

MINUTES

REGULAR MEETING OF MARCH 9, 2022

Incline Village General Improvement District
(Amended)

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Board Chairman Tim Callicrate on Tuesday, March 9, 2022 at 6:00 p.m. 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, Matthew Dent, Sara Schmitz, Michaela Tonking (absent) and Kendra Wong (joined the meeting at 6:45 p.m.).

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

C. INITIAL PUBLIC COMMENTS*

Dick Warren said Back in late 2020/early 2021 Moss Adams had quite a few recommendations pertaining to Capitalized Assets. Moss Adams provided a 4 page report on Capital Asset Accounting. These recommendations were presented to the Audit Committee, which accepted all of the recommendations made by Moss Adams with respect to Capital Asset Accounting. The Audit Committee then sent these recommendations on to the Board of Trustees, and the Board accepted these recommendations from Moss Adams as well. IVGID Management was then instructed by the Board to adopt the Moss Adams recommendations. Some Moss Adams recommendations were not adopted by IVGID Management. IVGID Management's position for not adopting some of the recommendations were that they had run these recommendations by the outside auditors (Davis Farr), and apparently Davis Farr had no issues with IVGID Management not following the Moss Adams recommendations, so IVGID Management did not implement these particular recommendations. The position taken by IVGID Management is not consistent with the Board instructing IVGID to implement the Moss Adams recommendations. The Board ordered IVGID Management to adopt these recommendations, for IVGID Management to then turn to the outside auditors for their opinion is irrelevant. Davis Farr was not a party to the original decision to implement the Moss Adams recommendations. It was an

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internal (the Audit Committee & the Board) group that decided these recommendations will be adopted by IVGID Management. Davis Farr had no reason to be involved in this decision, why IVGID Management decided to consult with them on this is unknown, other than IVGID Management did not wish to implement these particular recommendations. A few questions:

Why was IVGID Management allowed to consult with Davis Farr on a matter having nothing to do with Davis Farr?

Why did IVGID Management deliberately refuse to implement ALL recommendations from Moss Adams?

Why did the Board of Trustees NOT demand that IVGID Management implement ALL of Moss Adams' recommendations?

But more importantly, who is really in charge at IVGID, the Board or Management?

Thank you.

Cliff Dobler said regarding IVGID's past history of capitalizing costs that should have been expensed becomes mind boggling when taken in total. He has stated many times that such an aggressive approach created an illusion of profitability or lower losses from the recreational venues and the utility fund operations. Moss Adams was engaged to provide guidance on what costs should be capitalized as an asset and what should be expensed. The report's section on Capital Asset Accounting consisted of four pages and was well delivered and explained in great detail. That report was the basis on which a review of prior year capital assets and construction in progress should have been made to determine what costs should be expensed. So in FY 2020 spot paving, some painting and two preliminary assessments costing \$804K was charged off as expenses but apparently nothing was considered in the Utility Fund. In 2021, after the Audit Committee recommendations for the F/Y 2020 financials, \$3.1 million of pre design and assessments costs on the Effluent pipeline was charged off as an expense. For the 2020/2021 financials, the Auditors reviewed prior year capitalized costs and determined that \$867K should be charged off as expenses. The criteria used is unknown but was probably selected items based on the Moss Adams report and Board Policies. The Director of Finance, in turn, decided that only \$168K would be expensed and the auditor did not take exception. Ironically the costs not charged off were predominantly the same type of expenses charged off in 2020. Last year, he reviewed several past projects and determined that an additional \$1.2 million (excluding the pipeline) should have been charged off, but apparently the memo

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fell on deaf ears. Also in June, he provided a memo that \$509K in costs, from 2015 to 2020, for tees, greens and bunkers at the Golf Courses using guidance from Moss Adams should be charged off as expenses. Lastly, over the last seven years, \$806K in costs to realign sewer manholes, water lids and valve boxes in state and county roads repavements should have been expensed but were capitalized. These costs were mandated by the Department of Transportation. According to the draft FY 2023 budget these same costs will be expensed indicating the previous year's costs should be charged off. There may be other capital items which must be charged off but more work should be done, not limited testing by the Auditors. An expanded audit is the only solution.

Linda Newman said along with Mr. Dobler, she has been deeply involved in evaluating the District's Effluent pipeline project and wastewater storage ponds. Over the past six years, Mr. Dobler's extensive investigation has revealed overpayment on contracts, write-offs of costs, the denial of restricting funds collected exclusively for the pipeline project and the lack of appropriate reserves for the Utility Fund. All of these insights have been documented to our Board and Staff. Two years ago, the GM determined that the engineering staff did not have the bandwidth to execute these projects and recommended they be farmed out to a project manager under a CMAR contract. One year later, Granite obtained a \$369,000 contract to determine what should be done. Their report was illuminating as we all discovered important information never disclosed by Staff. In the meantime, some key IVGID personnel took flight. Somewhere along the way, the possibility of slip lining the existing pipeline was explored and the need for more wastewater storage capacity. So, in September of 2021, Staff decided to abandon the 4 alternatives for using Storage Pond #1 which were provided by Jacobs 4 years ago at a cost of \$36,000. Then, the chase began to design the larger Storage Pond #2. A contract for \$425,000 plus a \$40,000 contingency was approved. So last week, Pond #2 was abandoned for many reasons, probably the enormous additional cost for land coverage. The latter amount was never disclosed. Pond #1 is now back in action with the recommendation of installing a steel tank, rather than an open pond with a liner. As slip lining appears to be too difficult, the pipeline will probably be installed in a new trench and the existing line abandoned. This is exactly how it was envisioned 10 years ago. Except, 10 years ago the cost was estimated at \$23 million. Now the estimated price tag is more than double. Ratepayers have already ponied up \$20 million for the pipeline – of which millions have been “repurposed.” However, nothing has been decided. The pipeline keeps getting repaired. Staff time costs are mounting, consultants need more money, Federal and State lobbyists, too. \$3.1 million was charged off last year and with the probable abandonment of repairs and valves done in 2018 another \$2.2 million will be expensed. All told, over \$6.3 million. Wonder what happened? How about chasing rainbows the past 6 years seeking money from agencies that did not have

it to ensure that this Board and Staff could say they were doing something while they did nothing! Trustees, do you feel good about this gamble?

Ellie Dobler said IVGID management seems to have difficulties separating Capital Asset Projects from repairs and maintenance. So when a 5-year capital plan is presented, it is not a capital asset plan because, a large portion of "projects" are simply repairs and maintenance and should be budgeted in the operating budget. So IVGID invents the word Capital Maintenance to describe repair and maintenance budgets, playing on the word Capital, however, the pure definition of Capital Maintenance states:

"Capital maintenance, also known as capital recovery, is an accounting concept based on the principle that a company's income should only be recognized after it has fully recovered its costs or its capital has been maintained".

