discussions with like-minded members on various interests, topics, issues”);
- 10) “Weekly and monthly newsletters;”
- 11) A “monthly member magazine;”
- 12) Access to “NRPA's official blog and podcast(s);” and,
- 13) “Advocacy Support” (“legislative updates and advocacy news”).

Is any of this necessary to operate a recreation program? What about to staff a check in desk at the Recreation Center? What about a pool lifeguard?

What Does Any of This Have to Do With Making the Public’s Recreational Facilities Available to be Used by Those Parcels/Dwelling Units Which Are Involuntarily Assessed the RFF? And for \$875 annually?

The NRPA Awards Program: According to its web site¹², “the National Recreation and Parks Association awards programs highlight the efforts of those who go above and beyond to make a difference in the community.” Its “awards program consists of the National Gold Medal Award, and

¹² Go to <https://www.nrpa.org/our-work/awards/>.

the NRPA Awards which include Innovation Awards¹³, Spotlight Awards¹⁴, Scholarships and Fellowships¹⁵ ...the National Gold Medal Award¹⁶ ...and the Robert W. Crawford Hall of Fame¹⁷.”¹⁸

IVGID employees are notorious for spending public time and money applying for inconsequential “awards” such as those offered by the NRPA which are used to justify their worth/over compensation and over benefits. Have you ever walked into the Rec Center and seen staff’s wall of awards?

An Example of Staff’s Lack of Transparency and Deceit So You Wouldn’t Otherwise Learn of This Expense Were it Not For This Written Statement: Staff revels in the notion they believe they are transparent in their financial reporting¹⁹. “In an effort to enhance transparency in financial reporting, IVGID...allows citizens to explore IVGID’s financial data online.”¹⁹ IVGID assigns a COA Name and Number to every one of its expenditures so they can be readily retrieved for financial reporting purposes. According to IVGID’s legend to its COA structure²⁰, this expenditure has been assigned the

¹³ These awards “recognize and honor the latest advancements in the field of parks and recreation... through innovative practices in park design, health and wellness, conservation, and social equity” (go to <https://www.nrpa.org/our-work/awards/innovation-awards/>).

¹⁴ These “awards are presented to individuals to honor their efforts...in the field of parks and recreation. Award winners include park and recreation professionals, volunteers, engaged community members and park advocates” (go to <https://www.nrpa.org/our-work/awards/spotlight-awards/>).

¹⁵ The(se) scholarships and fellowships provide recipients with the opportunity to attend...the NRPA Annual Conference...Recipients receive complimentary NRPA Annual Conference registration, a travel stipend and hotel expenses reimbursed” (go to <https://www.nrpa.org/careers-education/scholarships/>).

¹⁶ “The National Gold Medal Award honors communities throughout the United States that demonstrate excellence in long-range planning, resource management and innovative approaches to delivering superb park and recreation services with fiscally sound business practices” (go to <https://www.nrpa.org/our-work/awards/goldmedal/>).

¹⁷ “Nominee(s) must have made an extraordinary and lasting contribution to the advancement of the park and recreation movement...consistent with the mission of the National Recreation and Park Association, the American Academy of Park and Recreation Administration and predecessor organizations (with the understanding)...no nominee shall be considered until at least five years after their death” (go to <https://www.nrpa.org/our-work/awards/halloffame/>).

¹⁸ Go to <https://www.nrpa.org/our-work/awards/about-nrpa-awards/>.

¹⁹ Go to <https://www.yourtahoeplace.com/ivgid/financial-transparency>.

²⁰ This document is a useful tool to our Board of Trustees, Staff, and our public. This legend...is a useful tool to our Board of Trustees, staff, and our public (and it)...includes four elements – Fund, Department, Division, and Object. This legend (is)...especially helpful in understanding the coding on

following two sets of four COA numbers each: 370.43.780.7430, and 350.48.990.7340²¹. The first series of numbers corresponds to: uniforms associated with services provided by parks. The second corresponds to: dues and subscriptions associated with programming administered out of the Recreation Center. How would one know that truthfully, both expenditures were nothing more than payment of a series of memberships in the NPRA? And what does this have to do with a legitimate public benefit? I submit *NOTHING!*

Thus These Expenditures Were Not Only *NOT* Necessary, They Were Improperly Paid For With the RFF:

Now My Question to Our GM Indra Winquest: WHY DIDN'T YOU TELL THE BOARD AND THE PUBLIC ABOUT THIS TOTALLY IMPROPER EXPENDITURE WHEN YOU PRESENTED YOUR ANNUAL 2020-21 Budget?

And My Question to the IVGID Board: WHY DIDN'T YOU UNCOVER THIS TOTALLY IMPROPER EXPENDITURE WHEN YOU APPROVED THE LATEST 2020-21 BUDGET?

But Wait, There's More: It's not just the NRPA the District's parks and recreation employees are members of. Did you know there's also the Nevada Recreation and Park Society²² ("NRPS")? Ms. Herron did not provide records evidencing IVGID's membership in this organization. But I know that several years ago IVGID hosted the NRPS' annual convention. Which means some number of the District's employees were members. And if members once, why not again?

