

MINUTES

SPECIAL MEETING OF MAY 19, 2020 Incline Village General Improvement District

The special meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Tim Callicrate on Tuesday, May 19, 2020 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 THE IVGID BOARD OF TRUSTEES*

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

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

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

C. PUBLIC COMMENTS

Aaron Katz said that he will be submitting several written statements that he asks to be included in the written minutes. What responsible cost cutting, which addresses our Recreation Fee and CIP spending, has Staff authored – none. So let's talk about where we can make reductions – Community Services Administration expenses are phony and he has already written to the Board about that. We already know we are collecting more than our expenses because of smoothing so where do you think the money is going; Community Services Administration so this will reduce over one million dollars in expenses. Second, Central Services Cost Allocation; it is phony too. Just like the Recreation Fee subsidizes overspending in Community Services and the beaches, cost allocation subsidizes overspending in the General Fund. The problem is that Staff tells us that the purpose of the cost allocation is to pay for services that are provided by the General Fund but if you break down the services, there is over \$1.4 million of expenses that has nothing to do with services for Recreation and the beaches meaning there is no justification for cost allocation and that will save another \$1.4

million. Staff has not recommended eliminating any proposed CIP, he says put all of them on hold except for the emergencies and the most vital; this will free up another \$3.5m. The facility fee sub fund represents a half million or more in giveaways to charities and non-profits. It is remarkable that this continues with the present financial situation. Instruct Staff to stop the giveaways as this will free up another half a million. You now see there is no need for the Rec Fee. Besides that, look at our combined fund balances of over \$14.5 million to the beach fund and community services. This means we can avoid the rec fee and the beach fee all together and still end up with \$8 million leftover at the end of next year. Please don't ignore his request to drop the beach fee to no more than \$50. This District entering into a settlement agreement promising this and he expects this Board to adhere to it. The name of the game isn't the ends justify the means. It is following through on what you represented to the public.

Judith Miller said that Staff suggested some very modest budget reductions but until we have a better idea of what reopening is going to look like we really don't know if those cuts will be sufficient. Her question is what does the Board want Staff to do if the revenue projection falls short. Is Staff authorized to spend down the fund balance that was supposedly for future capital projects or will Staff have to come up with cuts in operating costs perhaps layoffs or will they just postpone or delay capital spending. Today the Board needs to give clear direction to Staff on exactly what steps must be taken if revenues don't materialize. Next, with so many other beaches and recreation areas still closed, she expects the demand at the beaches to be greater than ever as soon, as it warms up, especially now that punch cards can be used for beach access. The beach is IVGID's only non-public asset where our residents and property owners can potentially reestablish and maintain our sense of community. Per the beach deed, the Board has the authority to define guest. By defining guests as intended in the original promises made by the developer to the buyers of property, that is those accompanied by an owner or essential a picture pass holder, we can finally have some control over who has access to the beaches. The Staff reports suggests the possibility of doing away with punch cards. That would fit in so well if the Board finally defines guests as far as the beaches are concerned but if the Board is not going to define guest, beginning July 1 at least raise the daily beach fees for anybody not accompanied by a picture pass holder. She already noted in a prior public comment that fees for other non-public Tahoe beaches are double or more what we charge. If you are still going to allow unaccompanied punch card holders to use the beach parking or any parking owned by IVGID, charge them a fee for that. TTD will soon start charging for the spaces near the East Shore trail, why don't we let supply and demand dictate the ultimate price. We finally realized a few years ago, we could charge outsiders a lot more for ski passes. For over ten years, the ski area didn't

come close to covering its expenses. Just by raising the cost of a lift ticket and season passes for outsiders, DP started to make money. We should be doing the same thing with the beaches and other IVGID facilities. Please stop putting the bulk of the burden of maintaining and improving tourist amenities on the property owners and residents. Cut the Rec fee. Place an item on a future agenda to define guest or to at least set increased fees for non-residents and non-property owners. Thank you very much and by the way, could you please check into why the bill pay reports are missing for the period of April 15 to April 29.

Cliff Dobler said Nevada Revised Statute 354.517 which is the law clearly defines an enterprise fund as a fund to account for operations which are financed and conducted in a manner similar to the operations of a private business enterprise wherein the intent of the governing body is to have the expenses, including depreciation of providing those goods and services on a continuing basis to the general public and will be financed and recovered primarily through charges to the users. The law states that the budget and annual reports must be prepared in accordance with generally accepted accounting principles. Government Accounting Standards Board, number 34, paragraph 67, which is generally accepted accounting principle clearly states activities that are required and again are required to be reported as enterprise funds if any one of three criteria is met in the context of the activities principle revenue sources. One criteria is if pricing activities of the policy establishes fees and charges designed to recover its costs including capital costs. Can anyone on this Board or on IVGID Staff tell him what principle, again principle, revenue sources other than charges to users are available to recover costs other than capital costs for community services and the beach? Peter, how about you? Tim, Sara, Matt, Paul – of course there are none. So it must be concluded that the activities at community services, recreational and the beaches are required to be reported as enterprise funds. That the law requires enterprise funds be used to report the activities then there is no choice in reporting that would comply with the law. So Indra, Peter, Kendra, Paul, if the law requires enterprise funds to be used and you need to follow the law, how can you possibly state that there is no right or wrong. Not complying with the law is wrong and it is never right. Can anybody on this Board or on IVGID Staff provide him with any law which gives authority to the Department of Taxation to prohibit any general improvement district from complying with the law. Matt, how about you Tim, Indra, Paul – there is none. The fiscal year 2021 budget must report the activities for the community services and the beaches as enterprise funds. Thank you.

Linda Newman said when you prepare a budget, it must comply with Nevada Revised Statutes and that requires compliance to generally accepted accounting principles. There are no negotiations and no excuses because you just can't do it

right now but you will in the future. Breaking the law is illegal and violating the public trust by preparing a budget that violates the law and ignores the District's own written policies is an egregious assault on the citizens you as elected officials and public officers took an oath to serve. After reviewing thousands of private and public sector budgets, she has never seen one as masterful at raising all the red flags for fraudulent accounting practices. From year to year, there is no consistency. Generally accepted accounting principles are thrown to the wind by improperly accounting and reporting the community services and beaches as governmental funds and not as enterprise funds as required by GASB 34, paragraph 67c. Revenues are inflated and then offset by a fictitious sales allowance at the recreational venues and at the beaches they are fraudulently reported with the use of punch cards that generate no revenues. These revenues magically appear with the unlawful and undisclosed transfers for punch card utilization from the rec fee allocated to community services administration. As any evidence of financial transparency disappears, obsagation flourishes. We have a line item in revenues called "transfers in" that is actually the amount of our rec fee for capital projects and debt service that has surreptitiously been reported in community services administration. There is another line item called "funded capital resources" which is actually money taken out of the net position or fund balance to report as operating revenues. And to raise another alarm is the collection of rec fee from property owners that is not needed. That's right, not needed. The Community Services Fund has more than six million dollars of reserves over and above the appropriate level of fund balance. It does not need a single dollar to provide subsidizes for operations, capital projects or debt service in the new fiscal year. So she asks you now, why are you collecting an IVGID tax that is the maximum allowable for the General Fund which also has a surplus as well as collecting a rec fee from our property owners that is not needed during these difficult and uncertain economic times. And why will you even consider a budget that does not comply with the law and your own Board policies and practices. Thank you.

Margaret Martini said good evening, she would like to start out by asking our Board Chair to more tightly control this meeting. During the May 6 Board meeting Mr. Morris was allowed to ramble on like a buzzard on angel dust for over 60 minutes. As this is a budget meeting workshop, Mr. Morris should not be permitted to perform again and waste time that should be available for substantive questions and comments. That being said, she is deeply disappointed with the Budget and its failure to comply with Nevada law and the Board's own Resolutions, Policies and Practices. For another year you are accounting and reporting Community Services and the Beaches as Governmental Funds although Generally Accepted Accounting Principles require these funds to be reported as Enterprise Funds. And

as you continue to use the improper accounting for these funds, you cannot even comply with the Board Resolution establishing these funds, and you are also making Central Services Cost Allocation transfers to the General Fund that are not permitted under Nevada law. To make matters worse, you are disguising the actual amount of the Recreation Facility Fee that is being used to subsidize the recreational venues. Just the amount for operations is being shown, while all the money allocated for capital projects and debt service is being reported in Community Services Administration and then transferred into the respective venues. This is the-line under revenues-called "transfers in." You have also chosen once again to unlawfully allocate money from our Rec Fee to Community Services Administration to transfer to the beaches to create the non-existent revenues from the utilization of punch cards you are reporting. And, you know this is unlawful, because you also fail to disclose these transfers to the beaches. Is any of this right? Is this what you call financial transparency? After all the months that Staff has been dealing with the fallout from COVID-19 how are the new economic realities reflected in this budget? They aren't. Overall revenue projections equal or exceed 2020. Salaries and benefits, services and supplies and central services costs equal or exceed 2020. So what do we have on 68 pages? A lot of numbers that don't add up. And she means that literally and figuratively. Thank you.

Mike Abel said he is a 13-year resident of Incline Village and that he has two points to address this evening that impinge on our budget. One is how can the Board possibly consider an \$830 rec/beach fee for this coming fiscal year when we have had all of our facilities essentially closed until just this week when they opened the golf course. With unemployment at depression levels and people struggling to pay their bills IVGID management seems to feel that this community prints money for them to distribute as it sees fit. Our community does not need "virtual fitness training" or a \$1 million remodeled tennis center this year. We need a Board with the cajones to tell management to cut payroll, expenses, and our rec fees by a minimum of 30%. Two – this item relates to the insane Smith lawsuit. His petition now signed by 41 community members protests the expenditure of any money with the Erickson/Beko firm on this illegal and dishonest fiasco. Who on this Board is running carnival? The Board and Mr. Winqest are being fed a pile of bovine excrement by Thomas Beko who is intentionally trying to leave IVGID as the last sucker standing to pay all of Mr. Smith's legal fees. Mr. Dobler's summary of the suit that was sent to all of our Trustees earlier this week tells the entire sad story. Save yourselves a lot of hassle and our taxpayer money and fire Beko ASAP. Hire a new attorney – declare defeat and deliver to Mr. Smith the emails and pay his attorney fees. Anything less is just a continuing folly and a further waste of the taxpayer's money. Thank you and have a good evening.

Yolanda Knaack said she is one of the 2020 IVGID candidates and that she is opposed to increasing the beach fee. She knows several people who have lost their jobs permanently and in the light of currently fewer services, it doesn't make sense to raise our beach fee the one we pay with our house taxes. She did e-mail some information to the IVGID Board of Trustees. She does want to focus more on the beaches right now and she looked it up and they have 19 cashiers, 6 boat ramp attendants, 19 beach hosts and she is not sure what they do, 5 assistants, and a beach host manager. Look at the real needs are of the beach and see if we need that many employees at the beach. It is important not to raise the beach fee and really look at staffing and what we really need. Don't place employees in the parking lots to keep non-residents from parking there and what we should really do is place a sign at the entrance saying it is parking for residents only and have that reinforced by the cashiers. Thank you very much.

Frank Wright said he is a candidate for the Board and that he has been telling this new Board that this is an opportunity to change the culture, behavior, etc. and make a new start; let's do things correctly and clean up the mess, change how we collect people's money and spend it, let's do it right. Have an opportunity to change to enterprise funds which you should do and according to the law, have to do; why vacillate and go back and forth and not do what is right and proper in the way in which you manage the District. The Board meetings would be a lot shorter and people would take pride in a well-run and ethically run district. So many things have been exposed that the past Boards have done and the District Manager has done and this stuff is just coming out left and right. A little shocker today, about four hours ago, he had a conversation with the Nevada Ethics Commission, and they called him, he didn't call them and one of the comments that was made to him was that IVGID is well known in the Nevada Ethics Commission because of the things that are going on here. They are constantly getting ethics complaints about what is the practices, policies and behaviors of people and individuals working for IVGID. He can't go into the specifics but he can tell you that it is not a good mark to have them looking at us as some kind of criminal organization. Let's just start doing it right. The Recreation Fee is horrible. People are out of jobs, they are not getting any recreation, they are out of jobs, they have to pay their mortgages, and they have this Recreation Fee which is sometimes greater than the tax fee that is on those mortgages; he doesn't understand it but you know what, it is your job, as Trustees, to look after the people who live here and protect them from losing what they have because of outrageous fees that aren't really spent for our recreation. Thank you.

D. APPROVAL OF AGENDA (for possible action)

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

E. GENERAL BUSINESS (for possible action)

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

Operating Budget

Director of Finance Paul Navazio gave an overview of the submitted materials. Interim District General Manager gave a review of where we have been and what Staff has incorporated since the last budget workshop. Chairman Callicrate said that the District is transitioning over to Enterprise Funds; he doesn't want to get into a fight with the Department of Taxation and that they have sent a letter to the District with an outline of what is to happen and asked Staff to find out how we can expedite the process.

Director of Finance Navazio continued his overview.

Chairman Callicrate said that the Board received five pages in an e-mail, have those five pages been posted; Director of Finance Navazio said they are in the process of being posted.

Director of Finance Navazio continued his overview.

Chairman Callicrate said that he appreciates the presentation and that the numbers are going to be tweaked even more. The quality of service that the community expects, we know we have to cut back where we can. For those venues that are open, we need to maintain the quality because that is what people have come to expect. We are very cognizant to try and find areas where we can cut back. We don't know what is going to happen this summer and we must maintain a certain level of service with some scaling back because the community has come to expect a certain level. All have to make a reduction to the degree we can.

Trustee Morris complimented Staff as they have done a very good job of listening to us. He was very pleased with the time taken to call each individual Trustee and walk through the materials.

Trustee Schmitz said thank you and that she appreciated the amount of time spent with her; in the General Fund, we are actually burdening all of our other funds, different venues, etc., with a higher central services allocation. So what it is doing to each one of these budgets as it is higher and she is concerned about that. On agenda packet page 18, she is concerned because all of the expenditures and uses are up and that this was penciled out by reducing capital and that has risk as we may not have any choice. Services and supplies is up which concerns her. Trustee Schmitz stated that she knows that we are trying to understand the impacts of the whole COVID situation and have scaled back to Scenario 2. Professional services, services and supplies, and cost allocations seems to up across all of these and she is a little puzzled about that.

Director of Finance Navazio said that the Board will be seeing the detail and that it is really tied to Human Resources and Finance costs. While we have made reductions in other areas, we do not have reductions in Human Resources and Finance. So to the extent that we have personnel costs, we have some covered by union contracts, etc. and those are fixed costs and go up by year-by-year. Slight increase from \$1.3m to \$1.47m – Staff is happy to prepare a comparison for this year to next year. As for absorption, really allocating the costs and it is proportionate to all the funds. Methodology for cost allocation should be updated annually to the actual and then apply budget costs to the funds. As to central service allocation, you are right, it is up.

Trustee Schmitz said when we produce the final budget, will you also be providing the cost allocation formula; agenda packet page 114 has it and that is what was used to develop this year's budget. Utilities – utility operations are essential. Most, but not all of the rate increase, was tied to funding capital and some increases in operations. So what Public Works has done is to remove some costs but maintained personnel. Easiest way to make it fit the lower budget particularly since the Board said it would revisit the rate increase is by deferring some of the capital projects works but know that they are just pushed out. We took out \$1.3m from capital projects to cover the increase of costs and the reduction of the revenue.

Director of Finance Navazio said not exactly and what was done is that in the Utility Fund \$680K was taken out of this year's budget and of that \$680,000, and he would reference agenda packet page 112 of the May 7, 2020 material, is we removed \$108,000 out of services & supplies and \$600,000 out of capital.

Trustee Schmitz said referencing agenda packet page 20, the projection for the Mountain Golf Course is over one million dollars in revenue which is up pretty significantly; is that number still correct. Director of Finance said that the Director of Golf Darren Howard can speak to that number; Director of Golf Darren Howard said that we had a ten percent increase up there and we now have food and beverage up there so Staff feels good about that number.

Trustee Schmitz said in taking a glance over services and supplies and professional services, they seem to be increasing so we might want to review. Interim District General Manager Winquest said that most stayed static and that the increase is in the General Fund. He would like to remind everyone that he put a placeholder of \$48,000 for Tri-Strategies for the 2021 Legislative session and the public relations work that they do and that a lot of the professional services are fixed and flat for the year. Typically, when Staff goes through the budget process, there will be changes to the bottom line and we will be for the better. As he has more time, he expects to find more areas to save. In some cases, we are shifting things to later in the year and that we have items that can be cut out of the budget such as travel, conferences, etc. if the facilities don't open or have to close because of the virus; we will manage to that situation. We have very qualified employees who have worked for the District for quite some time and they understand they have to manage to the times and understand the possibility of making difficult decisions.