For several years, the public has had concerns that operating expenses were being vastly understated, by reporting repairs and maintenance as capital assets, thus creating an allusion that operating the recreational venues and utilities were more profitable than they actually were. Moss Adams was engaged by this Board and a report was issued on January, 28, 2021. The report stated:

"Governments often expend resources on existing capital assets. Most often, these expenditures simply preserve the asset's utility and are expensed as routine repairs and maintenance. Any outlay that does no more than return a capital asset to its original condition, regardless of the amount expended, should be classified as maintenance and repairs. Since maintenance and repairs provide no additional value, their costs should be recognized as expense when incurred." Source - Government Accounting, Auditing and Financial Reporting 23.10

A Capital Asset Plan should be for Capital Assets not repairs and maintenance. So mixing repairs and maintenance into a Capital Asset plan is unacceptable. Page 285 of the March,1, 2022 Board Packet is unique. Titled "Capital Maintenance Projects", of \$7 million and then later called "Capital Improvement Plan Projects", then stated "will be budgeted and recorded as **operating** expenditures". What about the other \$11.5 million budget called Capital Maintenance on page 257. Both are repairs and maintenance. WHY this confusion? I thought transparency was the name of the game.

Aaron Katz said he has written statements to be submitted and that he wants to talk about the utility rate study. The idea of having an independent rate study was

the right thing to do and, in his opinion, HDR's basic statements and methodology is fine but it's conclusions are not. Why? Because your Staff was allowed to corrupt process. This is the same problem we always have with your Staff and you have already heard about some it this evening. This wasn't supposed to be the purpose of Staff but this is, in fact, what happened. Throughout the study, HDR tells us they consulted with Staff and were directed to proceed along with inequitable tasks like maintaining the current rate structure because Staff stated they missed their goal and shame on HDR for allowing Staff to corrupt the process. HDR tells us the goal is to equitably allocate and proportionally distribute among customer classes. But that is not what we have here. HDR admits that the rates for irrigation and snowmaking customers are inequitable and subsidized by residential customers. HDR ignores the public service recreation exemption which carves out preferential rates for the District and its public favored collaborators at the expense of residential customers. HDR perpetuates the capacity adjustment factor which perpetuates the unfairness. The median residential customer uses 1909 gallons of water per month in the winter and Diamond Peak uses many millions of gallons in the same time period yet Diamond Peak is only charged 76.65 times the capital costs the residential customer is charged. Is that equitable? This is because the maximum hypothetical flow of the water through DP's water meter versus the typical residential customers' meter comes up with 76.65 but the residential customer never meets the maximum amount of flow through his meter. Yet DP always requires this to open and for snowmaking. And the same can be said in the summer months with 77% of the District's water use is consumed by irrigation to IVGID's golf courses, parks and its athletic fields which means our paid use as a District capacity adjustment factor is inequitable. We have 15 or more years of data evidencing the District's actual use but HDR ignores this and why? Because Staff has corrupted the process so he is asking that we need to take a step back.

Linda Smith said she has been a property owner in Incline Village for over 23 years. The purpose of her public comments is to provide professional suggestions on General Business Item #4 of the Agenda -- IVGID's audit report for fiscal year ending June 30, 2021. By way of background, she served as Director of Finance for the City and County of Honolulu, a municipality of 880,000 residents with an annual budget, at that time, of over \$550 million. The scope of her responsibilities included financial accounting, tax collection, contracting, auditing, cash management, bond issuances, capital improvements, as well as licensing and debt management. Honolulu met GAAP (generally accepted accounting principles) and GASB (government auditing standards) standards every year and had a AAA bond rating. It is from this perspective, as well as being a concerned citizen and taxpayer of Incline Village, that she shares her views on the Audit Committee recommendations. Her comments address three issues. First, over the past several years staff have included as capital projects items which clearly fall into

the category of expenses—such as maintenance, repairs, and design studies. By doing so, IVGID's operating costs are understated, depreciable assets are overstated, and our financial reports are not in compliance with either the NRS (section 354) or GAAP/GASB rules. Investment income also has not been properly booked to the accounts that generated this income. Audit Committee Chair Tulloch has correctly asked that adjustments be made to correct this. This is particularly important as IVGID looks at issuing bonds to address long term capital needs, such as the effluent pipeline. Bond underwriters will look at the accuracy of our financial statements and when they see both material deficiencies and extensive year-end adjustments, this sends up a red flag that the financial books of our district are not properly maintained. Second, as Trustees you should be concerned that capital asset write offs reviewed and recommended by the Auditor were rejected and reversed by management. This was apparently done without a clear explanation to either the outside auditor or the Audit Committee. She encourages the Trustees to provide clear guidance to the staff regarding compliance with the recommendations of the Auditor. Third, she wants to commend the Audit Committee and the Auditor for identifying deficiencies in the internal controls currently in place to ensure accurate and proper handling of the IVGID funds. As she testified last November to the Audit Committee about these deficiencies, including who has access to computer fiscal files and controlling check signatures on IVGID bank accounts. As she stated then, these deficiencies not only misrepresent the fiscal health of IVGID, but they undermine the bond ratings we may seek, and the confidence of investors in those bonds. Transitioning to new financial software this year will not help if the staff are not capable of balancing the books. As Trustees she encourages you to set specific benchmarks and timetables for the current staff to demonstrate they have addressed these problems, review their progress on a regular basis, as well as consider bringing in skilled financial management personnel given the significant fiscal increases this District is facing in operating and maintaining its assets. Thank you for the opportunity to express my concerns and offer suggestions.

Chris Nolet said he strongly recommends the Board adopt, and District Staff implement, the 5 recommendations to be presented by the Audit Committee during tonight's meeting. A number of management and financial reporting concerns have been raised over the past by property tax and rate paying citizens. Over the past year, a majority of these concerns have proven to have merit. The ongoing existence of prior period adjustments (essentially restating prior years CAFRs/ACFRs) and continued existence of material weaknesses (plural) in internal controls over financial reporting (in the last two years) continue to validate, in large measure, the assertions made in public comments. The inconsistent treatment of certain period expenses that were capitalized thru 6/30/21, then only writing off a portion of those amounts incurred thru 2019, is a direct contradiction of

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one of the foundations of GAAP - namely consistency. If he understands the current District management reports, internal control over financial reporting won't be fully remediated (i.e. effective) until June 2022? That will mean that the Fiscal '22 ACFR will once again be prepared without the safeguards inherent in a working system of internal control. This is simply not acceptable District management performance. Lastly, in light of the violation of the agreement between the Board, Audit Committee and management to fully implement all the recommendations in the Moss Adams report, **and the chronic restatements of our annual financial reports**, he has to question the legal advice being given to District management and the Board under these unacceptable circumstances. Disregarding the unanimous consent of the Audit Committee and publishing the materially inaccurate ACFR for 21 is really extraordinary and, in his view, exposes those responsible for such actions to unnecessary legal exposure. Please include these remarks in the public record for this meeting. Thank you.