And there's the California Recreation and Park Society ("CRPS"). At the Board's September 30, 2020 meeting I submitted a written statement²³ wherein I provided evidence that at least one of the District's employees (Gwynne Cunningham) was/is a CRPS member. Are we to believe Ms. Cunningham is the only IVGID employee to be a member? I am continuing to investigate whether IVGID employees are members of the NRPS and CRPS. And if I secure evidence, I will share it with the public. This raises the question: if one of these third party organizations is good, why not three or more?

Since This is the Twenty-Fourth (24th) of What I Suspect Will be a Series of Additional Similar Inappropriate Third Party Membership Expenses, Let's Continue the Tally:

our...Payment of Bills located on our website" (see <https://www.yourtahoeplace.com/ivgid/financial-transparency/legend-of-our-account-structure>).

²¹ These numbers appear on Exhibit "A."

²² Go to <https://nevadarecreationandparkssociety.wildapricot.org/>.

²³ See pages 209-215 of the packet of materials prepared by staff in anticipation of the Board's October 27, 2020 meeting ["the 10/27/2020 Board packet" (https://www.yourtahoeplace.com/uploads/pdf-ivgid/1027_-_Regular_-_Searchable_1.pdf)].

Organization	Yearly Dues	Running Total
BEAR League	\$ 250	\$ 250
Nev Rural Water Ass'n	\$ 343	\$ 593
North Nev Consort Coop Purchases	\$ 30	\$ 623
T-NT Transport Mgmt Ass'n	\$ 2,000	\$ 2,623
North Tahoe Bus Ass'n	\$ 300	\$ 2,923
NLT Conv & Visitors Bureau	\$ 4,050	\$ 6,973
Reno Tahoe Territory	\$ 150	\$ 7,123
Nevada League of Cities	\$ 3,968	\$ 11,091
Nat'l Ski Areas Ass'n	\$ 4,876	\$ 15,967
Travel/Lodging/Registration/NSAA Symposium	\$ 1,810 ²⁴	\$ 17,777
Ski California	\$ 4,578	\$ 22,355
SnoCountry	\$ 1,215	\$ 23,870
STOKE	\$ 700	\$ 24,570
Nat'l Golf Foundation	\$ 250	\$ 24,970
U.S. Golf Ass'n	\$ 150	\$ 25,120
Prof'l Golfers' Ass'n	\$ 3,921	\$ 29,041
Northern California Golf Ass'n	\$ 280	\$ 29,321
Unreimb Private NCGA Memberships	\$ 7,011 ²⁵	\$ 36,332
Ass'n of Golf Merchandisers	\$ 225	\$ 34,297
Nat'l Recreation & Parks Society	\$ 875	\$ 35,172
California Parks & Recreation Society	\$ 95	\$ 35,267
Int'l Society of Arboriculture	\$ 576	\$ 35,843
Society of Municipal Arborists	\$ 150	\$ 35,993
Tree City U.S.A.	\$ 20,000	\$ 55,993

²⁴ This is an estimated annual amount as the average of 2019-20 travel and convention charges made by Paul Raymore. And it is probably low given our PRO has not provided records evidencing all such convention/symposium travel expenses.

²⁵ Although I have asked staff, including our GM, to provide evidence that any of these expenditures was reimbursed by/on behalf of those individuals who were directly benefited, none has been forthcoming. Moreover, on December 15, 2020 staff publicized the fact that the Camp Golf Pro Shop was administering the payment of private NCGA memberships. For the first time in memory staff asked that members of the public reimburse IVGID for NCGA's membership fees. Since this is the first time that staff have asked members of the public for reimbursement, and this publication has only occurred as a result of my bringing this wrongdoing to the Board's and the public's attention, to me this is an admission by means of conduct that up until now, staff have never secured reimbursement. Therefore insofar as I am concerned, these charges have *not* been reimbursed.

Conclusion: The District's employees' various memberships in an organization which offers them "networking opportunities" and an advocacy organization "for Parks & Recreation" issues has little if anything to do with making local property owners' "availability" to access and use public recreational facilities more affordable. In fact, I submit it has the exact opposite result. If our public employees were precluded from pursuing membership in meaningless, self-promoting organizations such as the current one under review, at least at local property owners' expense, I predict we would need a whole lot less employees. But then that would be counter-productive to one of the major purposes for IVGID's existence²⁶; providing over compensated and over benefited employment²⁷ to persons *who mostly do not even live in Incline Village/Crystal Bay*. I therefore ask the Board to direct staff to discontinue expenditures such as the subject one, and to reduce the RFF by a like amount.

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

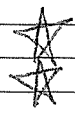
Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

²⁶ At least insofar as our public employees are concerned. In fact according to them, "the employees of the District continue to be our most important and valued asset" [see page 116 of the 2019-20 Budget (https://www.yourtahoeplace.com/uploads/pdf-ivgid/2019-20_Operating_Budget.pdf)].

²⁷ IVGID is Incline Village's largest employer admitting to generating 1,012 or more W-2s annually⁶.