Chairman Callicrate said let's make sure we are crystal clean on what has been prepared; he feels comfortable on moving forward. Interim District General Manager Winquest said that Staff has gotten some good feedback and that we will move forward with a little bit more fine tuning with these scenarios and that he is comfortable. Director of Finance Navazio said that the Board seems comfortable and Staff will be providing back up to the questions. Previously, the Board gave authority for up to \$45,000 for a consultant for internal controls which is not added to the budget but that he will work with Interim District General Manager Winquest and his staff to work it into the baseline budget. The other one is the utility rate and reserve

study and he thinks that it may not need additional funding; and then the Board, in the new fiscal year, is going out for new legal counsel. The baseline budget essentially retains the existing funding level and if we need to revisit that, we can do that at that time. Staff didn't add money for any of those items at this time but they may be included in the final budget if so directed.

Chairman Callicrate said it is critical that we put that in there as well as it may be appropriate to put in specifics on each of those items. Director of Finance Navazio said Staff will add them into this year's budget. Interim District General Manager Winquest said that Staff has been discussing General Fund reserves as well.

Trustee Schmitz asked if the sale allowance was necessary as it adds to the confusion and asked on transfers in and out if Staff can add language on where it is coming from and where it is going. Director of Finance Navazio said he is happy to do anything that the Board needs to clarify which then goes to the chart of accounts discussion. Transfers are entirely capital and debt and that we do the others and we can highlight it. The account that we hit is transfers. For allowances, it is a good topic for review and is it necessary, the answer is no. It is in there in previous budgets when the District showed everything at net and it was just one line item and there was an interest in breaking out the community benefit. Trustee Schmitz asked if Staff wanted her to bring that question up; Director of Finance Navazio said Staff does need Board input.

At 7:16 p.m., Chairman Callicrate called for a break; the Board reconvened at 7:25 p.m.

Capital Improvement Program Budget

Director of Finance Navazio gave an overview of the submitted materials.

Trustee Dent asked if we could use the popular report in here as we spent a long time trying to develop that project because we lose some detail with this document.

Director of Finance Navazio returned to his presentation.

Trustee Dent said for 20/21 we are planning on spending \$50,000 on the Diamond Peak Master Plan. Director of Finance Navazio said that is correct. Trustee Dent said is that so it can get approved through the Tahoe Regional Planning Agency (TRPA). Director of Finance Navazio said it is for studies

as part of the plan to get the master plan approved. Trustee Dent said that this money has been sitting here for five years and that his concern is that it has been hanging out here for a little bit and that he wants to only plug in what we need. Director of Finance Navazio said what happens to the \$400,000 is that it reverts to fund balance unless the Board reserves it. The Board won't see it in the carryover but it will show up in the out years of the five-year plan. Staff just wants to make it known that \$400,000 is out there but won't be in next year's budget and not until the Board appropriates those dollars. Trustee Dent asked if Staff got around to updating that data sheet. Director of Finance Navazio said that he can't promise that the data sheet is updated but it will be done for the final budget. Trustee Dent said to make sure that it matches up.

Trustee Schmitz said so this \$400,000 is a future year reservation and asked if this is going forward as a carry forward. Director of Finance Navazio said technically it is going back to the fund balance. The column heading changed after discussion with the State of Nevada, Department of Taxation and it means that the appropriation is sitting in limbo; there are only two funding sources for capital - either it is coming from new appropriations or carry forward. There are two other projects where the Board has reserved the fund balance and we will need to do it again this year with the additional two million dollars collected for the Effluent Export Pipeline. Trustee Schmitz said that this sounds like a change from what has been done in the past. Director of Finance Navazio said Staff is carrying over less than what is available and, in the case of the ski project, there will be fifty thousand dollars in next year's budget but Staff is signaling to both the Board and the public that hundreds of thousands is necessary but not spent in next year's budget and Staff will be asking for it wants when it is time to spend it. Trustee Schmitz said so are we reserving that money. Director of Finance Navazio said yes, we can, as long as there are dollars available. If we are spending the reserves down, we will want to reserve it but if there is capacity, then we need to discuss as four hundred thousand dollars is an estimate but it is not firm.

Trustee Dent said, referencing agenda packet pages 33-34, shouldn't we be showing three hundred thousand dollars that would be cancelled from the seven hundred and fifty thousand dollars. Director of Finance Navazio replied or an adjustment and it is the same with definitions too; it should be consistent as we have others that have been zeroed.

Trustee Morris said that he wants to make sure that we don't spin on this as our goal has been not to have huge chunks of money reserved and because we can't predict when it is going to be spent, it will go into the applicable fund balance.

Director of Finance Navazio continued his presentation.

Trustee Dent said that we are sitting at three project priorities and we have always had a handful or more. Given in the fall we talked about Mountain Golf Course cart paths and the Ski Way paving project, he is curious to hear if we should be giving Staff direction to move these projects forward and do so for future Boards; the Mountain Golf Course cart pathways and then Ski Way would be his order followed by resurfacing cart paths with an overlay or a cold in place application and revisit that process as he would like to see if it could be handled much quicker. He thinks that project is entering the design phase so maybe we scale back on the add-ons and get something more for the users. Trustee Dent closed by saying he would like to get the Board's feedback on those two projects.

Chairman Callicrate said that the Board did have quite a conversation and an important aspect is to get a good scope and that it is a good call to make sure we bring that back up along with the other three projects. Ski Way has been a top priority for several Board and yes, there are two priorities that got dropped that need to come up.

Trustee Morris said that he agrees with Trustee Dent and that once we get through this budget then we can prioritize our top five projects and provide Staff with clear direction.

Trustee Wong said that she definitely agrees about Ski Way and that she would like to address that before there is an accident; she would follow with the projects for the Mountain golf course cart pathways, dog park, Burnt Cedar pool and the Incline Beach house.

Director of Finance Navazio continued his presentation.

2020-21 Recreation Fee

Director of Finance Navazio gave his presentation.

Interim District General Manager Winqest revisited the Burnt Cedar pool estimate and the Incline Beach house project.

Trustee Dent said that he sits on the Burnt Cedar design committee and that we told the design team that we had a two million dollar budget and that we are reducing the piggybank.

Chairman Callicrate said with the beaches being the most utilized asset for the guests and residents that it is imperative to build up a fund balance. The last project was at Burnt Cedar and that was twenty years ago. We are doing a disservice to our community and he doesn't want a Taj Mahal at Incline Beach but that the place is a dump. We have these tremendous beaches that are in need of upgrading and updating. He would like to improve the way people move around and see it get up to the standards of the residents. We, as a community, have to put some financial resources into our assets and our beaches are our number one asset. Let's bite the bullet and move forward cautiously. He is in support of moving five hundred dollars to the beaches and three hundred and thirty dollars to community services and to restrict that money to capital projects only. Let's also build some more storage racks and improve the pats. We have an opportunity, as a Board, to move forward on the beach fee and reduce the recreation fee and draw down the reserves which gives us an opportunity to act. Now is the opportunity to move forward and tweak things to the right size; now is the time to move forward.

Trustee Schmitz said that she reviewed the current master plan for the beaches and that everything that is in there totals up to six million dollars which also might have addressed some of the hardscaping. We need to address the Burnt Cedar pool and the Incline Beach house and do so in a modest capacity which she was sure what was in the master plan. She thinks that the community members want improvements for the community members as the beaches are overcrowded and they can't access the facilities. As we move forward, we need to address their access because if they are going to be footing the bill, they need to be assured they can enjoy it. On agenda packet page 60, it shows increasing the beach fee to five hundred dollars for only two years. The community has spoken a number of times that the plan was a bit grandiose and a bit excessive; we need adequate funding for the pool and the beach house. We can't bite all of it at one time as it will take time and multiple years. To go to something that extensive is too much.

Chairman Callicrate said he is looking at only one year for that flip because we don't know what the next Board will look like. The best laid plans can get

hijacked and that is life. He would like to have the Board commit to something like that for one year. We are going to a higher number because it will help us to draw down our reserves while making a commitment to our beaches. He understands about overcrowding, etc. and he is committed to doing what the community wants for our beaches because they have been one the backburner for twenty years. He is flexible on the actual number and this is a great opportunity, in the budgeting cycle, for showing the community that we are making that commitment.

Trustee Wong said that she is not opposed to reallocating the two fees and that she would rather have a scaled approach than a one year big jump. We are talking about two very large projects. We haven't had a conversation about debt and that the most responsible financing would tell you that you match long term debt with the assets. Putting the burden on current owners versus spreading it out. To be fiscally responsible, we should have a conversation about debt as it is irresponsible to not have that conversation.

Chairman Callicrate said that we have a peculiar situation because we have to collect our fees separately and understand the other factors. He agrees about paying over time however not at the beaches because of their private nature.

Trustee Wong said not necessarily because as long as the revenue we collect from the beach fee and the revenue from access and/or boat ramp fees, etc. were used to repay that debt which stays separate from the rest of recreation.

Trustee Schmitz asked if we wanted to ask our District General Counsel to weigh in or reach out to District General Counsel to get clarification.

Chairman Callicrate asked District General Counsel what are we able to do for long term debt at the beaches as he has been under the understanding that trying to bond, because they are a private asset, is something we can't do because we can't encumber the entire community so he would like to get some clarity on whether we can issue some long term debt for the beaches.

District General Counsel Alex Velto said that he would have to look into that question and that he would supply an answer in the next day or two.

Chairman Callicrate said please do so as he wants to make sure he is not in error.

Trustee Dent said that the beaches don't have the revenues to qualify for a bond however the one thing we could do is to raise the overall Recreation Fee as an option. The other option is to determine the needs based on the project priority. It comes down to a needs basis and then what do we need to fund the priorities. Trustee Dent then read from the NRS reference about fixing the fee. The District has been six and eight million dollars in reserves. The venues have exceeded expectations, thank you to Staff for doing that, so we don't need any more money in the Community Services Fund but we do need money in the Beach Fund. Determining the need would be the right approach and funding that asset which is the most used to take care of our residents and property owners. We know that the beaches don't make money so we can determine that need and then drive down the reserves. We have an opportunity to take care of the families and property owners and put the money where the people go to hang out. We have a funding source thus we just have to say let's do it. He doesn't know the number and isn't fixed on a certain number but falling in line with Policy 13.1, let's commit the funds and fund the beaches.

Chairman Callicrate said for the pool, we are going to get the right number. The Beach Master Plan was done four years ago so he wants to be careful about putting out numbers as we have to revisit it because the community wasn't interested so it needs to be reassessed and revisited. He would like to caution everyone about putting figure out there because it was four years ago. We have to come up with an actual plan that address access, egress, check in shacks, etc. so that we make the experience at the beaches the best we can for families and the people who own property here.

Trustee Morris said that we will get some opinion about debt and considering agenda packet page 52, we have been paying debt service as we went into debt for the Burnt Cedar Pool House thus it is clear that we can go into debt on the beaches. We should have that discussion and the appropriate way to use it to accomplish the goals for the Board and the community. As we look at the beaches, if we did all we should do such as replacing the pool, building an quality beach house, reorganizing egress and access to the beaches, etc., we are looking at more than the numbers mentioned earlier so he agrees about not saying the number until we get them. We will probably get those numbers after we set the Facility Fees; he is a very strong advocate for doing something that will last twenty or thirty years.

Chairman Callicrate said he too is absolutely for the long range on anything we build.

Trustee Morris said with that in mind, we don't need to build up the Beach Fund, because at the top of agenda packet page 60, if we were to bond, we don't need the fund balance rather we need an ongoing revenue stream to pay for the debt therefore we shouldn't be looking at getting a big Beach Fund. We won't be able to pay for the Ski Way project because we will be below our required fund balance. We have to consider both sides of the equation as we look at the split. Currently, in the current economics, we are not recommending a fee increase. Eight hundred and thirty dollars is not a huge amount for the vast amount of property owners in the communities of Incline Village and Crystal Bay and the number is reasonable. He could be persuaded to move more over to the beaches and he thinks that all five Board members would vote to get the Burnt Cedar pool done followed by the Incline Beach house however we need to have the debt conversation as we are not making a draconian change in the fees.

Trustee Schmitz said that she agrees with accomplishing these tasks on the pool and the beach house and she supports these two projects. We don't need to do a slam with an influx in one year because projects don't get done that quickly. We should deal with the information we know and increase it by a couple of hundred dollars; let's go to two hundred dollars. In looking at the seven million dollars, she thinks we should take it step by step and begin the design phase. We should put together an implementation plan to finish the pool and have the design work done for the beach house and stage it in. We are not locked in to eight hundred and thirty dollars as we have two separate facility fees; recreation and beach. The District has been racking up excessive reserves so clearly we are taking in more than we need. The reason is because Diamond Peak has been performing for us and we have debt that has sunsetted. We need to come up with a realistic number that doesn't continue to rack up the excessive funds with the same level of services, etc. If we remove two hundred and twenty four dollars and recognize that Diamond Peak is throwing off an excess of one million dollars per year, which is one hundred and twenty two dollars per parcel, then the Recreation Fee is down to three hundred and fifty nine dollars which covers all operational costs and is giving us funds for capital projects as we will draw down the \$7.6 million in reserves and then we will be at a place with an appropriate fee and do so without excess of reserves. One portion could be reduced to three hundred and fifty nine dollars and increase the Beach Fee by two hundred dollars which gives us a reduction to our total fee. We

would be good fiduciaries, draw down on the Recreation Fee and up the Beach Fee, be below the eight hundred and thirty dollars and showing our community that we are acting on their best behalf.

Trustee Dent said that he agrees with Trustee Morris because we could potentially bond by raising the overall Recreation Fee or raising the user fees/boat launch fees. We need to have four million dollars in reserves and we presently have nearly ten million dollars in there and we don't need it. Unless we change the policy, we can take that money and fund the projects that are the priorities for the community and for families. We can move that money over there and still have an excess. We can solve this and give Staff clear direction so let's get it done. As to a reduction in the Recreation Fee, given COVID and that the users haven't been able to access the venues, perhaps a refund is one approach. Revising the split is also possible. We don't know what next year holds so we look at it one year at a time. Four years ago, we selected a design and now we don't have the money or the design therefore we have to put the money to these projects. There has been seven million dollars thrown out, which was an example, so let's throw four million dollars at it as it is a good step. Staff can go okay; the Board is funding it.

Trustee Schmitz said if we don't need anything on the Recreation Fee because we have \$7.6 million, let's make the Beach Fee five hundred dollars and feed the projects from the reserve.

Trustee Dent said yes, we have enough reserves to do nothing this year and everything would stay status quo.

Director of Finance Navazio said that this is a need based approach and that is how the models were developed and the strategies to get there; Director of Finance Navazio then went over that strategy and talked about setting Board direction.

Interim District General Manager Winqwest said that he is glad to hear that everyone agrees that something needs to be done about the Incline Beach house and the challenges it presents as well as the restrooms and that Staff definitely doesn't want to overbuild anything there. There has been a realization about the lack of availability of venues and after the month of May closes, we can have a discussion about possibly giving back to our parcel owners. We don't want to co-mingle COVID impacts of this year with next year as we will have that opportunity to look back at the end of the next fiscal

year. As to beach reserves, we have collected significant funds that have gone to reserves and we agree that we need to commit those funds and that spending down those reserves is the right thing to do. Raising by whatever amount for the beaches does give us some time. Staff is looking at the bonding information of the Burnt Cedar renovation project.

Trustee Wong said that she would like to put one issue to bed; is the Board in favor of staying at eight hundred and thirty dollars total.

Chairman Callicrate said sure and going to five hundred dollars for beaches and nothing on the Recreation Fee is giving a tremendous amount to the members of our community and is an interesting concept. As to the reserves in the Community Services Fund, the community has expressed what they want to keep going with and they don't want us to draw down from where we need to be however we will have to draw down those reserves sooner rather than later. So how does his colleagues feel about keeping the total fees at eight hundred and thirty dollars or going in what direction.

Trustee Morris said that the question is do we think, as a Board, that eight hundred and thirty dollars per year is the right number and then should we discuss the split; he wanted to check a couple of other things and that was when Trustee Schmitz said she was going through the numbers that we are paying fifty dollars for debt service. Trustee Schmitz said we have two hundred and twenty four dollars of debt that has sunsetted. Trustee Morris said thank you for that clarification as it is an important point. The Board has been able to keep the eight hundred and thirty dollars because those fees were specified for debt and we have kept it at eight hundred and thirty dollars. He is in favor of maintaining the eight hundred and thirty dollars for the next year. He appreciates Staff's explanation and he is in favor of doing some benefit or better use of the money they have already paid and doing so at the end of the year. It is important to take note of the punch card values because depending on how we reduce the fees, it reduces in other places. There are a lot of people in all sorts of venues and they would have reduced value and that is something that we have to be aware of. Finally, there has to be some middle ground and that is where he is. He doesn't want to swing the pendulum and is always in favor of trying to keep it reasonable for their own budgeting cycles. Eight hundred and thirty dollars is a good number overall and the split should be draconian. In the Community Services Fund, we have been building up a reserve in prospect of our Community Services Master Plan as there are several things that the community wants us to do

and we need to make sure we have that funding; let's keep a fairly steady ship.