Judith Miller said first she has a small change, but an important one, in the meeting minutes from February 9, on page 358, the sentence that starts out "instead each Trustee..." the next word throughout, as one word, should be replaced by "threw out" and that would give some meaning otherwise it is rather nonsensical. Thank you very much for that and she would like to move on to the water rate study. She did send an email to the Board members and she didn't receive any response so she assumes most of what she said was accurate if not all of it. She looked at the proposed rate alternative on page 200 of the Board packet and most of the revenue numbers look in line with the study however the revenues for irrigation, including IVGID's irrigation, are certainly not achieving equity. It is inconceivable that our water rates, especially for IVGID irrigation, are not followed and meet the required change in rates that the consultant suggested. We need to know the cost of operating our parks and golf venues. This is just another example of inaccurate information in our financials and inaccurate means of reporting expenses and she would like to see that corrected. Ultimately, the property owners will be paying these costs with the facilities fees but at least they will have the figures that resemble the true costs. For years, we have been asking for the costs for water being distributed more equitable and now we finally have a study by an expert in the field that confirms what those who spent the time to read the details had already concluded. IVGID has just not paid their fair share of the costs to provide water and sewer services. She did send in a spreadsheet that shows our residential class and that is 3,694 single family homes are going to be subsidizing the cost of irrigation for golf and for the other IVGID venues. Though why should they have to pay more to make up this deficit? It is something like \$35 per year to subsidize irrigation customers. Please make some effort to follow the consultants' recommendations on the cost of services and please don't saddle the homeowners

with even more costs to subsidize golf and the other recreational venues. Thank you.

Yolanda Knaak said thank you to the Audit Committee for all their hard work and for these Audit Committee recommendations. It is really important that the record be consistent in financial reporting so there is transparency and if they aren't consistent then transparency goes out the door. Board, please approve the Audit Committee recommendations and Staff please incorporate the recommendations.

Margaret Martini said the mismanagement of the Utility Fund, the Pipeline Project and Storage Pond may go down as one of this Board's greatest fiascos! The Utility Rate Study by HDR is only as good as the information provided to the preparer. The 5 year forecast of capital projects and costs IVGID provided are so old and outdated one would wonder how old they really are. Just last week Jacobs reported that the waste water storage pond will now cost between 6.5 and 8.3 million dollars, but the rate study only shows \$4.5 million. Jacobs is recommending the higher cost steel tank, so almost \$3.8 million more will be required. The water main replacement on Crystal Peak Road is in the study for \$1.1 million and is now estimated at \$1.5 million. Applying that increase of 36% to the remaining \$6.4 million of water lines, another \$2.6 million will be needed. So in one week, the Study is short by \$6.8 million! Will rates be increased or will the money be borrowed? It is troubling to think back to 2012 when that Board decided to collect \$2 million per year from rate payers for 11 years. With interest, there would be \$23 million to fund a new pipeline between 2015 and 2023. So, \$20 million was collected and \$750K in interest was earned. Instead of replacing the pipeline, \$1.0 million was diverted to the pond lining project which was diverted again to other projects. Recently \$1.5 million was used to decide on a new storage pond. A \$450,000 design contract was issued, and no one knows for sure where the pond will be. Over \$3.1 million of assessments and accumulated staff time was expensed in 2021. \$2.2 million was spent in 2017 for temporary repairs and air pressure relief valves which will be abandoned and charged off when the new pipeline hopefully begins construction in 2023. Only \$13 million remains and will be spent next year. We will now be obligated by our Trustees to borrow a mere \$36 Million to complete the pipeline giving our citizens the pleasure of paying off debt for the next 20 years. So the original \$23 million pipeline project we thought was paid for will now cost us \$44.8 million. Another \$7.1 million must also be borrowed to prop up the water system! Utility Fund reserves should be \$6.4 million - but, that won't be in place until 2027. This is reprehensible and now very transparent.

D. APPROVAL OF AGENDA (for possible action)

Chairman Callicrate asked for any changes to the agenda. Trustee Schmitz suggested that General Business Item I.4. be moved to higher in the order just based on the number of people listening and interested in this topic. Board Chairman Callicrate said that the utility rate study is also important; it is okay to move it up to General Business Item I.0. Board Chairman Callicrate said that the agenda is approved as revised.

E. DISTRICT GENERAL MANAGER REPORT*

District General Manager Winquest gave an overview of submitted report including that the United States Forest Service (USFS) has delayed our application on the parcel identified for the dog park so outreach will probably be started soon as well as forming a community committee in the next 30 days. There has been a lot of talk within a community about the costs and the cost recovery agreement won't be started until the USFS is ready to initiate it. While it could be within his authority, he will be bringing it to the Board assuming we get to that point. Trustee Dent asked if there were any updates on the grant funds since this report was written; District General Manager Winquest said the only update is that Staff continues to work with our Federal lobbyist and the contract with Tri-Strategies is completed however he will be bringing back a contract amendment on March 30 to extend that contract. He has been in contact with Mr. Salero at Washoe County on the funds requested and there is no update on those funds. Staff has requested some additional funding for Seniors and no update on those funds. Staff has also met with the Nevada League of Cities and Trustee Tonking will be providing an update. The Board will be the first to know of any funding received. Trustee Schmitz said she has been reading that Tri-Strategies said we have requested \$6 million and is that correct? District General Manager Winquest said he thinks their report is false but Staff recalls that it is \$5 million and that he will check and get back to the Board. Trustee Schmitz asked if the District General Manager is reporting the Staff time on the projects and would it be difficult to include it? District General Manager Winquest said yes we can include Staff time and will follow up with Staff and Trustee Schmitz. District General Manager Winquest said it is \$6 million that we have requested from Washoe County.

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

District General Manager Winquest reviewed the submitted long calendar and added that he will have Tri-Strategies item and the District Clerk will be reaching out to have a special meeting for the first week in April. Trustee Dent said on April 13 he would like to add the appointment of future Audit Committee members at large and noted that a new term starts on July 1. District General Manager Winquest said we should take care of all of them at once. District Clerk Herron said

yes, we can go out for all and it could take a little longer than the first meeting in April. Board Chairman Callicrate and Trustee Dent said they are good with that as long as we can appoint one seat effective immediately and then the other two seats effective July 1.