EXHIBIT "A"

	A	B	C	D	E	F	G	H	I
1	Cardholder Name	Transaction Date	Merchant Name	Amount	Description				
2	Gough, Samantha	2/10/2020	Amzn Mktp Us 6o66j06f3	\$ 41.99					
3	Gough, Samantha	2/3/2020	Amzn Mktp Us Iy0e62ku3	\$ 103.42	\$103.42 tool battery	390-	39-	780-	7415
4	Gough, Samantha	2/2/2020	Wheniwork.Com	\$ 30.00	\$30.00 subscription sch	390-	39-	780-	7340
5	Gough, Samantha	2/2/2020	Amzn Mktp Us 307166fv3	\$ 220.70	\$220.70 tool batteries	390-	39-	780-	7415
6	Gough, Samantha	2/2/2020	Amzn Mktp Us 307166fv3	\$ 220.71	\$220.71 tool batteries	370-	43-	780-	7415
7	Gough, Samantha	2/2/2020	Amzn Mktp Us Va6up0jh3	\$ 17.98	\$17.98 cell screen etc	390-	39-	780-	7415
8	Gough, Samantha	1/29/2020	Rookies Sports Bar And Gr	\$ 65.94	\$65.94 empl recog	390-	39-	780-	7350
9	Gough, Samantha	1/26/2020	Pp Adobe Inc	\$ 9.99	dues	390-	39-	780-	7340
10	Gough, Samantha	1/9/2020	National Recreation &	\$ 240.00	\$240 NRPA members dues	370-	43-	780-	7430
11	Gough, Samantha	1/9/2020	National Recreation &	\$ 635.00	\$635 NRPA Members dues	350-	48-	990-	7340
12	Gough, Samantha	1/9/2020	Amzn Mktp Us 3174w38l3	\$ 41.97	office supplies	390-	39-	780-	7415
13	Gough, Samantha	1/9/2020	Amazon.Com C71dl1743	\$ 14.23	Training supplies	390-	39-	780-	7415
14	Gough, Samantha	1/8/2020	Amzn Mktp Us Ba5ru8gg3	\$ 27.22	\$27.22 office supplies pens	390-	39-	780-	7415
15	Gough, Samantha	1/7/2020	Amazon.Com 4g9lv4lz3	\$ 19.99	\$19.99 cell case	390-	39-	780-	7415
16	Gough, Samantha	1/2/2020	Hd Supply Facilities Mai	\$ 715.90	\$715.90 vio parking tags	390-	39-	710-	7415
17	Gough, Samantha	1/2/2020	Wheniwork.Com	\$ 30.00	\$30.00 dues software	390-	39-	780-	7340
18	Gough, Samantha	1/2/2020	Amzn Mktp Us 8t74t5h73	\$ 28.21	\$28.21 gloves	390-	39-	780-	7415
19	Gough, Samantha	12/27/2019	Amazon.Com Xn7mt74q3	\$ 18.80	\$18.80 sealant	390-	39-	780-	7415
20	Gough, Samantha	12/27/2019	Amzn Mktp Us 401k27w53	\$ 48.16	\$48.16 gloves	390-	39-	780-	7415
21	Gough, Samantha	12/26/2019	Pp Adobe Inc	\$ 9.99	\$9.99 Dues adobe	370-	43-	780-	7340
22	Gough, Samantha	12/23/2019	Smartsign	\$ 603.25	\$603.25 parking notice	390-	39-	780-	7415
23	Gough, Samantha	12/20/2019	Amzn Mktp Us K38hj1x13	\$ 15.99	\$15.99 box	390-	39-	780-	7415
24	Gough, Samantha	12/18/2019	Amzn Mktp Us LI71c65w3	\$ 97.58	\$97.58 CAT note bk	390-	39-	780-	7415
25	Gough, Samantha	12/14/2019	Esri	\$ 700.00	\$700.00 Arc GIS 12-16-19	390-	39-	780-	7340
26	Gough, Samantha	12/11/2019	Amzn Mktp Us Sn26v89f3 Am	\$ 159.80	\$159.80 vests 12-12-19	390-	39-	780-	7415
27	Gough, Samantha	12/10/2019	Amzn Mktp Us Ip64h0i63	\$ 599.25	\$599.25 Vests 12-11-19	390-	39-	780-	7415
28	Gough, Samantha	12/10/2019	Amzn Mktp Us 9381963f3	\$ 199.75	\$199.75 vests G.P. 12-11-19	390-	39-	780-	7415
29	Gough, Samantha	12/4/2019	Paypal Michco Com	\$ 73.32	\$73.32 ice melt scoops	390-	39-	780-	7415
30	Gough, Samantha	12/4/2019	Sports Turf Managers Asso	\$ 150.00	\$150 dues STMA	370-	43-	780-	7340
31	Gough, Samantha	12/2/2019	Wheniwork.Com	\$ 30.00	\$30.00 Sch software dues	390-	39-	780-	7340
32	Gough, Samantha	12/2/2019	Amzn Mktp Us Lf1zb1dq3	\$ 14.99	\$14.99 winter gear 12-3-19	390-	39-	780-	7415
33	Gough, Samantha	12/1/2019	Amazon.Com Bi85h58e3 Amzn	\$ 7.50	\$7.50 winter gear 12-2-19	390-	39-	780-	7415
34	Gough, Samantha	12/1/2019	Amzn Mktp Us 1b0874yo3 Am	\$ 158.14	\$158.14 winter gear 12-2-19	390-	39-	780-	7415
35	Gough, Samantha	11/27/2019	The Irrigation Assoc	\$ 165.78	Irrigation Association Membership fee	370-	43-	780-	7340
36	Gough, Samantha	11/27/2019	The Irrigation Assoc	\$ 165.79	Irrigation Association Membership fee	390-	39-	780-	7340
37	Gough, Samantha	11/26/2019	Pp Adobe Inc	\$ 9.99	\$9.99 dues Adobe	390-	39-	780-	7340
38	Gough, Samantha	11/23/2019	The Irrigation Assoc	\$ 1,019.00	\$1019 Irrigation conf 11-25-19	390-	39-	780-	7680
39	Gough, Samantha	11/22/2019	Amzn Mktp Us 028530wh3	\$ 988.99	\$988.99 mail box 11-25-19	390-	39-	780-	7510
40	Gough, Samantha	11/20/2019	Amzn Mktp Us Cf8d73xu3 Am	\$ 49.99	\$49.99 under hood op sup 11-21-19	390-	39-	780-	7415
41	Gough, Samantha	11/12/2019	Southwestair5269855275680	\$ 20.00	\$20.00 travel expense 11-12-19	390-	39-	780-	7685
42	Gough, Samantha	11/11/2019	Doubletree Airport	\$ 135.00	\$135.00 travel expense 11-13-19	390-	39-	780-	7685