Trustee Dent said, at the end of May, we will have a better understanding of where we are landing and what potential refund we could offer because of COVID and that it is definitely something that we need to do for the current year. He likes funding the beaches at the five hundred dollar level and then three hundred and thirty dollars in the Recreation Fee if we could get some refund checks sometime in June. He could be inclined to go with eight hundred and thirty dollars as we look at one year at a time. We are still not funding the two projects so we need to put a huge chunk of money over there. We could stay with the eight hundred and thirty dollars and he would like to see the Beach Fee go up to account for those priority projects.

Trustee Schmitz said that relief for this fiscal year is a separate conversation and something that should review and the community should be compensated for not having access. She doesn't see a need and that is what the fees are for is to fill the need. We don't have the need to keep it at eight hundred and thirty dollars and in looking at agenda packet page 59, we should reduce the Recreation Fee to three hundred and fifty nine dollars and three hundred and twenty five dollars for the beach which is a total of six hundred and eighty four dollars which will mean we have enough money to do the pool and gather more information. This is for one year and what is and has been a challenging time. Interim District General Manager Winquest asked Trustee Schmitz what about Diamond Peak. Trustee Schmitz said that she used that estimate because it has been better to budget. Interim District General Manager Winquest said in normal years, he agrees however his concern about this year is that we don't know if we are banking on one million dollars this year and that makes him super uncomfortable. Also, are you suggesting we draw down the Community Services Fund in both capital and operations. Trustee Schmitz said absolutely and taking the one million dollars from Diamond Peak off the table, there can still be a reduction but not that significant. Yes, we need to draw down the reserves and she was trying to find a way to balance things.

Trustee Wong said that she has always been in favor of leaving the fee at eight hundred and thirty dollars and we can do five hundred for the beaches but she is not comfortable however she does know that we can adjust and understands the needs and logic behind it.

Chairman Callicrate said that he doesn't want us to go below eight hundred and thirty dollars because having consistency is important; he is fine with going to five hundred dollars at the beaches for one year and then reassess next year. Chairman Callicrate said that he has heard that four of us want to keep the total fee at eight hundred and thirty dollars.

Trustee Schmitz said that she is not supportive of a total fee of eight hundred and thirty dollars. The District doesn't need it, we need to spend down our reserves, wanting to go to five hundred dollars for the beaches, you need to get rid of more of the Recreation Fee and get rid of the reserves. Part of the goal was to do that and this approach is for only one year and this doesn't address it at a significant level. So you are not accomplishing what you are trying to accomplish and she will be the odd man out.

Chairman Callicrate said that he wanted to make sure that all five individuals had a chance to weigh in and that we will be drawing down our reserves faster than we think.

Trustee Dent said that we are only setting a budget for one year and that next year's Board can decide whatever they want and we can only control this year. He was in line with Chairman Callicrate last budget season and he is excited to have something be funded down at the beaches and this Board will give clear direction to Staff. We are putting money in that fund and taking care of a neglected venue and taking care of the property owners and families; he likes the idea of funding the beaches.

Trustee Morris said that hearing from the four of us on this matter has been and will be a very good discussion. He has expressed his thoughts and he is in the same place as Trustee Wong and he would support a five hundred Beach Fee and three hundred thirty dollars to the Recreation Fee for this year and that it sounds like we are pretty much there.

Trustee Schmitz said that we all have the same objective as we all want to make improvements to our beaches and we are all on the same page on drawing down our reserves but we aren't taking into consideration that this is a difficult time and we are leaving that portion out of the equation. We need to be giving our residents, our business owners, and renters a little bit of a break.

Chairman Callicrate said and there is an opportunity to give our community a break and we can assess that in the next four to six weeks. The total fee

is not going up or down and the Recreation Center people may be getting refunded something so we are all on the same page. As to how we go about it, there will probably be some kind of refund to the community and he understands Trustee Schmitz' point as he is kind of there on this item.

Trustee Schmitz said, referencing agenda packet page 52, can we have our budget for the Recreation Fee and have our capital broken out as it is another piece that our citizens would appreciate.

Trustee Dent thanked the Board for a good discussion as we talked about priorities and funding of priorities. Thanked all the Board members for doing their homework and participating. He is in favor of having a breakdown of our operating capital and debt so it is clear for us and the community.

Chairman Callicrate called for a break at 9:24 p.m.; the Board reconvened at 9:35 p.m.

Other Topics

Director of Finance Navazio gave an overview of the submitted materials.

Chairman Callicrate said that he appreciates all the documentation and outreach and let's hope that next year will be a little saner as we all get crunched up against deadlines. Resolution 1838 is what we have to live by and he likes the fact about the resolution of intent. He would like to find out who the final arbiter will be at the State as it has been an ambiguous situation. He voted against this action in 2015 so let's do what we have to do and be compliment with the State. He doesn't want to get into a row with the State but he does want to get to a solution that we can all agree upon. He likes the punch card information as it is worthwhile to look at it as well as he appreciates the overview on technology. Thank you for hard work, thank you to the community for their patience, and thank you to his colleagues as this has been a trying time like no other. We are trying to pull together as a team and it is taking longer than he would like but we are accomplishing things.

Trustee Morris said thank you for this presentation and that he is in favor of all that you said. He would like to ask about the food and beverage restructure as he doesn't want any surprises about those changes. Director of Finance Navazio said it is not a total restructure rather it is just individual fund impacts and that it depends on what we are looking for. We are moving

revenues and expenses to different places and Staff is working hard to make sure to avoid any surprises as a result. Trustee Morris said that he agrees that we have to have the discussion as there are a number of must do items that we don't want them to get lost. Let's get them on the long range calendar sooner rather than later.

Trustee Dent said thank you for addressing these other topics as they are concerns that we have been bringing up for a while. Yes, on food and beverage; Resolution 1838, yes, let's comply with that resolution; yes, on punch card accounting and fund accounting. He wants to be clear on the enterprise accounting and yes, to having that resolution, and yes, include a supplemental in enterprise format so we already have a budget done in that format. This is being proactive and including the supplement as it allows us an opportunity to not wait and it is a step in the right direction. We shouldn't limit our options rather we should keep them all on the table.

Trustee Schmitz said, referencing agenda packet page 62, please let her know what the yellow highlighting means, it is important to better understand how our venues are performing, Resolution 1838 – we need to comply, and it is her understanding that instead of a transfer in, we should show revenues for operations, capital, and debt and that this is a change that is coming which she thinks is appropriate; enterprise fund accounting – to comply with the Nevada Revised Statutes is only appropriate that we report with enterprise accounting and it should be submitted as a supplement as she agrees with Trustee Dent that we need to be in compliance with the Nevada Revised Statutes and allow the Department of Taxation to take their time and approve the transition.

Trustee Wong said that food and beverage is a no brainer so we can know how everything stands alone; Resolution 1838 makes sense to her; fund accounting for enterprise funds, the Department of Taxation has already laid out a process for us and why do it different. Providing a supplement is wasting time and makes us look pretty ridiculous. She takes issue about double booking of revenue as Staff is trying to allocate the revenue correctly because of the Recreation Fee split and because anyone can take their picture pass or punch card and get value at any of our venues. Trustee Wong then provided an example which leads into the utilization issue with the accounting following that utilization. Let's use the State's process as trying to apply it retroactively makes us look really silly.

Director of Finance Navazio went over the process for transitioning to Enterprise Fund Accounting and how the documents are being prepared.

Trustee Schmitz asked if Staff will produce a cost allocation table; Director of Finance Navazio said yes. Trustee Schmitz asked if Staff will provide a full time equivalent breakdown for each of the budgets; Director of Finance Navazio said yes.

Interim District General Manager Winquest confirmed that Staff is clear on the direction and that Staff will follow up with the Board of Trustees. There has been a lot of good discussion with a lot of pressure being put upon all of us and taking this to a new level. He appreciates all the conversation tonight.

Chairman Callicrate asked if Staff can get something to the Board that will reaffirm what we have all discussed tonight. Director of Finance Navazio said that is a very reasonable request and that the materials will go to the Board on Friday with an agenda on Thursday.

Chairman Callicrate said that he was happy with the discussion tonight and thanked the Board for their participation.

Trustee Morris said, as a Board, we officially congratulate Trustee Wong on the birth of her daughter.

F. PUBLIC COMMENTS

Linda Newman said that she must emphasis again that the punch card utilization must end as everyone should be aware that the Rec Fee is solely collected for the operations, capital projects, and debt service of the community services venues. Not a single dollar can be collected for the punch card use at the beaches. The beaches are a completely separate fund with different recreational venues. There is no Board approved policy or practice establishing that the division of rec and beach fees dollars determines what percent of the punch card can be used to offset the resident rate from the guest or rack rate. Ordinance 7 allows the holder of punch cards to pay the resident rate at the beaches which is zero. No revenue is recorded from the punch card at the beaches. To create fictitious revenues at the beaches and have Community Services Administration make undisclosed transfers to the beaches to provide the beaches revenue to pay for beach expenses is fraudulent as the Rec Fee is collected from approximately 475 property owners who do not have beach access it is morally reprehensible to use

their money to pay expenses for beaches that they cannot legally use. She would also like to state that it would be critically important since the Community Services Fund and the Beach Fund are actually enterprise funds and in order to account and report them properly in accordance with general accepted accounting principles you have no problem adding their accounting and reporting as a supplemental with the State forms. In that respect, when the State gives you permission to change the accounting and reporting practice so that it is actually in compliance with generally accepted accounting principles you will be set in Fiscal Year 2020/2021 and when you do the CAFR they will be accounted for and reported properly and you will not have to wait until 2022 and have to deal with restating even more years of financials and that is pretty much all she has to say.

Aaron Katz said that he is a bit disturbed as the agenda indicated that there was going to be direction given on the budget and there was no direction given and actually the Board did give direction which was no resolution but rather the direction is a rubber stamp of everything that Staff submitted to you. Where was the discussion about eliminating \$1.2 million in marketing costs? There have been a lot of people that have said that is an absolute waste and not a peep came up about this. Follow what our community is telling us on priorities of projects – really – when have we had a survey that wasn't a BS survey; it was a wish list of things. When are you going to have a survey and tell us what it is going to cost in our Rec Fee. Before you start making plans, survey the property owners and do it in writing. The public hearing next week is an absolute waste. Take a look at the report, paragraph 2, and Mr. Katz then read from that section. He doesn't see anything in there about creating a future CIP project reserve fund. This will be a lie just like a lie on the Recreation Fee going down when paying off the two bonds. You have admitted we don't need the Recreation Fee, now we do need it, so make up your mind. The Diamond Peak Master Plan – you never asked the community if we want it, we don't, and you already took eight hundred and thirty thousand dollars from us. We don't need it so get rid of it and put in back into the fund balance.

Cliff Dobler said wow, you know as he sat and listened about the swapping of the Rec Fee and the Beach Fee, Schmitz is one hundred percent correct on these excess fund balances. Look at agenda packet page 59. There are three scenarios presented and it didn't consider putting in the Ski Way paving, the Burnt Cedar pool and the Incline Beach building. Now notice on the last column to the right, it is 2025, which is five years out, and look at the excess fund balance for both the community services and the beaches. They average eleven million six hundred and sixty six dollars of excess fund balances. Okay, now just deduct what do you need for the paving, \$3.6 million; what do you need for Burnt Cedar, \$2.7 million; and what do you need for the beach building; \$3.2 million. That totals \$9.5 million,

you take that away from the \$11.6 million dollars and you still have \$2.6 million dollars in excess fund balance five years out. So what you are doing here is just keeping a slush fund that you don't intend on spending for five years. Now, you cannot justify this. Now, Morris and Wong, what do you need to borrow money for – you don't need to borrow money. Morris – what do you want to raise the Rec Fee for, you gold digger. Morris – when punch cards are used there is no limit on how much of the value of the punch card is limited to a particular venue, he doesn't know where he has been. Morris – you may find out when you borrow money for the Burnt Cedar pool, there was a common ownership at that point in time and they pledged all revenues of all funds except for utilities. There is no more common ownership and no one will loan you a dollar only pledging beach fund revenues. Morris – do you actually know what is going on. Navazio – very simple, he doesn't like the idea of putting out a budget and then putting out pages in a packet then all of a sudden slipping in a lot of new pages. You know he has a baseline of what is presented when the agenda comes out and the packet comes out and he would like to see the same numbers and the same packet and not a bunch of new things slipped in. Last but not least, he dittos everything that Linda Newman had said previously. Thank you very much, you guys are trying hard but you know, Sara is one hundred percent right, you have plenty of money and you should give some back because you can't even figure out how to spend it by 2025. You still got a ton and that counting your conservative estimates about budgets at Diamond Peak. This is just, it's sad because you are just not properly considering that you don't need to build up massive reserves so you can go out and do rocket ships.

Yolanda Knaack said she is one of the 2020 IVGID candidates, congratulate Kendra on her baby, that is wonderful, thank you for not raising our IVGID fees on our taxes, like to mention that she is opposed to borrowing money for IVGID, and try to focus on what needs to get done and focus on those things.

Frank Wright said that he is a candidate for the Board. Like to inform the Board and public, that there are people who are hurting and out of jobs and live in this community and they are trying to feed their families. To sit on a massive amount of money that could be used to reduce the Rec Fee and give these people a break is just unthinkable. Why in the world would you do something like that to the people in your community? For Trustee Morris to say that we have something nice for the people in our community, we don't have to have it right now as we have a big pandemic that we are trying to deal with. The problem we have is we don't have legal counsel that understands government. You can't bond, there is no way you can bond Trustee Morris. This is supposedly a private beach, which brings us to the question of why don't we have legal counsel giving us guidance and direction. We have to have legal counsel go and do research and he would like to have that

be reported publicly as he would like to know what legal counsel finds in their study. If you have to charge the rec fee for services we aren't receiving, why. Just drop it. Do we have plenty of money, give people a break. Are the beaches private or public – legal counsel, can you answer that question. Overcrowding of the beaches – so you want to spend all this money to improve the beach properties and you have given your beaches away to the world's tourist. How many people who are residents here in Incline, full or part time, actually use the beaches and actually do not go to the beaches because they are so overcrowded by people that don't live here. How can you make major expansions and budget for them without any legal clarification from any legal authority at your Board meeting giving your guidance and direction? That's why tonight's meeting was so convoluted, heard about all kinds of things, no answers to all these items. All this stuff is really, really weird. This Board is walking a tightrope and we need guidance from a legal firm to understand what is being brought forth to this community. If you don't do that, you are just keep running in circles.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 10:24 p.m.

Respectfully submitted,

Susan A. Herron
District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.

Submitted by Aaron Katz (_ pages): Written statement to be included in the written minutes of this May 19, 2020 regular IVGID Board meeting – Agenda Items E(1) and E(2) – Final operational and capital budget workshop – no matter what Staff do to reduce costs, they continue to budget to overspend to the subsidy of Recreation (“RFF”) and Beach (“BFF”) Facility Fee(s). In order to meaningfully reduce costs, the Board *must* reduce the RFF/BFF!

Submitted by Aaron Katz (_ pages): Written statement to be included in the written minutes of this May 19, 2020 regular IVGID Board meeting – Agenda Item E(3) – Proposed Recreation (“RFF”) and Beach (“BFF”) Facility Fee Workshop – When is the Board going to start adhering to the written agreements past

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Boards have entered into and the promises past Boards have made to local parcel owners insofar as the BFF is concerned?

Submitted by Alexandra Profant (2 pages): IVGID Trustee's Meeting May 19 2020
Public Comment submitted by Alexandra Profant

Submitted by Joy Gumz (2 pages): E-mail dated May 19, 2020 – Getting the District's financial house in order

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MAY 19, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEMS E(1) AND E(2) – FINAL OPERATIONAL AND CAPITAL BUDGET WORKSHOP – NO MATTER WHAT STAFF DO TO REDUCE COSTS, THEY CONTINUE TO BUDGET TO OVERSPEND TO THE SUBSIDY OF RECREATION (“RFF”) AND BEACH (“BFF”) FACILITY FEE(S). IN ORDER TO MEANINGFULLY REDUCE COSTS, THE BOARD *MUST* REDUCE THE RFF/BFF!

Introduction: After two (2) budget workshops and five (5) revised reduced revenue scenarios, staff now propose nothing more than a blended reduced revenue scenario which again budgets to the constant of RFF/BFF and central services subsidies with essentially no reductions whatsoever in initially proposed capital improvement project (“CIP”) expenditures¹. As long as staff refuse to budget to a lower or no RFF/BFF, lower central services cost subsidies, as well as reduced CIPs, *it doesn’t matter what cost cutting measures are implemented*. Since staff continue to refuse to listen to the Board, there’s only one way to force them to meaningfully reduce overspending. And that’s to reduce/eliminate the RFF/BFF and central services subsidies. And that’s the purpose of this written statement.

Insofar as Possible Cost Cutting Measures Are Concerned, as You Can See Below, the Only Realistic Categories Where Cost Cutting Can Possibly Occur, Continue to Be Personnel, Services and Supplies, Central Services and CIPs: I previously supported this assertion with argument at the Board’s May 7, 2020 workshop so I won’t repeat myself here. However, take a look at proposed *reduced* central services transfers to the General Fund. *THERE ARE NONE*²!