G. REPORTS TO THE BOARD*

G.1. SUBJECT: DISCUSSION ON MOVING TOWARD IN PERSON BOARD MEETINGS – Discussion will be led by Board Chairman Tim Callicrate

Board Chairman Callicrate said it is important to get back to in person meetings; masks will be optional and the sooner we can go back to in person meetings the better. Further, he would like to discuss the opportunity to go back to the old Boardroom [located at 893 Southwood] in order to release the Chateau for revenue generation. Trustee Dent said let's do in person meetings and go back to the old Boardroom. Director of Information Technology Mike Gove said he would like to get clarification on the need for call in commenters. Trustee Wong said until some personal issues resolve, she cannot be in person. District General Manager Winquest said one of the points of discussions is the remote call in issue and Staff is completely willing to transition back to the Boardroom however one of the issues is ADA access to restrooms – he needs to do some checking for reasonable accommodation and outside of that, don't see any other challenges with the exception of agenda items drawing large audiences; it would be great to hear from all members of the Board on this topic. Trustee Dent asked if the Director of Information Technology could elaborate a little more on what you want feedback on with call in public comment? Director of Information Technology Gove said he is trying to gain an understanding of what the Board would like to provide and part of that is with Trustee Wong calling in and he would like to get away from using the conference phone and therefore he needs some specialized equipment. He considers this a Board project which will come forth and it will be a well documented presentation before spending a penny of your project budget. Trustee Schmitz said that in person meetings would be refreshing, doesn't care about the location and whatever works out. Community members want to come to the meeting, some don't like to use Zoom, having it in person is better and if it is going to cost around \$80,000 for those not in our community, we need to look at the cost benefit analysis. Board Chairman Callicrate said when there is a smaller venue for Administration, which is a situation down the road, he wouldn't be comfortable investing lots of money for a building that is going to be replaced rather he is interested in a proposal on bare bones. Trustee Schmitz said

she wanted to remind everyone to write in and for the few people who want that option, we need to be cost effective. Board Chairman Callicrate asked if that could be brought forth to us at the next meeting? District General Manager Winqest said the direction is clear for transitioning back to in person meetings, everyone is open to having them at the Administration building and be in compliance where we need to be, and Staff will be bringing back an estimate on hybrid meeting and remote public comment may not be the direction we need to go to because of only a few peoples' use. We can transition to an in person meeting on March 30, we can continue to discuss the longer term goal, we can provide that feedback, and we can let the Board know what an in person meeting will look like. Director of Information Technology Gove said he doesn't know if we will abandon the equipment rather we would try and purchase so it can be used at a new facility. Trustee Dent said he is willing to operate the speaker and volunteers for that. Director of Information Technology Gove said there is no reason we can't have an in person meeting on March 30.

G.2. SUBJECT: DISCUSSION OF REACTIVATING THE CRYSTAL BAY WATER PUMP STATION FOR A POTENTIAL PUBLIC/PRIVATE PARTNERSHIP – Presenters: Marsha Berkbigler and Steve Decea (Requesting Trustee: Board Chairman Tim Callicrate)

Board Chairman Callicrate introduced Ms. Berkbigler and Mr. Decea. Ms. Berkbigler and Mr. Decea gave their presentations which are included herewith by reference. Board Chairman Callicrate asked if this would open up to a glut of others wanting to do this and an unforeseen environmental impact? Mr. Decea said it is a very important question and he read his thoughts on that question. No other Board members had questions. Board Chairman Callicrate said if he understands correctly, this is asking for an opportunity to move forward with exploration. Trustee Schmitz asked if we as a District have a need to fire up the water pump station for fire purposes, that is one thing. She is not in favor of taking a natural resource out of the basin and she has many different concerns. She is not supportive of this type of agreement but appreciates you bringing it forward. Trustee Dent said he has no questions and that from a bandwidth perspective, we don't have the Staff time to do our projects. From a priority standpoint, this would be really, really low in prioritizing our Staff time so he has no interest in pursuing this any further. Trustee Wong said she appreciates the presentation, does think it is worth exploring as long as it doesn't take too much Staff time, and understands how getting the pump station up and running could be of value. She is on the fence about commercial use and this would be the first customer that isn't tied to a physical location in Incline Village as the others

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are tied to a parcel and this would be the first one not to be tied to a parcel. She has no decision on that as this is still in exploration and she is willing to be open to the possibilities. Board Chairman Callicrate said there is an opportunity here for an endowment fund and something of this nature could lead to that and he thinks there is an opportunity to cautiously moving forward. It is a business venture that is a public/private partnership and could see being very careful moving forward and we have other priorities within the District, with the effluent pipeline being number one, and he could see you doing your work without impacting our Staff. He would be supportive in moving forward very judicially and understands that you have a massive amount of data to gather, thinks there is merit to it. Trustee Schmitz said this would be a huge decision to commercializing Tahoe water and she doesn't think it is good and we need to reach out to all of our constituents and that this would be a heated issue and not the issue of five people as there are a lot of people within the community who feel passionate about the lake. Trustee Wong said she was spot on about this being outside of the Incline Village area and we need to be very thoughtful about making a decision. Board Chairman Callicrate said he knows that the environmental impact is minimal and at this time we don't have Trustee Tonking, we need to have further discussion, and have more discussion at a later time, no definitive decision at this time but can revisit this in the near future. He knows that our presenters have been working on this for a long time and he wanted them to share their information. Trustee Wong suggested that Board Chairman Callicrate reach out to Trustee Tonking and then share that with Ms. Berkbigler and Mr. Decea and then share that with District General Manager Winquest who can update us in the General Manager's report. Board Chairman Callicrate said that is a fair request and then he gave Ms. Berkbigler and Mr. Decea an opportunity to give their final thoughts. Ms. Berkbigler said Lake Tahoe is extremely important to her and that she spent a lot of time over the last 8 years to make sure we did the right thing. She spent a lot of time researching this project and her assessment was that she didn't find anything that was negative. What she did find was that the income would be for a long time and ongoing and that it would be a permanent income base to use for whatever you wanted to use it for and to set up an additional fire resource and make sure you are doing something, as a governmental entity, for this area with respect to fire danger. She felt this would be a really good project and she knows that Mr. Decea feels very strongly. They know there are a number of agencies we could go to and putting it here with Incline Village and Crystal Bay was most important to Mr. Decea. She hopes that the Board will allow us to work with Staff and with little time and effort on Staff's part. Mr. Decea said this is personal to him because he lives here and he has become fairly knowledgeable in fire risk

and most communities go through the steps of mitigating and they forget about the real risks are. When a fire starts, you don't have time to prepare, you have to throw as many resources as you have at it, there could be a more extensive defensible space effort and every property in Ventura County is inspected that is at risk. They get a notice in May, ready for inspection in June, and the local fire department has to clear your property. We are not up to snuff within this community and we have to think a lot about that and move it up in the level of priority of this Board. If we have a massive fire, we won't have anything to meet about. Board Chairman Callicrate said he is going to reach out to Trustee Tonking and report back through the District General Manager. We are not committing to anything but the doors are open to whatever and there are always opportunities to move forward. We do have a tremendous fire department up here and they are doing a spectacular job of keeping us safe.