MINUTES

SPECIAL MEETING OF JANUARY 20, 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, January 20, 2021 at 6:00 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, and Michaela Tonking.

Also present were District Staff Members Director of Finance Paul Navazio, General Manager Diamond Peak Ski Resort Mike Bandelin, and Engineering Manager Nathan Chorey.

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*

Linda Newman said two independent consultant reports have cited deficiencies as well as opportunities to improve the District's internal controls and Board policies and practices. She recommends that this Board engage Moss Adams to develop the District's internal controls across the entire spectrum of the District's activities and assist the Board in establishing unambiguous and effective Board policies and practices. As our Board, you have many fiduciary and statutory responsibilities that cannot be delegated to Senior Staff. To fulfill these duties, you must engage the professional independent resources you need to effectuate and oversee the proper management of our District. Since 2015 when Board Policies were changed to create vast ambiguities, Board members have stated the need to establish proper policies. At this stage only one Board member brought forth changes to the much needed changes in Policy for contracts and Audit committee duties. When staff was required to fix the Policy on Central Services Cost Allocations, it was done haphazardly and the related Practice was left unchanged. Now the Moss Adams report indicates that the revision by Staff was worthless since it violated GAAP. The litany of policies and practices cited in tonight's budget workshop are ill equipped to assist you in forging a 2021 Budget that responsibly appropriates

revenues, expenses and expenditures. Take action now, to get this right for the benefit of the citizens you took an oath to serve.

Aaron Katz said he will be submitted some written statements. He and Judy have been residents for going on 14 years and every year Staff presents a garbage budget especially for expenses. For the last several years, we have had Board members who didn't care. Who knew we budgeted Mr. Severance for a garbage study? Who knew we budgeted for meals for staff? Who knew we budgeted for legislative advocacy? Without a disclosure of a line item budget, you don't know what is being proposed and now Staff is proposing the same type of budget so we are going to get the same garbage budget. Put your collective feet down unless Staff puts down a line by line budget as Staff has all the information. Once this is done, we will have a zero based budget and we can see what can be deleted. Like to see the information for the services not delivered.

Cliff Dobler said in reading both the Moss Adams reports it became quite apparent that the IVGID Board policies, practices and resolutions are all quite deficient. As Trustee Dent said many times they should be shredded. In 2015, Pinkerton, Guinasso and Wong watered down policies and practices and got the Board to approve them with Trustee Callicrate voting against the changes. The very first time he met Guinasso he told him he wasn't qualified for the District's legal counsel as he was nothing more than a Workmen's Comp litigator and had no experience with contracts. His reply, which may have been smug, was I delve in ambiguity. He succeeded with ambiguity in rewriting the Board policies and practices. Wong, Guinasso and Pinkerton tried in 2018 to deflect changing anything creating a deception without Board approval to dump everything into an IVGID Code which wasted over a year and went nowhere but succeeded in delaying any changes. Some of you may recall that the Board decided to create an annual report for capital project activities. The Board fiddled around over a year developing a popular report for expenditures compared to budget. The draft report finally got close but ended up in nowhere land. A CIP report for fiscal year 2020 is nowhere to be found seven months after the close of the fiscal year. Was a policy ever written for the required annual CIP report? Never done. No policy then no need to do a report. Between all District activities at least \$10 million is spent annually and does anyone on this Board know anything about what happened in fiscal 2020? Now for this weak management team to even suggest that management rewrite policies and practices is contrary to any best business practices and absolutely absurd. Last spring when policy 18.1 dealing with central service cost allocations had to be corrected in a rush in order to comply with the law, it was drafted and approved and no one seemed to think or know that the related practice 18.2 also needed to be corrected. How would anyone on the Board and including himself consider claiming to know that policies and practices necessary for operating and

maintaining all of the different businesses in IVGID portfolio – does anyone have any idea of new items that should be added? New coherent policies and practices must be developed by an outside professional management group that has expertise in that area. Based on the Moss Adams report, and exceptional explanations given, they should be engaged to develop and provide new policies and practices and resolutions and get this past procrastination over with. Thank you.