How about proposed *reduced* Community Services and Beach Fund CIP expenditures? *THERE ARE ESSENTIALLY NONE*¹!

How about proposed *reduced* RFFs/BFFs? *THERE ARE NONE*³!

So With the Foregoing in Mind, Let’s Examine Staff’s Final Proposed Cost Reductions Insofar as Each of the District’s Recreation Venues (Including the Beaches) is Concerned: I have created spreadsheets (below) depicting staff’s cost cutting proposals. These are compared to staff’s initial proposed budget as well as its five (5) revised reduced revenue scenarios:

¹ I say essentially *none* because out of \$3,792,040 initially proposed on Community Services Fund CIPs, staff have now proposed *a meager \$142,615 or 3.76%* reduction. But upon closer inspection there has been no reduction. \$113,985 of Mountain Golf cart acquisition costs have been reduced to \$0.00 [see page 33 of the packet of materials prepared by staff in anticipation of this May 19, 2020 Board meeting {https://www.yourtahoepalace.com/uploads/pdf-ivgid/Packet-Workshop_5-19-2020.pdf (“the 5/19/2020 Board packet”)}] because of lease rather than purchase. And insofar as initially proposed Beach Fund CIPs are concerned, *no reductions whatsoever* have been proposed!

² See page 17 of the 5/19/2020 Board packet.

³ See page 52 of the 5/19/2020 Board packet.

Championship Golf						
	Proposed ⁴	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final ⁹
Personnel	\$ 2,263,958	(\$ 105,256)	(\$ 133,160)	(\$ 230,687)	(\$ 230,687)	(\$ 133,160)
Services & Supplies	\$ 1,113,183	(\$ 49,600)	(\$ 52,380)	(\$ 89,269)	(\$ 89,269)	(\$ 50,957)
Cost of Goods Sold	\$ 1,152,375					(\$ 239,669)
Other	\$ 315,031					(\$ 4,952)
Central Services	\$ 254,820	(\$ 0)	(\$ 9,500)	(\$ 19,114)	(\$ 19,114)	(\$ 0)
Capital Improvements	\$ 1,535,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	(\$ 0)
Total	\$ 6,634,367	(\$ 135,856)	(\$ 176,040)	(\$ 320,070)	(\$ 320,070)	(\$ 428,738)

Mountain Golf						
	Proposed ¹⁰	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final ¹¹
Personnel	\$ 551,847	(\$ 23,947)	(\$ 26,464)	(\$ 165,164)	(\$ 165,164)	(\$ 24,910)
Services & Supplies	\$ 352,789	(\$ 1,576)	(\$ 1,651)	(\$ 2,401)	(\$ 2,401)	(\$ 3,560)
Cost of Goods Sold	\$ 105,100					(\$ 15,568)
Other	\$ 113,210					(\$ 0)
Central Services	\$ 58,140	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Capital Improvements	\$ 199,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	(\$ 142,615)
Total	\$ 1,380,086	(\$ 16,523)	(\$ 19,115)	(\$ 158,565)	(\$ 158,565)	(\$ 209,038)

⁴ See page 115 of the packet of materials prepared by staff in anticipation of the Board's May 7, 2020 meeting [https://www.yourtahoepace.com/uploads/pdf-ivgid/5-7-2020_Workshop_Packet.pdf] ("the 5/7/2020 Board packet").

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

⁶ "Facility Closure I Curtailment of Programs Thr(ough) July 2020 (1-Month)" (see page 108 of the 5/7/2020 Board packet).

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

⁸ "Facility Closure I Curtailment of Programs Thr(ough) December 2020 (6-Months)" (see page 108 of the 5/7/2020 Board packet).

⁹ See page 19 of the 5/19/2020 Board packet.

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

¹¹ See page 20 of the 5/19/2020 Board packet.

Facilities						
	Proposed ¹²	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final ¹³
Personnel	\$ 136,083	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 24,214)
Services & Supplies	\$ 352,898	(\$ 4,659)	(\$ 7,610)	(\$ 11,492)	(\$ 13,292)	(\$ 6,110)
Other	\$ 49,590					(\$ 2,000)
Central Services	\$ 27,420	(\$ 0)	(\$ 1,000)	(\$ 2,000)	(\$ 2,938)	(\$ 0)
Capital Improvements	\$ 100,000	(\$ 15,140)	(\$ 15,140)	(\$ 15,140)	(\$ 15,140)	(\$ 0)
Total	\$ 665,991	(\$ 19,799)	(\$ 23,750)	(\$ 28,632)	(\$ 31,370)	(\$ 32,324)

Ski						
	Proposed ¹⁴	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final ¹⁵
Personnel	\$ 4,186,534	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 413,259)	(\$ 0)
Services & Supplies	\$ 2,058,216	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 2,401)	(\$ 0)
Cost of Goods Sold	\$ 529,100					(\$ 0)
Other	\$ 863,449					(\$ 0)
Central Services	\$ 417,600	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 198,328)	(\$ 0)
Capital Improvements	\$ 1,192,000	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Total	\$ 9,246,899	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 613,988)	(\$ 0)

Recreation Center/Community Programming						
	Proposed ¹⁶	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final ¹⁷
Personnel	\$ 1,655,644	(\$ 185,133)	(\$ 224,600)	(\$ 283,262)	(\$ 325,599)	(\$ 280,409)
Services & Supplies	\$ 563,979	(\$ 23,042)	(\$ 41,606)	(\$ 62,884)	(\$ 96,847)	(\$ 61,893)
Cost of Goods Sold	\$ 44,559					(\$ 11,159)
Other	\$ 206,410					(\$ 12,000)
Central Services	\$ 133,440	(\$ 0)	(\$ 3,100)	(\$ 6,200)	(\$ 10,600)	(\$ 0)
Capital Improvements	\$ 455,000	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Total	\$ 3,059,032	(\$ 208,175)	(\$ 269,306)	(\$ 352,346)	(\$ 433,046)	(\$ 365,461)

¹² See page 117 of the 5/7/2020 Board packet.

¹³ See page 21 of the 5/19/2020 Board packet.

¹⁴ See page 118 of the 5/7/2020 Board packet.

¹⁵ See page 22 of the 5/19/2020 Board packet.

¹⁶ See page 119 of the 5/7/2020 Board packet.

Community Services Administration						
	Proposed ¹⁸	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final ¹⁹
Personnel	\$ 251,978	(\$ 57,274)	(\$ 69,514)	(\$ 83,690)	(\$ 97,991)	(\$ 42,624)
Services & Supplies	\$ 79,068	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 2,300)
Fuels Management	\$ 100,000					(\$ 0)
Other	\$ 8,604					(\$ 999)
Transfers Out	\$ 4,085,212					\$ 12,860
Central Services	\$ 21,300	(\$ 0)	(\$ 2,000)	(\$ 4,000)	(\$ 6,000)	(\$ 0)
Capital Improvements	\$ 90,000	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Total	\$ 4,636,162	(\$ 57,274)	(\$ 71,514)	(\$ 87,690)	(\$ 103,991)	(\$ 33,063)

Parks						
	Proposed ²⁰	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final ²¹
Personnel	\$ 428,742	(\$ 23,646)	(\$ 24,479)	(\$ 25,378)	(\$ 26,277)	(\$ 7,753)
Services & Supplies	\$ 302,862	(\$ 0)	(\$ 3,127)	(\$ 1,985)	(\$ 5,097)	(\$ 0)
Utilities	\$ 96,485					(\$ 0)
Other	\$ 14,490					(\$ 0)
Central Services	\$ 45,540	(\$ 0)	(\$ 1,000)	(\$ 2,000)	(\$ 3,000)	(\$ 0)
Capital Improvements	\$ 172,440	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Total	\$ 1,060,559	(\$ 23,646)	(\$ 28,606)	(\$ 29,363)	(\$ 34,374)	(\$ 7,753)

¹⁷ See page 23 of the 5/19/2020 Board packet.

¹⁸ See page 120 of the 5/7/2020 Board packet.

¹⁹ See page 24 of the 5/19/2020 Board packet.

²⁰ See page 121 of the 5/7/2020 Board packet.

²¹ See page 25 of the 5/19/2020 Board packet.

Tennis						
	Proposed ²²	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final ²³
Personnel	\$ 158,007	(\$ 50,502)	(\$ 85,887)	(\$ 97,481)	(\$ 97,909)	(\$ 21,439)
Services & Supplies	\$ 63,830	(\$ 4,360)	(\$ 6,500)	(\$ 8,600)	(\$ 10,300)	(\$ 3,500)
Cost of Goods Sold	\$ 15,500					(\$ 8,900)
Other	\$ 14,863					(\$ 0)
Central Services	\$ 13,680	(\$ 0)	(\$ 400)	(\$ 800)	(\$ 1,200)	(\$ 0)
Capital Improvements	\$ 48,600	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Total	\$ 311,897	(\$ 54,862)	(\$ 92,787)	(\$ 106,881)	(\$ 109,409)	(\$ 33,839)

Community Services Totals						
	Proposed	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final
Personnel	\$ 9,632,793	(\$ 445,758)	(\$ 564,104)	(\$ 885,662)	(\$ 1,356,886)	(\$ 534,529)
Services & Supplies	\$ 4,886,825	(\$ 83,237)	(\$ 112,874)	(\$ 176,631)	(\$ 219,607)	(\$ 128,320)
Cost of Goods Sold	\$ 1,846,634					(\$ 275,296)
Fuels Management	\$ 100,000					(\$ 0)
Transfers Out	\$ 4,085,212					\$ 12,860
Other	\$ 1,585,647					(\$ 19,951)
Central Services	\$ 971,940	(\$ 0)	(\$ 17,000)	(\$ 34,114)	(\$ 241,180)	(\$ 0)
Capital Improvements	\$ 3,792,040	\$ 12,860	\$ 12,860	\$ 12,860	\$ 12,860	(\$ 142,615)
Total	\$ 26,901,091	(\$ 516,135)	(\$ 681,118)	(\$ 1,083,547)	(\$ 1,804,813)	(\$ 1,087,851)

Beach						
	Proposed ²⁴	Scenario 2 ⁵	Scenario 3 ⁶	Scenario 4 ⁷	Scenario 5 ⁸	Final ²⁵
Personnel	\$ 1,174,638	(\$ 236,110)	(\$ 282,752)	(\$ 317,396)	(\$ 337,085)	(\$ 142,615)
Services & Supplies	\$ 573,175	(\$ 49,899)	(\$ 83,607)	(\$ 84,203)	(\$ 94,653)	(\$ 72,184)
Cost of Goods Sold	\$ 100,500					(\$ 16,900)
Other	\$ 194,974					(\$ 11,335)
Central Services	\$ 118,920	(\$ 0)	(\$ 6,000)	(\$ 12,000)	(\$ 12,000)	(\$ 0)
Capital Improvements	\$ 454,500	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)	(\$ 0)
Total	\$ 2,616,707	(\$ 286,009)	(\$ 372,359)	(\$ 413,599)	(\$ 443,738)	(\$ 243,034)

²² See page 122 of the 5/7/2020 Board packet.

²³ See page 26 of the 5/19/2020 Board packet.

²⁴ See page 123 of the 5/7/2020 Board packet.

Note That *All* of These Numbers Are Staff's Numbers. I Haven't Added Onto Any of Them. All I Have Done is to Present Them in a Different/Less Deceitful Manner:

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

Note That Under *All* of These Proposed Cost Cutting Scenarios, Central Services Cost Transfers to the General Fund Remain at Their Current Excessive Levels:

Note That Under *All* of These Proposed Cost Cutting Scenarios, Capital Spending at *All* of Our Recreational Venues and the Beaches Essentially Remain at Their Current Excessive Levels¹:

The Growth of Community Services and Beach Fund Balances Proves That For at Least the Last Nine (9) Years, the RFF/BFF Subsidies Local Property Owners Have Been *Involuntarily Assessed Have Been Excessive*: On June 30, 2011, the unrestricted balance assigned by staff to the District's Community Services Fund²⁶ was \$4,226,167²⁷. The unrestricted balance assigned by staff to the District's Beach Fund was \$1,177,762²⁷. As of June 30, 2020 staff estimates that the unrestricted balance assigned to the District's Community Services Fund will be \$12,360,444²⁸. And the unrestricted balance assigned by staff to the District's Beach Fund will be \$2,159,282²⁹. How did the fund balance in the District's Community Services Fund increase by \$8,134,277 (on average, \$903,808.56/year) in nine (9) short years? And how did the fund balance in the District's Beach Fund increase by \$981,520 (on average, \$109,057.78/year) in a similar number of short years? The simple answer is Gerry Eick's "smoothing" or "re-purposing." The more complicated answer is:

1. Intentionally budgeting higher than necessary RFFs/BFFs to pay for "virtual bonds" which exist in cyberspace yet not in the real world. In other words, retired recreation general obligation bonds;

²⁵ See page 27 of the 5/19/2020 Board packet.

²⁶ "Fund Balance" is defined as "the residual difference between assets and other inflows and liabilities and other outflows...for budget purposes" [see page 159 of the 2019-20 Budget (https://www.yourtahoeplace.com/uploads/pdf-ivgid/2019-20_Operating_Budget.pdf)].

²⁷ See page 25 of the Comprehensive Annual Financial Report ("CAFR") ending June 30, 2011 ("the 2011 CAFR"). I have attached this page and placed an asterisk next to the referenced numbers as Exhibit "A" to this written statement.

²⁸ See page 24 of the 5/7/2020 Board packet. I have attached this page and placed an asterisk next to the referenced number as Exhibit "B" to this written statement.

²⁹ See page 25 of the 5/7/2020 Board packet. I have attached this page and placed an asterisk next to the referenced number as Exhibit "C" to this written statement.

2. Budgeting for CIPs staff never prosecuted or perpetually carried-forward and in essence never prosecuted (a good example being the Diamond Peak Master Plan). Notwithstanding, since these CIPs were funded, these monies became part of the fund balance:

3. Estimating CIP costs at excessive amounts guarantying excess budgeted sums after completion which got swept into fund balances: and,

4. Budgeting for expenses which were never incurred. But since they were funded, from local property owners' perspective, they might as well have been incurred/spent because they're the ones who paid.

“Any Way the Cookie Crumbles,” Over at Least the Last Nine (9) or More Years Staff Have Realized *More* Recreation/Beach Funds Than Those Necessary to Make the Public’s Recreation/Beach Facilities “Available to be Used:”³⁰

And Since Staff Intentionally Over Budget Expenses to the Given of Excessive RFF/BFF Subsidies, Over at Least the Last Nine (9) or More Years Staff Have Exacted More RFFs/BFFs Than Those Required to Subsidize Overspending:

How Have Staff Been Able to Hide the Fact These Fund Balances Have Been Increasing: given the District’s financials do not reveal yearly positive cash flow? *The answer is budgeting phony expenses to the District’s Community Services Administration sub-fund.*

Instead of reporting that revenues assigned by staff to the District’s Community Services Fund exceed expenses by \$903,808.56/year, on average, staff report a balanced budget because there are no revenues left over after subtracting expenses assigned to the Community Services Administration sub-fund³¹ to report. Similarly, instead of reporting that revenues assigned by staff to the District’s Beach Fund exceed expenses by \$109,057.78/year, on average, staff report a balanced budget

³⁰ As I have demonstrated many times before, according to staff, the RFF/BFF represent nothing more than fees allegedly necessary to make the public’s recreational and beach facilities merely available to be used by those whose properties are involuntarily assessed [see pages 51-56 of the packet of materials prepared by staff in anticipation of the Board’s April 14, 2020 meeting {“the 4/14/2020 Board packet” (https://www.yourtahoeplace.com/uploads/pdf-ivgid/4-14-2020_BOT_Packet_Regular.pdf)}].

³¹ See pages 71-72 of the 4/14/2020 Board packet. I have attached these pages and placed asterisks next to estimated current year ending 6/30/2020 revenues of \$37,763,530 and expenses of \$37,763,530 assigned to the District’s Community Services Fund as Exhibit “D” to this written statement. In other words, a balanced budget.

because there are no revenues left over after subtracting expenses assigned to the Beach sub-fund³² to report.

Thus whatever amounts exceed revenues and increase fund balances ended up being hidden because they are either assigned to the Community Services Administration sub-fund, or the “Services and Supplies” expense category in the Beach Fund.