H. CONSENT CALENDAR (for possible action)

H.1. SUBJECT: SNOWBOARD EQUIPMENT PURCHASE: Award a Procurement Contract for Replacement Snowboard Rental Equipment – 2021/2022 Capital Project: Fund: Community Services; Division: Ski; Project # 3468RE0002; Project Type Equipment & Software; Vendor: Burton Snowboards in the amount of \$170,488.50

Recommendation for Action: Award a Procurement Contract for Replacement Snowboard Rental Equipment – 2021/2022 Capital Project: Fund: Community Services; Division: Ski; Project # 3468RE0002; Project Type; Equipment & Software; Vendor: Burton Snowboards in the amount of \$170,488.50 and authorize Staff to execute all purchase documents based on a review by General Counsel and Staff (Requesting Staff Member: General Manager Diamond Peak Ski Resort Mike Bandelin)

H.2. SUBJECT: Effluent Pond Lining Project – Approve agreement amendments for the Design and CMAR team vendors for the Effluent Pipeline and Pond Lining Project - Fund: Utilities; Division: Sewer; Vendor: Jacobs Engineering (scope only, no cost) and Granite Construction Company in the amount of \$40,526.

Recommendation for Action: Award a contract agreement amendment for Effluent Pond Lining Project – 2599SS2010 - Fund:

Utilities; Division: Sewer; Vendor: Jacobs Engineering Group Inc. (Jacobs). The request is for a change in scope only; no change in contract fees; Award a contract agreement amendment for Effluent Pond Lining Project – 2524SS1010 and for Effluent Pipeline Replacement Project – 2524SS2010 - Fund: Utilities; Division: Sewer; Vendor: Granite Construction Company (Granite), in the amount of \$40,526.; and Authorize Staff to approve the Amendments (Requesting Staff Member: Director of Public Works Brad Underwood)

H.3. SUBJECT: Approve a construction contract for the Slott Peak Watermain and PRV 3-1 Improvements Project – 2299WS1706 - Fund: Utilities; Division: Water; Vendor: RaPiD Construction, Inc., in the amount of \$176,671.00; plus 10% contingency, Washoe County Permit Fees of \$42,500 plus 25% contingency

Recommendation for Action: Award a construction contract for the Slott Peak Watermain and PRV 3-1 Improvements Project – 2299WS1706 - Fund: Water; Division: Supply & Distribution; Vendor: RaPiD Construction, Inc., in the amount of \$176,671.; Authorize Staff to pay Washoe County Encroachment/Excavation Permit (E/E Permit, formerly Street Cut Permit) administrative fees and permanent pavement patch restoration costs in the amount of \$42,500.; Authorize Staff to execute change orders for additional work not anticipated at this time of approximately 10% of the construction contract value and 25% of the Washoe County Permit fees; up to the amount of \$20,000 (11.3%) and \$10,625, respectively (total contingency of \$30,625).; and Authorize Chair and Secretary to execute the contract with RaPiD Construction, Inc., based on a review by General Counsel and Staff (Requesting Staff Member: Director of Public Works Brad Underwood)

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

At 7:45 p.m., Board Chairman Callicrate called for a break; the Board reconvened at 7:55 p.m.

I. GENERAL BUSINESS (for possible action)

- I.0. SUBJECT: Review, discuss, and possibly take action on 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) (was General Item I.4.)**

Recommendation for Action: That the Board of Trustees makes a motion to accept some or all of the five (5) recommendations as listed in the memorandum (Requested by Audit Committee Chairman Raymond Tulloch)

Audit Committee Chairman Tulloch gave an overview of the submitted materials including the 5 recommendations. Board Chairman Callicrate noted that we are absent the Board's Treasurer this evening. Trustee Wong said we should receive the report but not have any larger discussion until Trustee Tonking is present. Board Chairman Callicrate said he would like to see our auditors have a final review of what you have put forth and then whatever the Management's comments are. He doesn't want to drag it out any longer, recognize that and understand the work done. This is an opportunity for everyone to benefit including the community and thinks there is an opportunity to get further feedback from our auditors and then put into practice what we need to put into practice. Trustee Schmitz said that one of the things we had talked about was the Moss Adams recommendations and thinks we should move forward with that and that the auditors rely on Management's representation and she feels that the Audit Committee recommendations are pretty clear, based on facts and not sure on what input the auditors may or may not have; she just don't know. Trustee Dent said he doesn't think the auditors are going to have any additional services unless we hire them and they made that clear. Being a member of the Audit Committee, like Trustee Schmitz, from a consistency standpoint, he thinks the 5 recommendations are something we should move forward with.

Trustee Dent made a motion to accept the recommendations from the Audit Committee as presented. Trustee Schmitz seconded the motion.

Trustee Wong said it is wholly ridiculous to recommend prior period adjustments as the District has our ACFR and it is a ridiculous recommendation and demonstrates we don't know we are doing. She is wholly against this and we need to have our Treasurer present. Board Chairman Callicrate said he is not quite as strong as Trustee Wong as he feels there is merit from what is brought forth. Bring in our auditors and we

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have accepted our ACFR and there are some opportunities here to go forth and he would like to see the Treasurer be part of this conversation and not going to support the motion until Trustee Tonking gets to weigh in and have auditors do likewise. Trustee Dent said what we all agreed to, and that is Moss Adams, and that was to settle this issue between the Audit Committee and Staff, and by not following the recommendations of that consultant, why aren't we following them? All members of that committee said we are going to follow those recommendations, Board is not holding Staff accountable in not following Moss Adams recommendations. We went through this last year, there has been no real change, and he agree with Audit Committee Chairman Tulloch and bringing this forward and moving forward as one. We continue to go back and forth and every time the Audit Committee brings forward recommendations we get rebuttal afterwards from Staff. It is not the mission of the Audit Committee as they are to make recommendations to the Board and bring them forward. Trustee Schmitz said that the Audit Committee voted unanimously to not accept the ACFR and when it went to the Board, Trustee Dent and Schmitz voted not to accept. This is an outstanding issue with these items and when Moss Adams was implemented and we sat down – Audit Committee, Management, members of the community – before we started and spent money, and said that we are were all willing to accept Moss Adams recommendations and put this behind us. Moss Adams has ruled against the community, let that go, and they have kept their word. Management has implemented a few, and there a few items remaining. Just wanted to clarify the agreements made before funds were expended. It might not be worth the consultant charges because they haven't been resolved. Trustee Wong said as we have spent over \$100,000 on consultants, with Moss Adams, and there has been nothing proven that is wrong and now we are working with Management Consultants and there is nothing earth shattering there. We have spent \$150,000 and now we are asking for donations for the bunny treats and Trail of Treats and that is \$150,000 that we are not spending money on our community. There is a reason that the majority of the Board accepted the ACFR when the Audit Committee made the recommendation. Not sure how much money can be spent when you don't trust our Staff and spending money on consultants is not the right answer here. Board Chairman Callicrate said when he is speaking of the auditors, he is referring to Ms. Farr and not Moss Adams. He wants to set the meeting for March 30 and have Jennifer Farr and her associates look at these recommendations as they are the auditors that the Audit Committee hired to do that work. Audit Committee Chairman Tulloch said thank you for the input and he would point out that the \$50,000 with Management Consultants is looking at internal controls so he wants to correct that. It needs to be a member of the Audit Committee, Staff and Ms.