D. APPROVAL OF AGENDA (for possible action)

Chairman Callicrate asked for changes to the agenda, none were provided so the agenda was approved as submitted.

E. GENERAL BUSINESS (for possible action)

E.1. 2021/2022 Budget Workshop (Presented by District General Manager Indra Winquest and Director of Finance Paul Navazio)

District General Manager Winquest welcomed Marty Williams to the IVGID team and introduced him to the Board and public. District General Manager Winquest gave an overview of the process for tonight and outlined expectations. Chairman Callicrate said he hoped that everyone has read over the PowerPoint presentation that was provided and hopes that we can have a good workshop. Director of Finance Navazio then went over the PowerPoint presentation. The following questions and answers were asked/answered during the presentation:

Legend: Q=Question; A=Answer

Q: Asked by Chairman Callicrate: We have been discussing over the past several Board meetings about having an external consultant working on our policies and procedures. We need to be aggressive on that and working with someone like Moss Adams. There is a lot of merit to that strategy. He doesn't want to hinder the budgeting process so if there is a way to bring in someone like a Moss Adams and get through the most immediate ones it may be a much simpler process and there may be merit to doing that so he wanted to get that out there.

A: Answered by Director of Finance Navazio: We need to focus on the key policies as they are important and it is an ongoing process. Understand the need to focus on the most important ones dealing with the budget first.

Q: Asked by Chairman Callicrate: Zero based budgeting versus line item budgeting?

A: Answered by Director of Finance Navazio: We can have a conversation about that offline.

Q: Asked by Chairman Callicrate: Can we bring in someone like a Moss Adams to work on some of these and do so rather quickly?

A: Answered by Director of Finance Navazio: Just to give an example, in the area of fund balances, just having a dollar or percent is not really a reserve policy. Most robust reserve policies speak to the need to dip into the reserve and then how to replenish it and that is an example of best practices as they go way beyond just setting a percentage and gave four examples of possible additions.

Comment made by Trustee Schmitz: One of the things that she has noticed in Policy 2.1, there is no mention in there about Internal Controls or Whistleblower and all written with the slant of Community Services and don't touch on Utility Fund or General Fund. Utility is a huge area that needs to be covered in the policies as well.

Comment made by Trustee Dent: Do like the idea of having someone like a Moss Adams come in and help us as we need to start fresh as it is a step in the right direction and possibly blending them with what we have.

Comment made by Trustee Tonking: Thank you for the representation and the comments about reserves and she appreciates the input on any other policies, etc. that need to be improved.

Comment made by Trustee Schmitz: Believe that Moss Adams made some recommendations on cost allocation and that is something that we should do; made some good recommendations that we take under advisement.

Response from Director of Finance Navazio: There are different approaches on this topic and it is open for discussion.

Comment made by Chairman Callicrate: Decision made by a Board in the early 2000's to have venues breakeven or make some money and it all started with the new Chateau and it has been dragging around. This Board needs to say that was well and good for the time and we need to make this make sense for our community as of today. We need to have that discussion as a Board and then decide where we are going to land as this is critically important; glad that you put this in here as it is important to this next

budgeting cycle. We will need feedback from the community on this topic because it has been kicked around too much.

Response from Director of Finance Navazio: Gets to the core of what the business model is for the District and lack of consensus on what that business model should be.

Comment made by Trustee Schmitz: One of the things she has talked about for the past year, as it relates to Parks and amenities available to the general public and that aren't restricted to the property owners, those should be in the General Fund. Her feeling is that things that are open to the general public, and Parks are a perfect example, those things should be moved over to the General Fund.

Response from Director of Finance Navazio: An issue that we will want to look at is that we get our General Fund as a share from the property tax that is paid here and that is allocated by Washoe County. It struck him that IVGID gets the smallest share of any other local government in Washoe County and curious to see if we are the lowest in Nevada. There is a lot of validity to Trustee Schmitz' argument and if that is something that we want to pursue, he would like to have that conversation with Washoe County such that others are getting a larger share when they have parks.

Comment made by Trustee Schmitz: Asked about other allowances such as employee.

Response from Director of Finance Navazio: This is for illustration purposes only and that he would agree that there is a lot of clean up that needs to be done.

Chairman Callicrate called for a break at 7:30 p.m.; the Board reconvened at 7:40 p.m.

Q: Asked by Trustee Schmitz: Current staffing – potentially there is a need to make some changes and/or add some positions that the District hasn't had. Those ideas should be discussed and then, if approved, added in – what is that process?

A: Answered by Director of Finance Navazio: That is the last line and yes, we will be having a process to review, consider, propose, and have the Board make the decision on what to have included in the tentative budget.