Staff’s Phony Community Services Administration Sub-Fund: At the Board’s April 1, 2020, April 14, 2020, and May 7, 2020 meetings I submitted written statements objecting to approval of the proposed 2020-21 CIP budget³³ and preliminary report for the collection of 2020-21’s RFF/BFF³⁴. At pages 204-205 of the 4/14/2020 Board packet and 132-133 of the 5/6/2020 Board packet I provided evidence of how expenses assigned to the District’s Community Services Administration sub-fund and the District’s Beach Fund under Services and Supplies are *phony* and nothing more than a vehicle and placeholder to accumulate funds for future unidentified, un-budgeted and un-appropriated pet projects. In other words, this sub-fund exists to hide the fact the RFF is higher than required by making the public think excess amounts are actually being spent on “something” when in-truth-and-in-fact they aren’t. Remember, these accumulations have been made possible because of Mr. Eick’s “smoothing” and “repurposing” techniques whereby excessive RFFs/BFFs are budgeted to levels “the market will bear” rather than to those actually required because local property owners have gotten used to paying these sums in the past when past recreation bonds had to be serviced.

Staff’s Phony Central Services Costs Allocation: Staff’s budgeted overspending is not limited to the District’s Community Services and Beach Funds. It extends to the District’s General Fund². How do staff balance the revenues and overspending assigned to this fund like it does for the District’s Community Services and Beach Funds? They have concocted another subsidy disingenuously called “central services.” The current 2019-20 Budget³⁵ defines “central services cost allocation” as “the amount allocated between the Utility, Community Service and Beach Funds to cover the cost of services (allegedly) provided by the General Fund under Board Policy.” But not all of staff overspending assigned to the General Fund represents “services provided by the General Fund.” Besides the more obvious examples³⁶, consider: \$474,855 of “General Government” expenditures

³² See Exhibit “B.” I have placed asterisks next to estimated current year ending 6/30/2020 revenues of \$4,360,003 and expenses of \$4,360,003 assigned to the District’s Beach Fund. In other words, a balanced budget.

³³ See pages 202-207 of the 4/14/2020 Board packet.

³⁴ See pages 128-134 of the packet of materials prepared by staff in anticipation of the Board’s May 6, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/5-6-2020_BOT_Packet_Regular.pdf (“the 5/6/2020 Board packet”).]

³⁵ See page 157 of the 2019-20 Budget.

³⁶ Services such as a public relations firm to spew staff propaganda, a lobbyist to influence State legislation, attorney’s fees to fight citizens (like Mark Smith) seeking public records, attorney’s fees to

represented to the State Department of Taxation at page 21 of the District's current 2019-20 Budget³⁷? Or \$216,420 of "Trustees" expenses that are similarly represented³⁷? Or \$456,289 of "General Manager" expenses³⁸ that are similarly represented³⁷? Or \$216,673 of "Communication" expenses that are similarly represented³⁷. Or \$45,376 of "Health and Wellness" expenses that are similarly represented³⁷. Or \$666,445 of "Capital Outlay" expenses that are similarly represented³⁷. Or the rent paid/transferred to the Facilities sub-fund¹³ for the Board's public meetings held at The Chateau³⁹? Or the food, beverage and personnel costs to lay out/tear down that food and beverage I have objected to which is provided to the public at those meetings?

I submit that rather than "the cost of services (allegedly) provided by the General Fund under Board Policy," the Community Service (\$903,200⁴⁰) and Beach (\$110,500⁴⁰) Funds central services cost allocations (a combined \$1,013,700) pay for a portion of this \$2.1 million or more of expenses assigned to the District's General Fund *which have nothing to do with than "the cost of services (allegedly) provided by the General Fund under Board Policy."* Staff have no standing to argue otherwise because when they budget to overspend, every expense ends up contributing to that overspending. Thus it is disingenuous to cherry pick any one or more particular expenditure(s) and declare it/they are subsidized by central services cost allocation versus other revenues assigned to the General Fund.

Moreover, to justify the allocation amongst these three funds staff go through a computation per sub-fund based upon full time equivalent ("FTE") employees³⁹ which includes part-time/seasonal employees, budgeted personnel, accounting and services and supplies expenses⁴¹. Therefore as these costs are reduced in a particular sub-fund or fund, one expects the allocation of central services costs to be reduced by a like amount. *But that's not what takes place here.*

fight citizens (like Aaron Katz) petitioning the courts to address grievances, attorney's to file lawsuits against local citizens (like Kevin Lyons), etc.

³⁷ I have attached this page (go to https://www.yourtahoepace.com/uploads/pdf-ivgid/2019-20_Operating_Budget.pdf) and placed asterisks next to "General Government," "Trustees" and "General Manager" sub-totals as Exhibit "E" to this written statement.

³⁸ Our General Manager renders little if any services directly to our Community Services and Beach Venues because each has its own venue manager (Mike Bandelin for Diamond Peak, Darren Howard for the golf courses, Pandora Bahlman for Parks and Recreation Center, and Susan Mandio for the beaches).

³⁹ Most people don't realize the General Fund is charged to rent The Chateau for the Board's public meetings. Some years ago I made a public records request and Susan Herron responded with the then particulars.

⁴⁰ See page 120 of the 2019-20 Budget.

⁴¹ You can see the current computation at page 114 of the 2019-20 Budget.

Take a look at the Community Services Total spreadsheet above. Notwithstanding staff propose personnel costs be reduced by \$534,529 (5.55%) and services and supplies costs be reduced by \$128,320 (2.63%), they propose *no reduction whatsoever* in the central services costs allocation. Similarly, notwithstanding staff propose personnel costs be reduced by (\$142,615) (12.14%) and services and supplies costs be reduced by \$72,184 (12.6%) in the District's Beach Fund, they propose *no reduction whatsoever* in the central services costs allocation.

Now take a look at staff's proposed budget for the District's phony Community Services Administration sub-fund¹⁹. Staff have proposed budgeting a \$21,300 central services expense. In other words, *phony on top of phony!* But wait; there's more.

Go back to the FTE page in the current 2019-20 budget⁴⁰. There you will see that 2.5 FTEs have been assigned to both Community Services Administration and Tennis. Yet look at the central services costs assigned to both funds; \$21,300 to Community Services Administration yet only \$13,680 to tennis! Why the difference?

Let's go back to page 114 of the current 2019-20 Budget⁴². This is the page which calculates the current fiscal year's central services costs allocation. There you will see that \$1,367,400 was allocated amongst the District's Utility, Community Service and Beach Funds based upon budgeted General Fund personnel costs of \$3,194,744 and services and supplies costs of \$768,185². Compare these numbers to staff's proposed allocated central services costs for 2020-21; General Fund personnel costs of \$3,186,900 (\$7,844 less than 2019-20) and services and supplies costs of \$780,940 (\$12,755 more than 2019-20). Yet central services costs have increased to \$1,471,440 [a whopping \$104,040 more than 2019-20 (an unbelievable 7.6% increase in a single year)]. But wait; there's more.

Let's go back to page 124 the District's 2018-19 Budget⁴². General Fund personnel costs of \$2,973,924 (\$212,976 less than proposed 2020-21 costs); services and supplies costs of \$1,129,365 (\$348,425 more than proposed 2020-21 costs); and, central services of \$1,169,400 [\$302,040 less than proposed 2020-21 costs (unbelievably, 25.83% less than proposed 2020-21)].

Since the Community Services and Beach Funds Are "Special Revenue" Rather Than "Enterprise," it is Inappropriate to Assign Central Services Costs to Either: The idea of central services cost transfers comes from NRS 354.613(1)(c) which states that,

⁴² Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Annual_Budget_FY2018-19_03122019.pdf.

“Except as otherwise provided (here there is no exception)...the governing body of a local government may...loan or transfer money *from an enterprise fund*, money collected from fees imposed for the purpose for which *an enterprise fund* was created or any income or interest earned on money in *an enterprise fund* only if the loan or transfer is made...for a cost allocation for employees, equipment or other resources related to the purpose of *the enterprise fund* which is approved by the governing body under a nonconsent item that is separately listed on the agenda for a regular meeting of the governing body.”

If one examines the District’s current central services cost allocation⁴⁰, one will see it has been “prepared and calculated in accordance with NRS 354.613 Subdivision 1c and IVGID Board Policy 18.1.0.” If one examines Policy 18.1.0, one will see “this Policy is specific to the equitable distribution of general, overhead, administrative and similar costs incurred by the District’s General Fund in the process of supporting the operation of the District’s *Enterprise Funds*.”⁴³

The operative words here are “*enterprise funds*.” Because here the District’s Community Services and Beach Funds are special revenue rather than enterprise, “cost allocation (transfers) for employees, equipment or other resources” in reliance upon NRS 354.613(1)(c) and Policy 18.1.0 are *impermissible*. Yet as the Board can see, that’s exactly what staff have done.

Like I said, lacking rationality, *staff’s central services costs allocation is phony* because rather than NRS 354.613 and Policy 18.1.0, it is based upon the premise “the ends justify the means.”

Meanwhile Staff Continue to Budget the Give Away Use of the Public’s Recreation Facilities to Local Charities and Non-Profits at Local Parcel/Dwelling Unit Owners’ Expense: Past Board have adopted Resolutions 1619 and 1701⁴³. Resolution 1619 governs the give away of access to and use of the public’s recreational facilities without assessment of user fees. Resolution 1701 governs give away of access to and use of the public’s recreational facilities so the recipients can make money off their use at local parcel/dwelling unit owners’ expense.

To get an idea of the magnitude of cost to local parcel/dwelling unit owners, check out staff’s proposed budget for facilities¹³. There staff propose that \$362,210 of charitable allowances and discounts be extended out of a total of \$788,879 (Nearly 46%) in budgeted rental income. Stated differently, here staff tell us they propose giving away \$362,210 of potential rent revenues to favored charities and non-profits, and at the same time transferring \$300,345 of RFFs and/or Diamond Peak positive cash flow to cover this deceitfully reported loss. Didn’t staff represent to the community in 2001 when it sought their consent to issue bonds to pay for renovations to The Chateau that the facility costs represented in this sub-fund would be offset by catering (today called food & beverage)? *So where is the alleged offsetting catering sales and fee revenue?*

⁴³ Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Policy_and_Procedure_Resolutions.pdf.

Moreover, there is *nothing* in NRS 318 which allows general improvement districts (“GIDs”) to give away or donate public property. We’ve had this discussion before. The *only* powers a GID may legitimately exercise are those included in its “initiating ordinance (as long as)...one or more of those authorized in NRS 318.116, as supplemented by the sections of this chapter designated therein” [see NRS 318.055(4)(b)]. NRS 318.116 mentions nothing about public philanthropy. Moreover, the subject is not addressed anywhere in the remainder of NRS 318. Given Nevada is a *Dillon’s Rule* State [Ronnow v. City of Las Vegas⁴⁴, 57 Nev. 332, 341-43, 65 P.2d 133 (1937)], IVGID exists to *only* exercise those enumerated powers, *and none other* [A.G.O. 63-61, p.102 (August 12, 1963)]. And should there be “any fair, reasonable (or) substantial doubt concerning the existence of power (it) is (to be) resolved...*against* the (municipal) corporation...(and) all acts beyond the scope of...powers (expressly) granted are void” (Ronnow, *supra*, at 57 Nev. 343).

These losses can be eliminated simply by repealing Resolutions 1619 and 1701 as Dillon’s Rule declares. But instead, staff propose no such elimination whatsoever.

For All These Reasons, if the Board Refuses to Reduce Personnel, Services & Supplies, Central Services Costs and CIPs Further, it Should Simply Eliminate 2020’s/2021’s Proposed RFF/BFF:

The Board Can Easily Afford to ELIMINATE the RFF/BFF: At page 52 of the 5/19/2020 Board packet staff admit their proposed budget presumes receipt of \$705 in RFFs from 8,203 parcels⁴⁵/dwelling units, and \$125 in BFFs from 7,748 parcels⁴⁵/dwelling units with beach access. That’s a total of \$6,751,615. But assuming staff’s budgeted Community Services Administration entry is phony, and that the RFF/BFF are nothing more than financial subsidies⁴⁶, the RFF subsidy staff requires is really \$963,231¹⁹ less than represented⁴⁷. So if one subtracts \$5,788,384 in proposed 2020-21 net RFFs/BFFs from staff’s combined estimated Community Services (\$12,360,444²⁸) and Beach (\$2,159,282²⁹) Fund balances [as of June 30, 2020 (\$14,519,726)], one will see that the District will still have a more than sufficient remaining combined fund balance (\$8,731,342) left over.

⁴⁴ Go to <https://www.courtlistener.com/opinion/3569018/ronnow-v-city-of-las-vegas/>.

⁴⁵ See page 52 of the 5/19/2020 Board packet.

⁴⁶ On many past occasions I have demonstrated that the RFF is nothing more than a subsidy for an equivalent amount of budgeted overspending assigned by staff to the District’s Community Services Fund (take a look at Exhibit “C” and the reader will see that without the subsidy of the RFF, staff have budgeted to overspend a like amount). Similarly, the BFF is a similar subsidy for an equivalent amount of budgeted overspending assigned by staff to the District’s Beach Fund (take a look at Exhibit “B” and the reader will see that without the subsidy of the BFF, staff have budgeted to overspend a like amount).

⁴⁷ Am I the only one who finds it remarkable how close this number is to the \$903,808.56/year, on average, of the last nine (9) years of increases to the Community Services Fund balance?

Moreover, the Board Cannot Legitimately Assess the RFF/BFF Because it is Not “Required:”

We’ve had this discussion before. Each year when the Board adopts new RFFs/BFFs, it approves a report for their collection on the county tax roll⁴⁸ (see NRS 318.201, et seq). ¶III of that report declares the amounts the Board finds are “required” “for the proper servicing of said identified bonds and for the administration, operation, maintenance and improvement of said real properties, equipment and facilities.” The operative word here is “required.”

But at the Board’s meeting tonight I anticipate the Board as well as staff will admit no facility fee is required. Moreover, rather than “the proper servicing of...bonds and...the administration, operation, maintenance and improvement of said real properties, equipment and facilities,” I anticipate the Board will declare that the justification for the RFF/BFF will be to create/build up one or more reserves to fund a series of CIPs.

If the Board Refuses to Reduce Personnel, Services & Supplies and Central Services Costs Any Further, the Only Other Realistic Expense Category Left to Reduce is CIPs: At the Board’s May 7, 2020 meeting I submitted a similar written statement to the one herein, to be attached to the minutes of that meeting, wherein I addressed staff’s prioritization of CIPs (see pages 144-145 of the 5/7/2020 Board packet). In that statement I went through staff’s proposed Community Services Fund CIPs with a priority of “B,” “C” or “A/B”⁴⁹ and observed they totaled \$1,905,600. This sum can easily be deferred or deleted and the per parcel/dwelling unit RFF savings ***totals roughly \$232/parcel/dwelling unit!***

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

I have similarly gone through staff’s proposed Beach Fund CIPs with a priority of “B,” “C” or “A/B”⁵⁰ and see they total \$229,500. Thus they too can be deferred or deleted and the per parcel/dwelling unit BFF savings ***will total another nearly \$30!***

Additionally and as a Cost Cutting Measure, Didn’t I Suggest Elimination of a Proposed \$1.2 Million of Marketing Expenditures at the Board’s March 11, 2020 Meeting⁵¹?

⁴⁸ See pages 48-57 of the 4/14/2020 Board packet.

⁴⁹ See pages 146-147 of the 5/7/2020 Board packet.

⁵⁰ See page 148 of the 5/7/2020 Board packet.

And Didn't I Suggest Elimination of a Proposed \$72,000 of Public Relations Propaganda at the Board's March 11, 2020 Meeting⁵²?

And Didn't I Suggest Elimination of a Proposed \$1,609,000 of Very Easy to Eliminate Community Services and Beach CIP Expenditures at the Board's April 1, 2020 Meeting⁵³?

And Didn't I Suggest Elimination of a Proposed \$72,000 of Hutchison Law Firm Severance Fees at the Board's April 14, 2020 Meeting⁵⁴? My written statement on this subject recommended terminating the Hutchison firm's legal services agreement for a lesser period than six (6) months thus avoiding the need to pay up to \$72,000 in severance fees. Yet at page 66 of the 5/6/2020 Board packet I see where the District is relying upon the severance clause in the "retainer agreement (that calls for a six month period of transition... that...will (not) be complete (until) on or about October 12, 2020." This is an unnecessary waste of \$72,000.

And Didn't I Suggest Elimination of a Proposed \$400,000 of Credit Card Processing Charges at the Board's April 1, 2020 Meeting⁵⁵?

And Didn't I Suggest Elimination of a Proposed \$700/Month in Weather Forecasting Charges at the Board's March 11, 2020 Meeting⁵⁶?

And Didn't I Suggest Elimination of a Proposed \$1,700/Month in Armored Car Pick-Up Charges at the Board's April 14, 2020 Meeting⁵⁷? My written statement on this subject recommended eliminating expenses associated with operating commercial "for profit" business enterprises such as Loomis armored car pick-up services. This is an unnecessary waste of taxpayer monies to be charged against local parcel owners' RFF because they have nothing to do with making Diamond Peak or the Championship Golf Course "available" for their use.

And Didn't Fellow Resident Diane Heirshberg Suggest Elimination of Hundreds of Thousands of Dollars of Proposed Employee Food and Beverage Expenditures at the Audit Committee's April 14, 2020 Meeting⁵⁸? I have heard that over the last five (5) years our staff have spent over \$425,000

⁵¹ See pages 166-170 of the 4/14/2020 Board packet.