Farr; Board Chairman Callicrate agreed to that. Trustee Schmitz said these findings have nothing to do with trusting Staff but about consistency in our financial reporting and following Board policy. The Audit Committee is here to assist the Board. The Board is responsible for overseeing the financial and internal controls as our fiduciary responsibility. The information is clear and backed up with documentation. Trustee Dent said he had nothing further to add. Trustee Wong said bullshit.

Board Chairman Callicrate, hearing no further comments, called the question – Trustees Dent and Schmitz voted in favor of the motion and Trustees Wong and Callicrate voted in opposition of the motion. The motion dies.

District General Counsel Nelson confirmed that the motion died and that it returns to the Board of Trustees for further action.

Board Chairman Callicrate said he would like to have a meeting with the Audit Committee, Staff, and the auditors and recalendar this matter for March 30 so as to have our Treasurer present as she is an integral part of this conversation. District General Counsel Nelson said we can continue this item by consensus to the March 30 meeting. Audit Committee Chairman Tulloch said he will take guidance from District General Counsel Nelson and the Audit Committee is responsible for providing guidance to the Board and that would like to have a meeting with the Audit Committee, auditors and Staff. District General Counsel Nelson said yes, this can be a meeting of the Audit Committee. Audit Committee Chairman Tulloch said he would seek guidance from District General Counsel and pointed out that the Board received the ACFR without Audit Committee recommendation. District General Counsel Nelson said that the Audit Committee can have a meeting on March 29. Board Chairman Callicrate said he wants our Treasurer involved as well as the auditors and Management as we need to get this taken care of and move forward so let's continue it to March 30. District General Manager Winqest said so you want to have an Audit Committee meeting on March 29 and have something on the agenda for March 30 and if there was material that needed to be presented based on discussions we wouldn't be able to get that material into the packet – is that accurate? District General Counsel Nelson said it would be an oral report on March 30. District General Manager Winqest said so they have a meeting, then a verbal report and then can the Board can take action? District General Counsel Nelson said yes as it would likely it would be within the 4 corners of what we are talking about tonight. Trustee Schmitz said we are scheduling and making assumptions that our auditors have availability on March 29 or

somewhere before then. Audit Committee Chairman Tulloch said he would like point out that there were extensive discussions on February 22 as well as earlier meetings. We had the auditor comments, based on the information provided. The auditor can advise on whether or not these actions are correct under GASB, GAAP and NRS and a lot of recommendations are concerns with the District for consistency and that we aren't changing our practices from year to year and thus it is not something our auditor can comment on. Board Chairman Callicrate said the District General Manager is to reach out to Davis Farr, Audit Committee, Trustee Tonking and Staff to continue this and then have an oral report on March 30 and take action at that meeting. Audit Committee Chairman Tulloch said he will pass a copy of these recommendations on to Ms. Farr, discuss them with her, and then represent this to the Board. Board Chairman Callicrate said any adjustments will be an oral presentation to this item. Audit Committee Chairman Tulloch said if we don't know we are doing and not providing correct fiduciary advice to the Board, he will stand down.

I.1. SUBJECT: Review, discuss and provide direction and comment to staff on the draft IVGID Utility Rate Study. Direct staff to prepare documents and Utility Rate Schedules for a Fiscal Year 2022/23 Water utility rate increase, a Sewer utility rate increase, and increase charges on the Public Works Fee Schedule

Recommendation for Action: Provide direction (Requesting Staff Member: Director of Public Works Brad Underwood)

Director of Public Works Underwood gave an overview of the submitted materials. Board Chairman Callicrate asked how long the presentation was going to take, Mr. Koorn said 20-30 minutes. Board Chairman Callicrate asked that he zero in on the rate increases and the most important thing is to set the date of the public hearing as we are going to have bring this back because we need to scale this back because this increase is quite a bit in the first year. Mr. Koorn gave his presentation. Trustee Dent asked if we borrow in 2023, would the rates be lower? Mr. Koorn said it may lower the overall plan slightly and we would shift those costs from one year to another. Trustee Dent asked about an influx of cash, say \$1m from another fund, doesn't take into account a transfer from another fund so could that could lessen the impact? Mr. Koorn said it could but it would only lessen in 2023 and increase in 2024. Trustee Dent said what about if we had revenue for 2 or 3 years and that is why he brought up bonding sooner. The pond lining is from \$4 million at its low to \$8 million at its high, and we have about \$4 million in there and it concerns him to not have a rainy day fund. Plan 2

bonds out of the gate so we don't drain our reserves. Mr. Koorn said on the one time revenue, whether it is 1 or 3 years, it would lower the adjustments, but at some point you have to get rates up. The challenge with one time revenues is that if it goes away, you are seating where you were. Issue debt in 2023, the principal and interest wouldn't start right away and may be some ability to transition but not a big impact. Trustee Dent said with collecting \$2 million per year, which increases 20% and then 20% again, and understanding how we got there and trying to lessen it instead of a giant peak at the beginning. Mr. Koorn continued his presentation. Trustee Schmitz said you changed these numbers on the revenue side from what is in our materials? Mr. Koorn said these numbers come from our water analysis. Trustee Schmitz said that the distribution of the revenue, it appears that this has changed from the materials? Mr. Koorn said he shows this as the dollars in the materials but this is a different way of showing them. Trustee Schmitz said the reference is agenda packet page 179. Mr. Koorn said the bottom chart ties with agenda packet page 179. The top right is totals and comparison is made for cost of service. Top right is based on agenda packet page 186. Trustee Schmitz asked if you have a chart on what revenue, class, etc. as there is inequity? Mr. Koorn said that is what he is trying to show. Trustee Schmitz said there is inequity and cited a multiple family example. Mr. Koorn responded by showing a chart included in the packet. Trustee Schmitz said during public comments there was a comment made about irrigation and its inequity. Mr. Koorn said in looking at the use and how they use it and their peak and that peak is smaller than the residential customers who are really driving the size of the system. Mr. Koorn continued his presentation. Trustee Schmitz asked about the IVGID irrigation impact. Mr. Koorn said, that per Board policy, this reflects that policy, and the all use applies but not the tiers. Trustee Schmitz said she didn't think Mr. Koorn understood her question – when you did the analysis did you take into account the IVGID use and they can't be tiered and did you take that into consideration on the base rate? Mr. Koorn said yes and when we calculated the revenue it didn't include the tiers but he has accounted in that class for IVGID and no revenue for the tiers but allocated to them like any other customer. The big driver is the peaking in general. Yes, we did account for that, assumes they are not paying it. This rate maintains the current policy in place but if that were to change that could be brought back in to the analysis. Mr. Koorn continued his presentation. Board Chairman Callicrate said that it is imperative to set that date and that we still have the opportunity to tweak before the final recommendation. Trustee Wong said she would be good with setting the rate study; we know that the significant increase in rates is because we, the Board, made the decision to not increase the rates and we are not seeing the compounding increase and