Comment made by Chairman Callicrate: Our costs, expenses, and projected revenues, without sacrificing our service levels, look at that throughout the District as there may be some opportunities for less redundancies and he understands that is part of the process, he wants to get it to where, yes, it

takes X to keep the Chateau open and we take to Y to provide that service level; he wants to throw that out there now.

Response from Director of Finance Navazio: Hearing what is required and what is discretionary.

Comment made by Chairman Callicrate: Again, please budget for a professional to come in and help us with the policies; using a firm such as Moss Adams.

Response from Director of Finance Navazio: We will do just that.

Comment made by Trustee Schmitz: The questions she used to ask her Staff when she was budgeting was what can we start doing, what can we stop doing, and what can we continue doing. This is an opportunity to reflect and may be a different way to look at it to make decisions.

Response from Chairman Callicrate: He knows that our District General Manager is doing that.

Response from District General Manager Winquest: Yes, that is the exact conversation we are having and maybe not in those words but justify that spend as we are spending public dollars. On pricing, over the years, never fully understood the expectation as a venue manager, bring us the key rates, and then the next year, not bring it forward. No blame towards anyone but he does believe the Board should have oversight on the rates we are charging at our venues with the exception of programming because it is really hard for a Board member to understand where the guardrails are for that programming because there is some level of subsidy for certain programs. We have talked a lot about dynamic pricing and the ability to offload available product and knowing that we never discount anywhere near the resident rate and he likes having the three rates as outlined earlier in this presentation. As to punch cards, either go away all together or replaced with something that is less of a nightmare or all goes away. Ultimately, getting away from contra revenue accounting and punch cards going away completely, he does see that it is a hefty discussion with his Ordinance 7 committee, the community, and, ultimately, the Board. Have a unique opportunity to set the tone for the future and how we are budgeting and he hopes that the community members understand that we are all rowing in the same direction and that there needs to be compromise and if we can move forward in that spirit than this budget process should go smoothly. He doesn't think that the District has done a great job of saying what it wants to be and in doing so it would eliminate some of these comments so as to move forward in a clear manner and get on the same page. We can learn from past mistakes, we are learning and making adjustments, and hopes we can put the past behind and move forward. The Moss Adams reports are a great

opportunity to make improvements and to move forward and that he thinks the Board agrees with him.

F. FINAL PUBLIC COMMENTS*

Cliff Dobler said, to the Director of Finance, that was a fantastic presentation as there was a lot of work put into that and he thought it was very complete. He thinks it will help everyone quite a bit and that was a good job. He wants to mention a few things – when you got to the appropriate level of fund balance and the reserve fund balances, you are 100% right as to do it only on a percentage of operating expenses is crazy and doesn't make any sense at all and then not thinking about capital costs at all so he thinks that really needs some work. And then we ought to think about a stabilization fund maybe put this in the General Fund where we really have it for the catastrophe like COVID or something that would come along so he would like to see us work on that. And think about, if we never touch the money, you are right, it can go down and how do we feed it back so forth and so on. The other thing that he thinks could save a lot of time and he agrees 100% with you is on all of this equipment purchases we ought to have a rolling number. We can sit and look at the last 10 years or so to see what we need for equipment and just turn around and budget as a single line item on an equipment reserve account that we buy equipment out of that and stop doing 150 data sheets for projects because it doesn't make any sense. Parks going into the General Fund is a great idea as the General Fund has been making about \$1 million a year and that he is not so sure that if we get into the methodology of central service cost allocation is that more of that, the expenses in the General Fund, should probably be laid off to the operations of the venues and the Utility Fund because that is what we are in business for. So it would seem to him that if we move the costs of Parks out of the Community Services Fund and operate that as part of the General Fund he thinks that would be a grand idea. He would like to you stop using funded capital resources as a source of revenues; what you are doing is using fund balance and you should just show nothing there anymore and see if our fund balances are increasing or decreasing at the bottom of the page. Putting it in as a revenue source item is really very confusing. Regarding the Rec and Beach fee flip, he would recommend that you keep the fees the same this next year and let's put up the money in beach for the Incline Beach building because he thinks it is going to be hard to finance that and if you want to do financing in the Community Services, that will be a lot easier. He also agrees with Trustee Schmitz that with employee benefits for venue usage.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 8:20 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 January 20, 2021 special IVGID Board meeting – Agenda Item E(1) – Adoption of a proposed “baseline budget” which expands upon Fiscal Year 20221-22’s wasteful overspending and misapportionments

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS JANUARY 20, 2021 SPECIAL IVGID BOARD MEETING – AGENDA ITEM E(1) – ADOPTION OF A PROPOSED “BASELINE BUDGET” WHICH EXPANDS UPON FISCAL YEAR 2021-22’s WASTEFUL OVERSPENDING AND MIS-APPORTIONMENTS

Introduction: Here our General Manager (“GM”) and Finance Director Navazio make their preliminary recommendations for yet another wasteful 2021-22 budget. Because we’re on the wrong road, I object. And that’s the purpose of this written statement.