⁵² See pages 127-131 of the 4/14/2020 Board packet.

⁵³ See pages 205-206 of the 4/14/2020 Board packet.

⁵⁴ See pages 104-105 of the 5/6/2020 Board packet.

⁵⁵ See pages 216-231 of the 4/14/2020 Board packet.

⁵⁶ See page 131 of the 4/14/2020 Board packet.

⁵⁷ See pages 106-108 of the 5/6/2020 Board packet.

⁵⁸ See pages 55-62 of the packet of materials prepared by staff in anticipation of the Audit Committee's May 6, 2020 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/Audit_Committee_Packet_5-6-2020.pdf ("the 5/6/2020 Audit Committee packet")].

on their District credit cards for self/colleague food and beverage purchases. I never knew of the particulars until I read Diane Heirshberg's April 8, 2020 e-mail to Trustees Callicrate and Schmitz⁵⁹. There I learned of "pizza for employees working non-stop," "Gung Ho" meetings at Brewforia, birthdays at MOFOS, lunch "after a tough week," food for a "going away party," and our former General Manager taking people out to dinner as "business entertainment." And this is on top of our former Diamond Peak venue manager taking the principals of one of our vendors, SE Group, out to dinner at the Lone Eagle Grille. These and other expenditures like them are an unnecessary waste of taxpayer monies.

So you see, we don't really need the subsidy of the RFF/BFF.

Conclusion: Hopefully I have demonstrated that we just can't trust our staff's financial reporting. With the unnecessary and wasteful expenditures I and others have heretofore called to the Board's attention, realistically, the RFF/BFF can at the very least be substantially reduced, if not eliminated altogether. And that's exactly what the Board should do. Eliminate the RFF/BFF, direct staff to reduce Community Services and Beach Fund expenditures by a like amount, suspend the expenditure of funds on any CIPs except for the most critical, and then designate the Community Services and Beach Fund balances "restricted" to prevent staff from invading these funds. So are you Board members going to continue business as usual? Or are you going to take away staff's budgeting for excessive spending? Hopefully each of you will incorporate the several modifications I have shared in this written statement.

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!

⁵⁹ See pages 55-58 of the 5/6/2020 Audit Committee packet.

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2011

	Business - type Activities - Enterprise Funds				Business-type Activities Internal Service Funds
	Utility Fund	Community Services Fund	Beach Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 413,002	\$ 28,218	\$ 8,410	\$ 449,630	\$ -
Investments	2,047,792	1,175,508	-	3,223,300	12,911
Accounts receivable	851,691	35,553	1,578	888,822	-
Interest receivable	18,755	7,491	-	26,246	45,807
Grants receivable	249,620	225,578	-	475,198	-
Due from other governments	-	194,151	24,621	218,772	-
Inventories	171,371	355,059	-	526,430	58,117
Prepaid expenses	3,897	119,010	-	122,907	35,778
Due from other funds	567,788	522,511	1,178,913	2,269,212	161,589
Total current assets	4,323,916	2,663,079	1,213,522	8,200,517	314,202
Noncurrent assets:					
Long-term investments	4,503,000	2,498,875	-	7,001,875	1,012,500
Restricted for debt service reserve	213,324	-	-	213,324	-
TRPA Deposits	18,190	124,392	-	142,582	-
State of Nevada Work Comp Deposit	-	-	-	-	130,605
State of Nevada Sales Tax	-	6,075	-	6,075	-
	4,734,514	2,629,342	-	7,363,856	1,143,105
Capital Assets					
Land	6,520,358	8,690,495	2,304,850	17,515,703	-
Construction in progress	3,533,424	554,720	41,762	4,129,906	-
Water system plant and lines	40,894,430	-	-	40,894,430	-
Sewer system plant and lines	45,123,634	-	-	45,123,634	-
Buildings and structures	10,855,939	54,759,627	3,822,966	69,438,532	-
Equipment, furniture and fixtures	2,853,374	8,541,361	264,733	11,659,468	257,048
Total capital assets	109,781,159	72,546,203	6,434,311	188,761,673	257,048
Less: accumulated depreciation	(50,716,089)	(28,575,411)	(2,671,404)	(81,962,904)	(182,163)
Total capital assets (net)	59,065,070	43,970,792	3,762,907	106,798,769	74,885
Total noncurrent assets	63,799,584	46,600,134	3,762,907	114,162,625	1,217,990
Total assets	68,123,500	49,263,213	4,976,429	122,363,142	1,532,192
LIABILITIES					
Current liabilities:					
Accounts payable	764,414	247,319	25,897	1,037,630	18,918
Accrued personnel costs	85,953	51,028	2,379	139,360	556,097
Accrued interest payable	85,682	107,341	7,484	200,507	-
Unearned revenue	334,926	494,746	-	829,672	-
Refundable deposits	3,200	35,353	-	38,553	-
Current maturities of long-term debt	841,886	1,766,072	108,928	2,716,886	-
Total current liabilities	2,116,061	2,701,859	144,688	4,962,608	575,015
Non-current liabilities:					
Deferred bond issuance costs, net	(70,148)	(159,813)	(20,452)	(250,413)	-
Bond Premium, net	2,788	304,919	-	307,707	-
Non-current long term debt	5,239,500	9,997,642	692,358	15,929,500	-
Total non-current liabilities	5,172,140	10,142,748	671,906	15,986,794	-
Total liabilities	7,288,201	12,844,607	816,594	20,949,402	575,015
NET ASSETS					
Invested in capital assets, net of related debt	53,051,044	32,061,972	2,982,073	88,095,089	74,885
Restricted by Third Party Agreement	231,514	130,467	-	361,981	738,546
Unrestricted	7,552,741	4,226,167	1,177,762	12,956,670	143,746
Total net assets	\$ 60,835,299	\$ 36,418,606	\$ 4,159,835	101,413,740	\$ 957,177
				Adjustment to reflect the consolidation of internal service funds' activities related to Enterprise Funds.	957,177
				Net assets of business-type activities	\$ 102,370,917

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

EXHIBIT "B"

EXPENDITURES	(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
Championship Golf Course				
Salaries and Wages	1,609,876	1,635,000	1,739,948	
Employee Benefits	383,757	470,000	524,010	
Services and Supplies	2,392,390	2,597,800	2,335,820	
Capital Outlay	-	568,200	1,637,000	
Subtotal Championship Golf Course	4,285,423	5,265,000	6,736,778	-
Mountain Golf Course				
Salaries and Wages	340,012	355,000	432,056	
Employee Benefits	93,523	103,000	119,791	
Services and Supplies	525,907	562,000	629,239	
Capital Outlay	-	2,188,200	395,791	
Subtotal Mountain Golf Course	960,442	3,208,200	1,576,877	-
Facilities (Chateau and Aspen Grove)				
Salaries and Wages	76,190	85,000	88,583	
Employee Benefits	37,739	41,000	47,500	
Services and Supplies	368,598	412,840	429,908	
Capital Outlay	-	180,400	100,000	
Subtotal Facilities	482,527	719,240	665,991	-
SKI				
Salaries and Wages	3,072,710	2,970,000	3,135,849	
Employee Benefits	925,074	980,000	1,050,665	
Services and Supplies	3,833,164	3,600,100	3,868,385	
Capital Outlay	-	1,640,850	1,614,000	
Subtotal SKI	7,830,948	9,190,950	9,668,900	-
Community Programming (Including Rec Center)				
Salaries and Wages	1,156,579	1,210,000	1,260,756	
Employee Benefits	321,005	355,000	394,888	
Services and Supplies	819,388	932,300	948,388	
Capital Outlay	-	344,650	489,000	
Subtotal Community Programming	2,296,972	2,841,950	3,093,032	-
Parks				
Salaries and Wages	337,927	398,000	342,681	
Employee Benefits	75,544	75,000	86,061	
Services and Supplies	401,968	354,800	459,377	
Capital Outlay	-	2,158,752	172,440	
Subtotal Parks	815,439	2,925,552	1,060,559	-
Tennis				
Salaries and Wages	136,149	135,000	128,372	
Employee Benefits	26,172	26,000	29,535	
Services and Supplies	91,223	101,490	105,270	
Capital Outlay	-	201,950	1,210,600	
Subtotal Tennis	253,544	464,440	1,473,877	-
Community Services Administration				
Salaries and Wages	153,065	170,000	181,948	
Employee Benefits	43,445	55,000	70,030	
Services and Supplies	166,775	177,400	208,972	
Capital Outlay	-	-	90,000	
Subtotal Comm. Serv. Administration	363,285	402,400	550,950	-
Debt Service - G.O. Revenue Supported Bond				
Principal	-	355,188	362,075	
Interest	-	29,166	21,097	
Subtotal Debt Service	-	384,354	383,172	-
Subtotal - Comm. Services Expenditures	17,288,580	25,403,086	25,210,136	-
Transfers Out	3,678,473			
Transfers Out	329,848			
ENDING FUND BALANCE	13,333,953	12,860,444	10,764,163	-
TOTAL COMMITMENTS & FUND BALANCE	34,630,854	37,763,630	35,974,299	-

Incline Village General Improvement District

Community Services Special Revenue Fund

EXHIBIT "C"

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
Charges for Services	1,492,687	1,550,000	1,596,600	-
Facility Fees	975,121	968,500	968,375	-
Investment income	36,188	18,000	11,250	-
Sales of capital assets	-	-	-	-
Capital Grants	-	-	-	-
Subtotal	2,503,996	2,536,500	2,676,425	-
OTHER FINANCING SOURCES:				
Operating transfers in (Schedule 1)	35,000	13,125	-	-
BEGINNING FUND BALANCE	1,413,091	-	-	-
Prior Period Adjustment(s)	(35,000)	-	-	-
Residual Equity Transfers	-	-	-	-
TOTAL BEGINNING FUND BALANCE	1,378,091	1,810,378	2,159,282	-
TOTAL RESOURCES	3,917,087	★ 4,360,003	4,735,687	-
EXPENDITURES				
Salaries and Wages	847,293	870,000	933,692	-
Employee Benefits	190,452	210,000	241,008	-
Services and Supplies	868,771	914,500	987,569	-
Capital Outlay	-	200,000	474,500	-
Debt Service - G.O. Revenue Supported Bond	-	-	-	-
Principal	-	5,812	5,925	-
Interest	-	429	345	-
Subtotal	1,906,516	2,200,741	2,642,977	-
OTHER USES				
CONTINGENCY (not to exceed 3% of total expenditures)	-	-	-	-
Transfers Out (Schedule 1)	198,558	-	-	-
Transfers Out (Schedule 1)	1,635	-	-	-
ENDING FUND BALANCE	1,810,378	★ 2,159,282	2,092,710	-
TOTAL COMMITMENTS & FUND BALANCE	3,917,087	★ 4,360,003	4,735,687	-

Incline Village General Improvement District

Beach Special Revenue Fund

EXHIBIT "D"

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
Charges for Services				
Championship Golf Course	3,902,689	4,570,000	5,071,084	
Mountain Golf Course	740,968	615,000	922,166	
Facilities (Chateau & Aspen Grove)	392,246	450,000	529,421	
Ski	11,778,871	10,025,000	10,148,735	
Community Programming	1,364,044	1,320,000	1,364,897	
Parks	46,580	53,000	65,801	
Tennis	153,435	156,000	158,100	
Recreation Administration	(730,819)	(750,000)	(738,000)	
Subtotal Charges for Services	17,648,014	16,439,000	17,522,204	-
Facility Fee				
Championship Golf Course	805,884	172,000	32,808	
Mountain Golf Course	517,661	328,120	221,454	
Facilities (Chateau & Aspen Grove)	468,584	131,248	41,010	
Ski	238,403	(1,640,600)	(1,640,400)	
Community Programming	1,307,104	1,173,029	1,222,098	
Parks	970,052	730,067	729,978	
Tennis	164,416	114,842	114,828	
Recreation Administration	1,350,671	4,773,996	5,060,634	
Subtotal Facility Fees	5,822,775	5,782,702	5,782,410	-
Other miscellaneous				
Operating Grants	17,000	17,000	17,000	
Investment Income	199,322	79,000	52,500	
Sale of Assets	34,567	24,000		
Interfund services (green spaces)	86,060	88,000	99,911	
Intergovernmental (IV high school fields)	14,570	23,000	21,700	
Miscellaneous other & Cell Tower Leases	112,777	110,000	118,130	
Capital Grants	-	1,375,000	-	
Insurance proceeds	50,300	250,000	-	
Subtotal Other Miscellaneous	514,596	1,966,000	309,241	-
Subtotal	23,985,385	24,187,702	23,613,855	-
OTHER FINANCING SOURCES (specify)				
Transfers in (Schedule I)	645,000	241,875		
BEGINNING FUND BALANCE	10,645,469	13,333,953	12,360,444	
Prior Period Adjustments	(645,000)			
Residual Equity Transfers				
TOTAL BEGINNING FUND BALANCE	10,000,469	13,333,953	12,360,444	-
TOTAL AVAILABLE RESOURCES	34,630,854	37,763,530	35,974,299	-

Incline Village General Improvement District

Community Services Special Revenue Fund

EXPENDITURES	(1)	(2)	(4) BUDGET YEAR ENDING 06/30/21	
	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	TENTATIVE APPROVED	FINAL APPROVED
Championship Golf Course				
Salaries and Wages	1,509,876	1,635,000	1,739,948	
Employee Benefits	383,157	470,000	524,010	
Services and Supplies	2,392,390	2,591,800	2,835,820	
Capital Outlay	-	568,200	1,637,000	
Subtotal Championship Golf Course	4,285,423	5,265,000	6,736,778	-
Mountain Golf Course				
Salaries and Wages	340,012	355,000	432,056	
Employee Benefits	93,523	103,000	119,791	
Services and Supplies	526,907	562,000	629,239	
Capital Outlay	-	2,188,200	395,791	
Subtotal Mountain Golf Course	960,442	3,208,200	1,576,877	-
Facilities (Chateau and Aspen Grove)				
Salaries and Wages	76,190	85,000	88,583	
Employee Benefits	37,739	41,000	47,500	
Services and Supplies	368,598	412,840	429,908	
Capital Outlay	-	180,400	100,000	
Subtotal Facilities	482,527	719,240	665,991	-
Ski				
Salaries and Wages	3,072,710	2,970,000	3,135,849	
Employee Benefits	925,074	980,000	1,050,665	
Services and Supplies	3,833,164	3,800,100	3,868,386	
Capital Outlay	-	1,640,850	1,614,000	
Subtotal Ski	7,830,948	9,190,950	9,668,900	-
Community Programming (Including Rec Center)				
Salaries and Wages	1,156,579	1,210,000	1,260,756	
Employee Benefits	321,005	355,000	394,888	
Services and Supplies	819,388	932,300	948,388	
Capital Outlay	-	344,850	489,000	
Subtotal Community Programming	2,296,972	2,841,950	3,093,032	-
Parks				
Salaries and Wages	337,927	338,000	342,681	
Employee Benefits	75,544	75,000	86,061	
Services and Supplies	401,968	354,800	459,377	
Capital Outlay	-	2,158,752	172,440	
Subtotal Parks	815,439	2,926,552	1,060,559	-
Tennis				
Salaries and Wages	136,149	135,000	128,372	
Employee Benefits	26,172	26,000	29,635	
Services and Supplies	91,223	101,490	105,270	
Capital Outlay	-	201,950	1,210,600	
Subtotal Tennis	253,544	464,440	1,473,877	-
Community Services Administration				
Salaries and Wages	153,065	170,000	181,948	
Employee Benefits	43,445	55,000	70,030	
Services and Supplies	166,775	177,400	208,972	
Capital Outlay	-	-	90,000	
Subtotal Comm. Serv. Administration	363,285	402,400	550,950	-
Debt Service - G.O. Revenue Supported Bond				
Principal	-	355,188	362,075	
Interest	-	29,166	21,097	
Subtotal Debt Service	-	384,354	383,172	-
Subtotal - Comm. Services Expenditures	17,288,580	25,403,086	25,210,136	-
Transfers Out	3,678,473			
Transfers Out	329,848			
ENDING FUND BALANCE	13,333,953	12,360,444	10,764,163	-
TOTAL COMMITMENTS & FUND BALANCE	34,630,854	37,763,530	35,974,299	-

Incline Village General Improvement District

Community Services Special Revenue Fund

EXHIBIT "E"