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asked if we are able to bifurcate that? Mr. Koorn said it was somewhere in the 7 or 8% and then the normal rate adjustments and we are also going to lose the compounding and it will have the impact down the road with a lot of impacts from other factors. If you back off on these, he is going to guess you have to do something bigger in the out years than they have projected. Trustee Wong said they are significant, we need to recognize that we made a mistake, and we need to make the most financial responsible decision; own it, correct it, and move forward. Will it cause heartache – yes, will it be painful – yes. Trustee Schmitz said we should also take a look at the costs built in here as there is \$430,000 for additional Staff positions and additional contingencies. We need to look at those as being necessary and doing all of them in year one. She thinks there are things we need to examine and we have capital projects that are over budget and we have carry overs and thus we need to take a good hard look to bring the numbers down. She does recognize that they are high and we need to take a look to see if they can be phased in. Trustee Dent said we need to increase rates and that jumping out of the gate and doing 20% is pretty steep especially when we have \$20 million sitting there. Let's transfer \$3 million over from the General Fund and then we have huge influx of cash and doing that would help to lessen that burden right out of the gate. He acknowledges that the Board of Trustees decided not to raise rates and that if we had, we would be closer to where we need to be. If we pay cash for the pond liner and effluent pipe, well, we need to do that differently and keep cash on hand. There are a lot of unknowns and costs keep going up and he would hate to have an emergency without the funds to pay for it. Trustee Wong said she hears what you are saying however she doesn't trust this Board would approve a bond therefore she would like to ask the Board Chairman to agendize the Board's philosophy on bonding and she doesn't trust that the Board can make that decision. Board Chairman Callicrate said he thinks that the Director of Finance wants to have a bond workshop in the very near future. Trustee Schmitz said she agrees with Trustee Dent and his comments and she too is concerned about using cash and believes that the Director of Finance is bringing to us, on March 30, a timeline on bonding which she thinks is a good place to start having that discussion. Doing something in 2023 to avoid depleting that cash would be a wise move. She thinks we have \$3.5 million to \$4 million that is in excess of our reserve balance and we don't have anything planned for it and she thinks it would be wise to transfer those funds to soften that blow. Trustee Dent said Trustee Schmitz touched on what he was going to ask; believes the Director of Finance is going to inform us on bonding and that he doesn't believe we have ever issued a bond since he has been on the Board. Board Chairman Callicrate said your presentation was enlightening and sobering on where we need to be and we will move to

the next item. We have a couple more meetings to discuss this before the meeting in April. Board Chairman Callicrate then asked Director of Public Works Underwood if he has a clear idea of the direction on where to go? Director of Public Works Underwood said there is some interest from the Board on some of the assumptions we have made regarding positions, contingency, and will look at capital side and some interest in using some General Fund dollars to soften the costs in the first year and that will impact the out years and happy to bring those back to the Board. Trustee Wong said she is not sold on a transfer from General Fund as we don't have a solution for our Admin building which could wipe us out and it is the cushion that gives the District financial stability. Trustee Schmitz said there is something on the 5-year capital plan for bonding, take a look at the fee schedule and review the proposed increases and be sure to note where these services are at least covering operational costs. Director of Public Works Underwood said he did do a little analysis and that he can look at it.

I.2. SUBJECT: Set the date/time of April 27, 2022 at 6:00 p.m. for the public hearing on the proposed amendments to the Sewer and Water Schedule of Service Charges, Fee Schedule, and to publish the notice in accordance with the NRS 318.199

Recommendation for Action: Set the date/time for April 27, 2022 at 6:00 p.m. for the public hearing on the proposed amendments to the Sewer and Water Schedule of Services, Fee Schedule; and to publish the notice in the accordance with Nevada Revised Statutes 318.199 (Requesting Staff Member: Director of Public Works Brad Underwood)

Director of Public Works Underwood gave a brief overview of the submitted materials.

Trustee Wong made a motion to set the date/time for April 27, 2022 at 6:00 p.m. for the public hearing on the proposed amendments to the Sewer and Water Schedule of Services, Fee Schedule; and to publish the notice in the accordance with Nevada Revised Statutes 318.199. Trustee Dent seconded the motion. Board Chairman Callicrate asked for further comments, none were received, so he called the question – the motion was passed unanimously.

I.3. SUBJECT: Review, discuss and possibly approve Diamond Peak Ski Resort's 2022-2023 Picture Pass holder daily ticket rates

including Picture Pass holders and Non-Picture Pass holder season pass rate proposal

Recommendation for Action: Approve a zero-dollar increase to all Picture Pass holder season passes and daily ticket products for fiscal year 2022-2023; Approve a five-dollar increase to all Non-Picture Pass holder season pass products for fiscal year 2022-2023 as shown within the memorandum; and Authorize Staff to adjust pricing included in (Tier 3) for Non-Picture Pass holder season pass products (Requesting Staff Member: General Manager Diamond Peak Ski Resort Mike Bandelin)