Starting Off With a “Baseline Budget” Can Only Lead to Disaster: At page 3 of the Board packet for this meeting at ¶12¹, staff tell the Board and the public that they intend to begin the process with a “baseline budget” which adopts 2020-21 revenue and expense assumptions. This guarantees that rather than eliminating wasteful overspending, staff propose starting out with previous fiscal year’s wasteful expenditures, only to “add on” to what is already improper.

What is “Baseline Budgeting?” “Baseline” or traditional or incremental budgeting “begins with the current year’s budget (or forecast) as a starting point.” It then adjusts “according to: actual spending in the new year...projects...for new expenditures, increases or decreases in labor costs (and) additional capital expenditures.”² “Then someone comes along, spends only half of that increase, and calls it a cut. NO, IT’S NOT (a cut)! You STILL (end up) spen(ding)...more than last year!”³

“In reality, baseline budgeting is one of the most sinister ways...politicians claim to cut spending when they are actually increasing spending. The Congressional Budget Office defines the ‘baseline’ as a benchmark for measuring the budgetary effects of proposed changes in federal revenue or spending, with the assumption...current budgetary policies or current services are *continued without change*. (Since) the baseline includes automatic adjustments for inflation and anticipated increases in program participation, baseline, or current services, budgeting...builds automatic, future spending increases into Congress’s budgetary forecasts.”³ And the same on a local level.

What’s Wrong With “Baseline Budgeting?” “Baseline budgeting tilts the budget process in favor of *increased spending and taxes*. For example, if an agency’s budget is projected to grow by \$100 million, but only grows by \$75 million, according to baseline budgeting, that agency sustained a

¹ See that packet of materials prepared by staff in anticipation of this January 20, 2021 meeting [“the 1/20/2021 Board packet” (https://www.yourtahoepace.com/uploads/pdf-ivgid/0120_-_Regular_-_Searchable.pdf)].

² See page 7 at <https://xlerant.com/wp-content/uploads/2017/05/Zero-based-budgeting-versus-baseline-budgeting.pdf>.

³ Go to <https://thehill.com/blogs/congress-blog/economy-a-budget/195099-there-are-no-cuts-the-fallacy-of-baseline-budgeting>.

\$25 million cut. That is analogous to a person who expects to gain 100 pounds only gaining 75 pounds, and (then) taking credit for losing 25 pounds...*Government is the only place this absurd logic is employed.*"⁴

Baseline budgeting:

- Employs a "status quo approach to business;"
- "Breed(s) waste;"
- "Encourage(s) people to...increase their budget each year, even if they don't need it;"
- Encourages a "spend it or lose it mentality;"
- "Does not encourage innovation;"
- "Does not respond to changing circumstances;"
- "Perpetuates misallocations of resources;"
- "Funding will be allocated to the same areas in the future even if they no longer need as much funding, or if other areas require more funding;"
- There is "little incentive to conduct a comprehensive review of the budget;" and,
- "Inefficiencies and budgetary slack are automatically rolled into (the) new budget."⁵

Eliminating the inflated budget baseline...force(s) IVGID staff) to justify and account for increased spending instead of hiding behind automatic increases."⁵

Baseline Budgeting Will Perpetuate the Following Ongoing Wasteful Spending Staff Hide From the Board and the Public: And the following is just a sliver of what the public is aware of because the Board and the public have no clue that the following expenditures are being made by staff:

Tens of Thousands of Dollars of Procurement Card Expenditures: There are over fifty (50) IVGID employees with their own IVGID credit (procurement) cards which allow them to make any expenditure they choose without advance approval. And they do! Candy at Costco, donuts at Carson Donuts, coffee at Starbucks, Sorel snow shoes via Amazon, it goes on-and-on. Baseline budgeting will allow all of these inappropriate purchases to continue;

Thousands if Not Tens of Thousands of Dollars on Annual Employee Food and Drink: I and others have discovered all sorts of employee food and drink purchases. Everything from it's an

⁴ Go to <https://www.cagw.org/content/baseline-budgeting>.

⁵ See page 9 at <https://xlerant.com/wp-content/uploads/2017/05/Zero-based-budgeting-versus-baseline-budgeting.pdf>.

employee's birthday, to we had a rough week, to end of season parties. All at the public's expense. Baseline budgeting will allow all of these inappropriate purchases to continue;

Tens of Thousands of Dollars in Annual Memberships in Third Party Organizations: the District and a number of its employees are members of all sorts of third party organizations that have little to do with making the public's recreational venues available for local parcel owners' use, and they all charge membership dues. And rather than paying these dues themselves, our employees pass on the costs to the public. Baseline budgeting will allow these inappropriate purchases to continue;

Hundreds of Thousands of Dollars in Annual Lost Revenues Because of Staff's Philanthropic Give Away or Excessive Discounting of the Public's Recreational Facilities: Everything from Weight Watcher and local homeowner association meetings to use of the District's recreational facilities so they can generate funds they get to retain for their favorite social/other cause of the month. Baseline budgeting will allow these inappropriate giveaways to continue;