EXPENDITURES BY FUNCTION AND ACTIVITY	(1)	(2)	(3) (4) BUDGET YEAR ENDING 06/30/20	
	ACTUAL PRIOR YEAR ENDING 6/30/2018	ESTIMATED CURRENT YEAR ENDING 6/30/2019	TENTATIVE APPROVED	FINAL APPROVED
GENERAL GOVERNMENT				
General Administration				
Salaries and Wages	42,668	28,200	29,160	29,160
Employee Benefits	13,250	17,800	18,896	18,896
Services and Supplies	406,634	434,000	426,799	426,799
Subtotal General Administration	462,552	480,000	474,855	474,855
General Manager				
Salaries and Wages	237,500	247,500	270,144	270,144
Employee Benefits	104,419	114,000	125,205	125,205
Services and Supplies	13,093	50,000	60,940	60,940
Subtotal General Manager	355,012	411,500	456,289	456,289
Trustees				
Salaries and Wages	99,852	100,900	104,340	104,340
Employee Benefits	27,905	24,900	32,480	32,480
Services and Supplies	48,693	50,000	79,600	79,600
Subtotal Trustees	176,450	175,800	216,420	216,420
Accounting				
Salaries and Wages	537,564	566,000	592,315	592,315
Employee Benefits	240,003	268,000	286,686	286,686
Services and Supplies	55,781	68,000	79,296	79,296
Subtotal Accounting	833,348	902,000	958,297	958,297
Information Services & Technology				
Salaries and Wages	368,250	466,100	484,000	484,000
Employee Benefits	145,695	200,000	255,454	255,454
Services and Supplies	306,713	323,000	334,243	334,243
Subtotal Information Services	820,658	989,100	1,073,697	1,073,697
Risk Management				
Salaries and Wages	75,689	80,000	Included in Human Resources	
Employee Benefits	42,005	44,500	effective July 1, 2019	
Services and Supplies	9,338	20,000		
Subtotal Risk Management	127,032	144,500		
Human Resources				
Salaries and Wages	369,565	418,000	532,660	532,660
Employee Benefits	181,497	228,300	307,348	307,348
Services and Supplies	46,813	76,000	134,309	134,309
Subtotal Human Resources	597,875	722,300	974,317	974,317
Health & Wellness				
Salaries and Wages	13,786	14,000	16,983	16,983
Employee Benefits	4,800	5,500	6,918	6,918
Services and Supplies	6,008	20,000	21,475	21,475
Subtotal Health & Wellness	24,594	39,500	45,376	45,376
Communications				
Salaries and Wages	103,766	81,300	96,338	96,338
Employee Benefits	44,267	32,000	35,817	35,817
Services and Supplies	40,649	62,000	84,518	84,518
Subtotal Communications	188,682	175,300	216,673	216,673
Capital Outlay				
General Government	34,361	181,000	566,445	686,445
Information Services & Technology	79,452	-	-	-
Subtotal Capital Outlay	113,813	181,000	566,445	686,445
FUNCTION SUBTOTAL	3,700,016	4,221,000	4,982,369	5,102,369

Incline Village General Improvement District

SCHEDULE B - GENERAL FUND

FUNCTION General Government

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MAY 19, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM E(3) – PROPOSED RECREATION (“RFF”) AND BEACH (“BFF”) FACILITY FEE WORKSHOP – WHEN IS THE BOARD GOING TO START ADHERING TO THE WRITTEN AGREEMENTS PAST BOARDS HAVE ENTERED INTO AND THE PROMISES PAST BOARDS HAVE MADE TO LOCAL PARCEL OWNERS INSOFAR AS THE BFF IS CONCERNED?

Introduction: Now that the Board packet¹ has been published for this evening’s (May 19, 2020) IVGID Board meeting, I continue to be concerned about the direction staff is taking the Board insofar as future “facility fees” are concerned, and here the BFF in particular. Staff is of the opinion there is some God given right to the RFF/BFF as there is to the *ad valorem* taxes IVGID is permitted to levy², and at the minimum current levels no less. Here staff is proposing a re-allocation of the current combined RFF/BFF so that a greater portion is assigned to the Beach Fund. In point of fact, I call the Board’s attention to page 53 of the 5/19/2020 Board packet. There staff propose increasing the annual BFF anywhere from \$350-\$500 to provide funds for at least two proposed beach capital improvement projects (“CIPs”); \$5-7 million to reconstruct the Burnt Cedar Beach pool, raze the current Incline Beach snack bar and replace it with a new, fancy Beach House Restaurant³.

I keep telling the Board we have a history, and the Board is required to adhere to that history. Yet time-after-time that history is ignored because “the ends justify the means.” In proposing a massive increase in the BFF, here we have another example. And that’s the purpose of this written statement.

The April 11, 1968 Judicial Settlement Agreement⁴: pertaining to the beaches. As I have recounted several times before, there was quite a bit of opposition to IVGID’s efforts to secure the additional basic power from the Washoe County Board of Commissioners (“County Board”) to furnish facilities for public recreation⁵. After the then IVGID Board was successful in its efforts, a number of

¹ Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/Packet-Workshop_5-19-2020.pdf (“the 5/19/2020 Board packet”).

² See NRS 318.225: “In addition to the other means for providing revenue for such districts, the board shall have power and authority to levy and collect general (*ad valorem*) taxes on and against all taxable property within the district.”

³ See page 9 of the 5/19/2020 Board packet.

⁴ This agreement is attached as Exhibit “A” to this written statement.

⁵ See NRS 318.116(14). Originally, IVGID was granted the power to furnish facilities for *public* (versus *private*) recreation. Although the word “public” was deleted from the former NRS 318.143 and restated at NRS 318.116(13) during the fifty-fourth (1967) session of the Legislature (see SB408, §§23, 24), no retroactive intent was expressed [*Sandpointe Apts. v. Eighth Judicial Dist. Court*, 129 Nev. Adv.

lawsuits were filed against Washoe County, IVGID, Crystal Bay Development Co.⁶ (“CBD”), and others. Plaintiffs’ concerns were that by exercising this new power to acquire the beaches, the beaches would be available for the general public to use contrary to representations made when they purchased their Incline Village properties from CBD.

Notwithstanding, in the first quarter of 1968 a comprehensive settlement was agreed to by all participants in these various pieces of litigation *including IVGID*. Since the agreement references and incorporates by reference the contents of a March 7, 1968 letter agreement, which was also authored/agreed to in writing by IVGID, I am attaching a copy of the same to this e-mail⁷. Let me quote from the bottom of page 3 of the letter agreement:

“The assessable charges...for each...single family homesite...**will not under any circumstances exceed Fifty Dollars (\$50.00) for each fiscal year ending June 30** commencing July 1, 1968.”

Is this not clear enough? Under no circumstances will the BFF exceed \$50 per year for each fiscal year on/after 1968. **Why then are staff proposing a BFF of anywhere from \$350-\$500?**

The Beach Deed⁸: There’s another reason why the Board is precluded from increasing the BFF to pay for staff’s proposed beach CIPs, and that’s because of the language in the deed itself (which because IVGID “accepted and approved” its covenants⁹, created another contract by which local property owners with beach access were third party beneficiaries). Let me quote from page 2, lines 15-16 of the beach deed:

The “Board of Trustees shall have authority to levy assessments and charges **as provided by law.**”

But law [see NRS 318.015(2)] does *not* allow the Board to use “the provisions of...chapter (318) ...to provide a method for financing the costs of developing **private property.**” Thus if the beaches are private property, IVGID may not use NRS 318.197(1) to adopt the BFF.

I am aware of at least two court cases which declare the beaches to be private property. Read them for yourself: *Kroll v. Incline Village General Improvement District*¹⁰, 598 F.Supp.2d 1118, 1126-28

Op. 87, 313 P.3d 849 (2013)]. Given this new basic power was never granted to IVGID, I and others are of the opinion IVGID has no power to operate the beaches as private facilities.

⁶ The original real estate developer of Incline Village.

⁷ The letter is attached as Exhibit “B” to this written statement.

⁸ Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/Beach_Deed.pdf.

⁹ See page 3, lines 19-20 of the beach deed.

¹⁰ Go to <https://www.casemine.com/judgement/us/5914b204add7b0493475d247>.

(2009) [“but for those areas...designated public, beach properties are **nonpublic** fora”], and *Wright v. Incline Village General Improvement District*¹¹, 665 F.3d 1128,1137 (9th Cir. 2011) [“requiring **private property owners** (i.e., parcel owners with beach access) to allow the general public to access **their property**...would require us to adopt two unsound rules...”].

Moreover, Trustee Wong agrees with this assessment. At the Board’s May 7, 2020 workshop meeting she expressly labeled the beaches “private property” (“because our beaches are private, to your point”¹²) which is what we all know to be the case.

Because there is no law which allows IVGID to use the provisions of NRS 318 to compel local property owners to involuntarily pay assessments intended to develop the beaches, **why then are staff proposing a BFF of anywhere from \$350-\$500?**

Because Here the District Entered Into Two Contracts With the Public, it is Prohibited From Impairing Those Contracts by: Assessing Local Parcel Owners With Beach Access a BFF in Excess of \$50 Per Year, and Using the Provisions of NRS 318 to Provide a Method for Financing the Costs of Developing the Beaches: This prohibition comes from the United States (Article 1, §10¹³) and Nevada (Article 1, §15¹⁴) Constitutions which bar States¹⁵ from passing laws which “impair the obligation of contracts.” Adopting an annual 2020-21 BFF in excess of \$50 impairs the April 11, 1968 judicial settlement agreement made with the public. Using the BFF as a method for financing the costs of developing the beaches impairs the beach deed covenant made with local property owners in that it is not an “assessment (nor) charge *as provided by law.*” Once created, those “obligation(s) c(an)not later be impaired by legislative enactment”¹⁶ [*City No. Las Vegas v. Central Tel. Co*¹⁷, 85 Nev. 620, 622,

¹¹ Go to <https://www.leagle.com/decision/infco20111227093>.

¹² IVGID livestreams its Board meetings (<https://livestream.com/accounts/3411104>). The livestream of the Board’s May 7, 2020 meeting where Trustee Wong made the admission quoted appears at 2:44:16-19 at <https://livestream.com/ivgid/events/9119222/videos/205728870> (“the 5/7/2020 livestream”).

¹³ “No state...shall pass any...law impairing the obligation of contracts” (go to https://www.usconstitution.net/xconst_A1Sec10.html).

¹⁴ “No...law impairing the obligation of contracts shall ever be passed” (go to <https://www.leg.state.nv.us/Const/NvConst.html#Art1Sec15>).

¹⁵ Freedoms protected against federal encroachment by the First Amendment are entitled, under the Fourteenth Amendment, to the same protection from infringement by the States [*New York Times Co. v. Sullivan*, 376 U.S. 254, 276-277, 84 S.Ct. 710, 723-724 (1964) – go to <https://www.courtlistener.com/opinion/106761/new-york-times-co-v-sullivan/>].

¹⁶ See *City of Reno v. Goldwater*, 92 Nev. 696, 702, 558 P.2d 532 (1976) [go to <https://www.casemine.com/judgement/us/591494f3add7b049345c5dd2>].

¹⁷ Go to <https://www.casemine.com/judgement/us/591498ecadd7b0493460c38d>.

460 P.2d 835 (1969); *Town of Milton v. Attorney General*¹⁸, 314 Mass. 234, 237, 49 N.E.2d 909 (Mass. 1943)].

The Fact the District May Have Breached its Contracts With the Public in the Past, Does Not Justify the Board's Proposed Impairments of Contract With Respect to 2020-21's BFF: Because "an unconstitutional statute¹⁹, though having the form and name of law is in reality no law, but is wholly void, and ineffective for any purpose" (16 Am. Jur. 2d, §178).

Now That You Know That the Action Proposed by This Agenda Item Violates the Promises the District Made With the Public, Are You Board Members Going to Do the Right Thing or Simply Turn Your Collective Cheeks Because the Ends Justify the Means? Furthermore, please vote to reduce the BFF to the \$50 maximum promised on March 7, 1968.

Conclusion: Although we cannot undo past transgressions by past Boards, we certainly can do something about subsequent ones. I say it's time to put your collective feet down and put a stop to this "more and more" and "bigger and bigger" mentality financed by the BFF. If the Board wants to use its *ad valorem* and/or C-tax revenue(s) for CIPs such as the ones suggested herein, I and others I know don't object because taxes can legitimately be expended on essentially anything that arguably improves the health, safety and welfare of the District's inhabitants. If the Board wants to mandate that the costs of acquiring, developing, improving and operating new recreation facilities like a Beach House Restaurant be revenue neutral (in other words, those who use the facility are the ones who pay for that use and revenues cover expenses), I and others I know don't object. However, I and others I know object to use of the BFF to financially subsidize "more and more" and "bigger and bigger" endeavors, and breaching the covenant made with local parcel owners when the Board entered into the April 11, 1968 judicial settlement agreement.

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

¹⁸ Go to <https://www.casemine.com/judgement/us/5914a275add7b04934698d57>.

¹⁹ The resolution adopting a 2020-21 BFF is the equivalent of a statute.

EXHIBIT "A"

1 IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
2 IN AND FOR THE COUNTY OF WASHOE

3 odo

4 ARDEN D. CONNICK, et al,
5 Plaintiffs,

Civil Action No. 225863

Dept. No. 4

6 vs.

7 COMMISSIONERS OF WASHOE COUNTY
8 and TRUSTEES of the INCLINE VILLAGE
9 GENERAL IMPROVEMENT DISTRICT,

APR 11 1964

H. K. JACKSON

BY A. Powers

DEPUTY

10 Defendants.

11
12 ARDEN D. CONNICK, et al.

Civil Action No. 240307

Dept. No. 3

13 Plaintiffs,

14 vs.

15 COMMISSIONERS OF WASHOE COUNTY,
16 TRUSTEES of the INCLINE VILLAGE
17 GENERAL IMPROVEMENT DISTRICT, CRYSTAL
18 BAY DEVELOPMENT CO. and INCLINE
19 VILLAGE RECREATION ASSOCIATION,

20 Defendants.

21 CRYSTAL BAY DEVELOPMENT CO.,

Civil Action No. 240864

Dept. No. 1

22 Plaintiff,

23 vs.

24 A. D. CONNICK, et al.

25 Defendants.

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27
28 CRYSTAL BAY DEVELOPMENT CO.,

Civil Action No. 240853

Dept. No. 4

29 Plaintiff,

30 vs.

A. D. CONNICK, et al,

Defendants.

1 SEAMOUNT, INC.,
2 Plaintiff,
3 vs.
4 A. D. CONNICK, et al,
5 Defendants.

Civil Action No. 241359
Dept. No. 5

7
8 STIPULATION

9 WHEREAS, the parties hereto are also parties in Civil
10 Action No. 225863, Department No. 4 of this Court, entitled
11 "ARDEN D. CONNICK, et al, plaintiffs, vs. COMMISSIONERS OF WASHOE
12 COUNTY and TRUSTEES of the INCLINE VILLAGE GENERAL IMPROVEMENT
13 DISTRICT, defendants," and

14 WHEREAS, the parties hereto are also parties in Civil
15 Action No. 240307, Department No. 3 of this Court, entitled
16 "ARDEN D. CONNICK, et al, plaintiffs, vs. COMMISSIONERS of WASHOE
17 COUNTY, TRUSTEES of the INCLINE VILLAGE GENERAL IMPROVEMENT
18 DISTRICT, CRYSTAL BAY DEVELOPMENT CO. and INCLINE VILLAGE RECREA-
19 TION ASSOCIATION, defendants", and

20 WHEREAS, the parties hereto are also included among the
21 parties in Civil Action No. 240864, Department No. 1 of this Court
22 entitled "CRYSTAL BAY DEVELOPMENT CO., plaintiff, vs. JOHN M.
23 CROM, et al, defendants", and

24 WHEREAS, the parties hereto are also included among the
25 parties in Civil Action No. 240863 in Department No. 4 of this
26 Court, entitled "CRYSTAL BAY DEVELOPMENT CO., plaintiff, vs.
27 J. M. CROM, et al, and

28 WHEREAS, the parties hereto are also included among the
29 parties in Civil Action No. 241359, Department No. 5 of this Court,
30 entitled "SEAMOUNT, INC., plaintiff, vs. J. M. CROM, JR., et al,
31 defendants", and

1 WHEREAS, the various parties hereto have entered into
2 this agreement and stipulation of settlement of their various
3 disputes and differences and the issues raised by the foregoing
4 matters, by and through their respective counsel of record,

5 NOW, THEREFORE, IT IS HEREBY AGREED AND STIPULATED as
6 follows:

7 1. The parties hereto agree to continue their present
8 best efforts to dissolve the INCLINE VILLAGE RECREATION ASSOCIA-
9 TION as soon as possible; further, the parties likewise agree to
10 use their best efforts to fulfill each and all of these commitments
11 expressed by their letter of March 7, 1968, to the property owners
12 of Incline Village, Nevada, a copy of which is attached hereto as
13 "Exhibit A" and which is incorporated by reference herein.

14 2. The parties hereto, and specifically the INCLINE
15 VILLAGE RECREATION ASSOCIATION and those parties who are members
16 and/or stockholders thereof, agree as follows:

17 (a) That the agreement between the Association and its
18 members or stockholders providing for the payment
19 of an annual fee or assessment in the sum of FIFTY
20 DOLLARS (\$50.00) was and is intended to finance the
21 acquisition of Burnt Cedar Beach and Incline Beach
22 by the said Recreation Association from the CRYSTAL
23 BAY DEVELOPMENT CO.