General Manager Diamond Peak Ski Resort Bandelin gave a brief overview of the submitted materials. Trustee Dent said that the picture pass rate has stayed the same since 2010 and our operating cost is \$5 more than what we are charging and should we be charging \$5 or perhaps more on our daily picture passholders; we are losing money so should we break even or make a few bucks? Trustee Schmitz said the material is very comprehensive and she too concurs with the comment that Trustee Dent made. Looking at our pricing policy and trying to be consistent, we haven't had an increase for 10 years and perhaps a \$5 increase would be appropriate. Trustee Schmitz continued that she e-mailed this question – look at agenda packet page 276, the upper chart, notice Fiscal 2021 and Fiscal 2022, anomaly is that Seniors and Youth went down and then go to agenda packet page 271 and we had a significant increase in rates. She would hate to see less youth at Diamond Peak and can you remind us why the Youth and Seniors had a big increase and don't even have a \$5 increase? General Manager Diamond Peak Ski Resort Bandelin said the reason why we made the increase was to align the pass product to market rate and it was time to make sure we brought ourselves in line with the market. We did a take a dip but he thinks the increase was needed and he would stick with the recommendation of a \$5 increase and see where we settle out and he would like to see what it does to our market. General Manager Diamond Peak Ski Resort Bandelin then pointed out some data points between three year periods and noted that we did see some repercussions in that year but it was the right thing to do to get into line with the market. Trustee Schmitz said it might be because of COVID. General Manager Diamond Peak Ski Resort Bandelin agreed. Trustee Wong asked what is the logic behind the \$5 increase? General Manager Diamond Peak Ski Resort Bandelin said he didn't think that the Board would accept a 0 increase and he does agree on the picture pass holder increase. Trustee Wong said on the \$5 increase, we know that inflation is significant this year – two opportunities – blame it on inflation and

cost of providing services and flip side is to do a \$0 increase as we know we are a community resort. She is okay with a nominal increase and if you need to do a significant increase, the time might be ripe to do that. General Manager Diamond Peak Ski Resort Bandelin said it will be interesting to see what the other resorts do this year and maybe we are ahead with our increases we did last year. Trustee Wong said she would be in favor of setting a top threshold and fine with doing a \$0 increase. Trustee Dent said he would like to ask what are your thoughts on raising daily picture pass rates as we are \$5 under. Trustee Wong said she is a bit indifferent as we always talk about the value we provide and we know that our non-residents are contributing so much back to our community and she is fine either way and there is a level of pride within our community thus she is inclined to leave it. Trustee Schmitz said she thinks we have a pricing policy and we are having the same discussions with other venues and \$5 gets it into compliance and something that would be consistent with other venues. Director of Finance Navazio said the resident picture pass holder at \$35 is above the operating costs and just like we are doing with golf, we are trying to align the average revenue per ticket with the pricing policy and not individual ones. It is going to be between \$25 and \$35 as we don't have exact data and we are closer than might be implied. General Manager Diamond Peak Ski Resort Bandelin said he wishes he could tell you how many of those tickets were purchased during the peak times. Trustee Wong said thanks and that is the direction. The clause she was referencing was the one about resident discount and met overall revenue and thinks we are meeting the overall pricing policy. Trustee Dent said in the future when we are doing pricing, can we do an analysis on what it would cost to have free beach access and free skiing – next year? Can we see that analysis? What do we estimate our costs would be if anyone who has a picture pass would be able to use it for free? He is all for adding value to the picture pass holders rather than the ones that provide it and the more value we bring is a good cause and just want to have an analysis. District General Manager Winquest said we can pull out all their revenue, we can figure it, and do so with the beaches. Trustee Schmitz said you have to be careful on giving things away for free as then it doesn't present value and she talked about uphill ski passes and the overburdening and have to be careful of the unintended consequences when you offer something for free.

Trustee Wong made a motion to approve a \$0 increase and up to \$5 increase as shown within the memorandum to see how that will hold out with our competitors and Tier 3. Trustee Dent seconded the motion. Board Chairman Callicrate asked for further

comments, receiving none, he called the question – the motion was passed unanimously.

I.4. SUBJECT: Review, discuss, and possibly take action on 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)

Recommendation for Action: That the Board of Trustees makes a motion to accept some or all of the five (5) recommendations as listed in the memorandum (Requested by Audit Committee Chairman Raymond Tulloch) **(moved to General Business Item I.0)**

J. MEETING MINUTES (for possible action)

J.1. Meeting Minutes of February 3, 2022

Trustee Schmitz said that the website hasn't been updated yet in our discussion related to our Policy 15.1 and that is on pages 314 and 315 haven't been made. She wanted to point out it specifically because of when we were asked why we were reviewing the language – bottom of page 319. Page 323 – up at the top – it says vacant positions and that should be vacant positions and there was something about in line instead of in kind – please look at the entire sentence. Board Chairman Callicrate said that the meeting minutes of February 3, 2022 are approved as revised.

J.2. Meeting Minutes of February 9, 2022

Board Chairman Callicrate said that the meeting minutes of February 9, 2022 are approved as submitted.

K. FINAL PUBLIC COMMENTS*

Yolanda Knaack said she is disappointed that the Audit Committee recommendations didn't pass and hope you pass them next time.

Aaron Katz said that he is disappointed by the presentation given by Mr. Koorn. It was essentially all about what the revenue requirements are. There is really very little dispute about what requirements we have. What the real issue, and he ignored it, and he is really disappointed that the Board members did not follow up it, is the question of equitable distribution. There

is no equitable distribution when it comes to IVGID and its facilities. He was waiting for the obvious question well what difference would it make on rates if we eliminated the public recreation service exemption eliminating that IVGID and all the other public partners get and it wasn't asked and there wasn't any answer. Do you realize that with snowmaking if we were to impose tiered rates on IVGID, the first 1.53 million gallons of water would not be subject to tiered rates yet he, as a resident, 20,000 gallons it is? What you need to do is eliminate this exception as it is going to allow you to reduce the rates for residents and multi-family and it's going to make IVGID pay its fair share. That is what you need to do and the second problem is there is no recommendation to change the capital improvement cost for these commercial businesses and IVGID. IVGID is not paying anywhere near its fair share of its capital costs. If it were to do that, it would reduce the rates to the residents. That's what you need to do. Finally, he wants to talk about Marsha Berkbigler – that whole presentation was an absolute waste and why did you let them get on the agenda District General Manager and Board Chairman? It was totally wrong. Don't they understand what a GID is? Don't they understand what powers we don't have? If they want to talk about fire protection, go to the fire protection district, go to the County, it is not our business and by the way, it wasted 40 minutes of our time. You want to know why our minutes last so long, that's why. Thank you.

Denise Davis said that she went skiing at Diamond Peak yesterday and she met Jack working at the Lakeview lift and previously she met Jake working at the Lodgepole lift and they were both very engaging with the skiers in creating a great energy and both told me how much they loved their job. She wanted to pass that along to all of those that work at Diamond Peak and our General Manager at Diamond Peak. They were creating great skier experience and we need more of those folks. A high speed chair can't come fast enough and she is still concerned about the use of the safety bars as she saw less than 50% of the people using the bars. It continues to be a concern for her and it's not the first time you have heard it. Good job Diamond Peak and she looks forward to continuing skiing at Diamond Peak.

L. ADJOURNMENT (for possible action)

The meeting was adjourned at 10:15 p.m.

Respectfully submitted,

Susan A. Herron
District Clerk

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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.