Meaningless "Certificates of Excellence" to Include in Our Comprehensive Annual Financial Reports ("CAFRs"): Some time ago I debunked this propaganda tool which comes with a price tag, including unreimbursed staff time, of thousands of dollars. More and more this piece of propaganda⁶ is being abandoned by municipality-by-municipality as a complete waste of taxpayer dollars. Yet listen to our Finance Director Paul Navazio: "we believe that our current (CAFR) continues to meet the Certificate of Achievement program's requirements⁷ and we will be submitting it to the GFOA to determine its eligibility for another certificate."⁸ Baseline budgeting will allow the cost of this inappropriate propaganda tool to continue;

Over \$400,000 of Credit Card Issuer Processing Fees: That's right! Because the District is in the retail recreation business, it charges user fees and accepts credit cards for payment. Every time the District processes a credit card charge, it is charged a fee of roughly 2.5% by its credit card processing bank. And last year these charges exceeded \$400,000. Baseline budgeting will allow these inappropriate processing charges to be replicated at local parcel owners' expense;

Over \$20,000 of Annual Loomis Armored Car Transportation Fees: Because the District is in the retail recreation business, it charges user fees and accepts cash for payment. And because it accepts cash it contracts with Loomis for that cash's delivery to the District's bank in town (Wells Fargo). And last year these charges exceeded \$20,000. Baseline budgeting will allow these unnecessary transportation charges to be replicated at local parcel owners' expense;

⁶ See page 12 of that packet of materials prepared by staff in anticipation of the Audit Committee's January 20, 2021 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/0120_-_Audit_-_Searchable.pdf ("the 1/20/2021 Audit Committee packet")].

⁷ Basically securing an audited CAFR which Nevada law requires of nearly all public agencies.

⁸ See page 10 of the 1/20/2021 Audit Committee packet.

\$35,000 of Payments to Members of Our Community to Purchase Their Allegiance:

Don't you remember the District's payment of these charges for local resident Eric Severence's consultancy services which he ended up plagiarizing? Word has it payment was made because Mr. Severence was hurting for money and he asked. But in reality, this payment purchased nothing more than community allegiance. Baseline budgeting will allow unnecessary and inappropriate expenses like this one to continue at local parcel owners' expense;

\$25,000 to Lobbyists to Advocate For or Against Proposed State Legislation: Don't you remember how we learned that staff buried a \$25,000 expense for legislative lobbying services under the General Manager's services and supplies? Besides the fact that this is a totally inappropriate expenditure for a general improvement district ("GID") to make, baseline budgeting will allow unnecessary and inappropriate expenses like this one to continue at local parcel owners' expense;

Allocating the Costs of Government to the Recreation ("RFF") and Beach ("BFF") Fees, and the Utility Rates, Tolls and Charges Local Parcel Owners Are Assessed: How does the cost of an audited CAFR become an expense included in a proposed budget which is paid by the RFF/BFF or the utility rates, tolls and charges assessed local property owners? And how many other purely costs of government the Board and the public have no clue of have been budgeted to be paid, in whole or in part, by the RFF/BFF or the utility rates, tolls and charges assessed local property owners? By budgeting to reduce the costs of government by allocating them to alternative revenue sources, staff are freeing up the availability to pay for personnel costs assigned to the District's General Fund.

Are these the kind of expenditures the Board intends be replicated in the 2021-22 Budget?

In Contrast, We Should be Employing Zero Based Budgeting: because it mandates that:

- "All expenses – both old and new –...be justified for each new period based on demonstrable needs and costs;"
- "Each budget line item starts as \$0;"
- It "puts the onus on the budget managers to justify each line item in order to receive funding;"
- It "aims to drive value by optimizing costs and not just revenue;"
- It "can build a culture of accountability and cost management;
- The "goal (is) not only controlling expenses but identifying cost reduction opportunities."⁹

The Detriments of Employing Zero Based Budgeting: In fairness, consider the following:

- It is "potentially time consuming;"

⁹ See pages 4-6 at <https://xlerant.com/wp-content/uploads/2017/05/Zero-based-budgeting-versus-baseline-budgeting.pdf>.

- It mandates that “systems and processes...be in place for detailed reporting;”
- It “sets detailed savings targets for the next budgeting cycle;”
- It “chang(es) attitudes towards costs.”¹⁰

But wait a minute. *Are these really detriments?*

For These Reasons the Board Should *Reject* Any Budget Which Proposes an Expense Not Documented by Express Line-By-Line Identification: I’ve asked for this before and I ask for it again. If you don’t know the particulars of what expenditures are included within Services and Supplies for example, you know *nothing*. So how can you approve a proposed budget which doesn’t disclose the particulars?

Conclusion: Staff’s proposal the Board begin with “baseline expenditure assumptions”¹ should be soundly rejected right from the start! Moreover, staff’s refusal to provide line-by-line documentation for every expenditure it proposes be included in the budget, be declare unacceptable? Because if you don’t know every expenditure staff propose be included in the budget they request the Board approve, *you don’t know anything!*

Once staff return with the documentation I suggest, we can have an intelligent discussion. But not before! I hope the Board agrees.

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

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

¹⁰ See page 6 at <https://xlerant.com/wp-content/uploads/2017/05/Zero-based-budgeting-versus-baseline-budgeting.pdf>.