24 (b) That when the said Burnt Cedar Beach and Incline
25 Beach are purchased from the CRYSTAL BAY DEVELOP-
26 MENT CO. by the INCLINE VILLAGE GENERAL IMPROVEMENT
27 DISTRICT, the purpose of the agreement between the
28 said Recreation Association and its members and
29 stockholders will thereupon expire and the \$50.00
30 annual fee or assessment will no longer be

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payable; specifically, the members or stockholders of the Association at such time will no longer be liable to the said Recreation Association for the prescribed annual fee or assessment of \$50.00. Further, under the terms of "Exhibit A" attached, the letter of March 7, 1968, upon dissolution all monies in the said Recreation Association will be distributed in accordance with the Nevada Revised Statutes.

(e) That in any event the INCLINE VILLAGE RECREATION ASSOCIATION could not, can not, and will not acquire facilities except on the approval of the members or stockholders of the said Recreation Association.

3. That each of the hereinafter mentioned law suits before this Court as to all parties therein shall forthwith be and hereby are dismissed with prejudice:

- (a) Arden D. Connick, et al, plaintiffs, vs. Commissioners of Washoe County and Trustees of the Incline Village General Improvement District, defendants, No. 22863, Department No. 4,
- (b) Crystal Bay Development Co., plaintiff, vs. A.D. Connick, et al, defendants, No. 240864, Department No. 1,
- (c) Crystal Bay Development Co., plaintiff, vs. A.D. Connick, et al, defendants, No. 240863, Department No. 4,
- (d) Seamount, Inc., plaintiff, vs. A. D. Connick, et al, defendants, No. 241359, Department No. 5, and
- (e) Arden D. Connick, et al, plaintiffs, vs. Commissioners of Washoe County, Trustees of the Incline Village General Improvement District, Crystal Bay Development Co. and Incline Village Recreation Association, defendants, No. 240307, Department No. 3.

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DATED this 11 day of APRIL, 1968.

CRYSTAL BAY DEVELOPMENT CO.

By *Arthur Wood*
ARTHUR E. WOOD, President

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By *James H. Smith*
JAMES H. SMITH, Chairman, Board of Trustees

INCLINE VILLAGE RECREATION ASSOCIATION

By *Carl L. Smith*
CARL L. SMITH, Chairman, Board of Directors

OLIVER CUSTER & BEIGER KJELDSEN as Attorneys for A. D. Larsen, A. D. Connick, C. K. Connick, R. Gaudert, F. Gaudert, H. S. Smith, P. C. Gurney and A. E. Peterson, parties to litigation

By *Oliver Custer*

By *J. Wayne Keldsen*

MARGAS, BARLETT & DIXON as Attorneys for W. W. Jones and Nancy S. Jones, parties to litigation

By *John C Bartlett*

STREETER, SALA & McANILFEE as Attorneys for Seamounts, Inc.

By *Joel Streeter*

EXHIBIT "B"

March 7, 1968

Property Owners
Incline Village, Nevada

Dear Property Owner:

Over the past several weeks, all of us have been meeting to resolve mutual misunderstandings and apprehension and to create some basis upon which all of us can foresee our future development - namely, Crystal Bay Development Co., Incline Village General Improvement District, Incline Village Recreation Association, Howard Smith, Roger Howard, David L. Quandt, and various participants in pending litigation.

It would appear that a mutual lack of communication has given rise to misunderstanding and apprehension on all sides. We desire that our discussions and their result - a settlement of all pending litigation - be clearly understood by all. And we hope that the terms and nature of this settlement serve to resolve such doubts as you may have.

Specifically, we all are in accord with and propose terms of settlement as follows:

I.

RELATIONSHIP OF DEVELOPMENT COMPANY
AND IMPROVEMENT DISTRICT

Crystal Bay Development Co. agrees not to sell to the Incline Village General Improvement District any real property save and except certain Lake Tahoe beach property referred to herein and such real property as the Development Co. and the District may hereafter agree to sell and purchase for the purpose of creating a park or parks.

II

BOARD OF TRUSTEES
OF INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

It is naturally in the best interests of all concerned, the District, the Company and the residents, that the Board of Trustees of the Improvement District be occupied by qualified and impartial individuals who are generally accepted

as both qualified and impartial. Whether for sound reasons or not, some apprehension was voiced by certain parties that the entire Board was not impartial. Several individuals have been nominated by property owners to serve on the Board and they have consented to serve, which will effect a re-organization of the Board as follows:

GEORGE SAYRE
C. R. HERDA
HOWARD SMITH
ROGER HOWARD
DAVID L. QUANDT

Those offering to resign from the Board have graciously done so in the interest of promoting a feeling of new understanding - as expressed by this letter - and they are sincerely thanked for their hard work and long hours.

Those nominated to become new members of the Board have examined the certified audit made of the District through the fiscal year ending June 31, 1967, by Chanslor, Barbieri and DeWitt, Certified Public Accountants, and believe that the affairs of the District are in order.

III

SALE AND PURCHASE OF BURNT CEDAR AND INCLINE BEACHES

The most feasible method of acquiring ownership of the beaches from Crystal Bay Development Co. and financing that acquisition is by a purchase by the Improvement District rather than the Incline Village Recreation Association. We now believe that the Recreation Association does not have the means to obtain financing for the purchase because it lacks any practical means of collecting revenues therefor; collections by the Association must depend at bottom on voluntary contributions and individual collection suits by the Association are impractical.

Such a purchase, to be equitable, should be at fair market value for our purposes, no more or less. The fair market values of Burnt Cedar Beach and Incline Beach have been determined by appraisal as indicated below. These fair market value figures were determined by three (3) MAI Appraisers namely BRICE J. LEGGETT and the REAL ESTATE RESEARCH CORPORATION who had already appraised those beaches for the Crystal Bay Development Co., and PAUL BENSON, MAI, who appraised the beaches

for the Improvement District, which paid his costs and fees.

The appraisals were made as follows:

			<u>TOTAL</u>
<u>LEGGETT</u>	Burnt Cedar Beach	\$1,040,500	\$2,103,000
	Incline Beach	\$1,062,500	
<u>PERC</u>	Burnt Cedar Beach	\$1,340,000	\$2,280,000
	Incline Beach	\$ 940,000	
<u>BENSON</u>	Burnt Cedar Beach	\$1,150,000	\$2,289,000
	Incline Beach	\$1,139,000	

The low appraisal figure for both beaches as rounded to \$2,100,000 has been accepted by us all as a fair and equitable purchase price.

IV

FINANCING THE PURCHASE OF THE BEACHES

In order to finance the purchase of Burnt Cedar and Incline Beaches, the Improvement District shall proceed with the issuance and sale of revenue bonds in the total sum of \$2,685,000.00 to cover the purchase price of the beaches of \$2,100,000.00, to create sufficient reserve funds to be held on deposit by the District as a margin against the first year's interest and one year of principal, which revenues are expected to pay, to cover the amount of the discount (5%) at which the bonds are sold, and to pay the various expenses of the bond issue itself.

Eliminated from the issue and sale as originally proposed are funds for the construction of a marina and various pool and bathhouse facilities. The presently outstanding bonds and the payment schedules therefor as of June 30, 1967, have been reviewed as well as the proposed issue and payment schedules for this issue. The assessable charges thereunder, for each subdivided lot or unsubdivided parcel constituting a single family homesite, zoned for a single family residence structure, whether or not so improved, will not under any circumstances exceed FIFTY DOLLARS (\$50.00) for each fiscal year ending June 30 commencing July 1, 1968.

The following rates, tolls and charges are prescribed for each fiscal year ending on June 30 and commencing with July 1, 1968 for the various classifications of property as follows:

Developed Single Family Lots

1968-69 through 1978-79 \$50.00 per year per lot

Developed Multiple Units

1968-69 through 1978-79 \$50.00 per year per unit

Developed Hotel - Motel Property

1968-69 through 1978-79 \$25.00 per year per room

Undeveloped Single Family Parcels

1968 - 1969	\$10.00 per acre
1969 - 1970	\$15.00 per acre
1970 - 1971	\$15.00 per acre
1971 - 1972	\$10.00 per acre
1972 - 1973	\$10.00 per acre
1973 - 1974	\$ 5.00 per acre
1974 - 1975	\$ 1.00 per acre

Undeveloped Multiple Family Parcels

1968 - 1969	\$200.00 per acre
1969 - 1970	\$200.00 per acre
1970 - 1971	\$150.00 per acre
1971 - 1972	\$150.00 per acre
1972 - 1973	\$100.00 per acre
1973 - 1974	\$ 50.00 per acre
1974 - 1975	\$ 5.00 per acre

V

DISSOLUTION OF THE INCLINE VILLAGE RECREATION ASSOCIATION

We think it best for all concerned - in view of

acquisition and management of the beaches by the Improvement District - that the Incline Village Recreation Association be dissolved and the monies placed on deposit therein by shareholders, or payors, approximately the sum of \$57,600.00, be distributed to them as provided in Nevada Revised Statutes. This can be done only upon the written request of two thirds (2/3) of the Association membership, addressed to the Directors. If so requested, dissolution will be administered by four persons we have nominated, namely GREG ENGLEHARDT, MRS. PAULA C. CURNEY, REVEREND DAVID GRAHAM, and C. R. HERDA.

VI

DISMISSAL OF LITIGATION

In view of the foregoing, orders of dismissal with prejudice will be entered upon stipulation of the parties of pending litigation, namely,

- (a) Arden D. Connick, et al, plaintiffs, vs. Commissioners of Washoe County and Trustees of the Incline Village General Improvement District, defendants, No. 225863, Department No. 4,
- (b) Crystal Bay Development Co., plaintiff, vs. A. D. Connick, et al, defendants, No. 240864, Department No. 1,
- (c) Crystal Bay Development Co., plaintiff, vs. A. D. Connick, et al, defendants, No. 240863, Department No. 4,
- (d) Seamount, Inc., plaintiff, vs. A. D. Connick, et al, defendants, No. 241359, Department No. 5, and
- (e) Arden D. Connick, et al, plaintiffs, vs. Commissioners of Washoe County, Trustees of the Incline Village General Improvement District, Crystal Bay Development Co. and Incline Village Recreation Association, Defendants, No. 240307, Department No. 3.

We are enclosing a form of letter which we jointly ask you to execute which constitutes a written request

March 7, 1968

Page 6

to the Directors of the Association to dissolve Incline Village Recreation Association. Enclosed also is an addressed envelope for return mail to those four impartial individuals who will count the requests and, if sufficient in number, administer dissolution itself.

Very truly yours,

CRYSTAL BAY DEVELOPMENT CO.

By Arthur L. Wood
ARTHUR L. WOOD, President

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By George Sayre
GEORGE SAYRE, Chairman, Board of Trustees - pursuant to Board resolution

INCLINE VILLAGE RECREATION ASSOCIATION

By Care L. Shaff
CARE L. SHAFF, Chairman, Board of Directors - pursuant to Board resolution

Howard Smith
HOWARD SMITH

Roger L. Howard
ROGER HOWARD

David L. Grandt
DAVID L. GRANDT

OLIVER CUSTER & RAYNER KJELDSEN as
Attorneys for A. D. Larsen, A. D.
Connick, C. K. Connick, R. Gaubert,
F. Gaubert, H. S. Smith, P. C.
Gurney and A. E. Peterson, parties
to litigation

By Oliver Custer

By Rayner Kjeldsen

MARGAS, BARTLETT & DIXON as
Attorneys for W. W. Jones
and Nancy S. Jones, parties to
litigation

By John Bartlett

STREETER, SALA & McAULIFFE as
Attorneys for Seamount, Inc.

By [Signature]
ON THE BASIS OF INFORMATION FURNISHED,
THERE IS NO RECORD ON FILE WITH THE
SECOND JUDICIAL DISTRICT COURT WASHOE
COUNTY, RENO, NEVADA.
[Signature] 9-13-11
DEPUTY CLERK DATE

775-832-1122

IVGID Trustee's Meeting May 19 2020
Public Comment submitted by Alexandra Profant

All Rights Reserved Without Prejudice-

I permit this correspondence, sent by fax, to be scanned and made public.

I reserve the right for the Board to withhold this comment from the public view, per the Clerk's & the Board's discretion.

For the record, I endorse the elimination of the punch card [and /or any card with any tracking device (RFID)] as the means to allow us as residents to use our ingress to access the historic and private point of entry to the beach parcels in Incline Village Nevada.

I prefer the old fashioned photo id where there is no computer data base connected to the assessor's office, at the gates, or at the rec center, used to confuse the entry matters, or which is corrupted. This is the old fashioned, simple and elegant solution.

Also, I am uncertain how the ordinance reads regarding the parcels, however, in my family's present situation where our title has been counterfeited and slandered has been cause for meritorious concern, as the use of the assessor's page versus a local GID controlled residential checking system, is the causal factor.

5/19/2020 7:21 PM FROM: Staples

TO: +17758321122

I would suggest coming up with a legal description of the beach parcels, the AP number's and allow each of us as parcel owners to update our grant deeds with the historic use and residential privacy zone controlled by points of access through verification of photo identification cards, to be the means to uphold this historic use and protect the impacts to the beaches, and facilities.

At present, we are confused as to how many parcels are affiliated with the community property our parcel sits on, and while our parcel has a separate AP number, the question of how many other parcels exist which are affiliated with the community property, is cause for the GID to check all community property parcels against the assessor parcels and eliminate any discrepancies so they are not used to create and allocate a resident use card where the land use is not residential, and or ambiguous. It has come to my attention in recent years, that patent and/ or latent administrative ambiguities have been upheld as the legal means to uphold a property taking. WE have the right to call out- this is not allowed in our GID!

Is it possible for the GID to generate a boiler plate legal description of the beach parcels which I or others could elect to add to our parcels legal description which would include a residential claim to the historic use and right to protect the private ingress points of access from the Lakeshore drive side?

Others have suggested to introduce Crystal Bay as closed to ingress, controlled by buoys, so as to prevent lakeside access. Unless permitted by Coast Guard/Sheriff!
This is the old fashioned, simple and elegant solution.

I am willing and able to participate in crafting or finessing an ordinance with the legislative council bureau with oversight and guidance from you in a committee context, as a community member, willing to address/ redress this potential parcel discrepancies causing loopholes which are being abused at present. the use of the assessor's page versus a local GID controlled residential checking system, is the causal factor

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PS.

My address at present requires a survey to introduce an accurate legal description. The following is what I may best deem to be true:

4 Legal Cap (not sure if this is court, circle or creek- as I have seen it all ways at different times on different maps) @ 020 Oriole Way Lot 66 @ The Royal Pines Subdivision Incline Village Nevada 89451 (pending survey)

Continued to next page.

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prefer the old fashioned...
would love to generate a new AP Number and legal description which calls out my parcel as related to the infrastructure right of way controlled by IVGID relative to my and my family's water and sewer use, (partitioning my parcel from/eliminating it from, the Royal Pines community property parcel)

relative to Washoe County right of way as the means to introduce ingress from Washoe County Oriole Way - right of way to cause a sewer lateral to get put into place, and introduce some sort of pedestrian fire egress!

PLEASE PRINT FOR THE FAMILY...
END

My address...
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continued to next page

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continued to next page

From: J Gumz <j.gumz1@gmail.com>
Sent: Tuesday, May 19, 2020 6:34 PM
To: Herron, Susan
Subject: Fwd: Fw: Getting the District's financial house in order
Attachments: IVGID_FY2021_budget_pivot_May_10_2020.pdf

Categories: Important

for the public comment record

----- Forwarded message -----

From: J Gumz <j.gumz1@gmail.com>
Date: Tue, May 19, 2020 at 6:15 PM
Subject: Fwd: Fw: Getting the District's financial house in order
To: <info@ivgid.org>

PLEASE INCLUDE FOR THE RECORD of the May 19, 2020 workshop. please acknowledge receipt.

Dear Board members:

To get the District's financial house in order, especially in light of the implications of COVID 19, I **believe it IMPERATIVE that Resolutions 1619 and 1701 be repealed.**

On the proposed budget, I have not seen anything where Reductions in FTE (including full-time, seasonal and part-time staff) are addressed. Again, **such Reductions in FTE and headcount are IMPERATIVE to get the District's financial house in order.** Wages and benefits are almost half of IVGID's Revenues as the attached ONE PAGE Summary of the Original Proposed Budget shows. Ignore transfers - they are NOT revenue.

In the past, the "standby service charge" has been used to subsidize money-losing operations. In the FY2010 Budget, this statement was made

Staff is currently capturing actual cost for all Recreation adult and youth programs and will continue to report quarterly to the Board of Trustees on Recreation adult and youth programs and their status to meeting the Board of Trustees initiative that adult programs pay for themselves and the Board of Trustees desire to support youth programs. (p. 180, FY2010 budget)

It is disingenuous to say the Fee is for ensuring facilities are available when you can see it is subsidizing Youth programs, Senior programs and "all adult programs" as shown in the table below. (p. 180 FY2010 budget), and substantial operating costs of the Rec Center.