

1
2 INCLINE VILLAGE
3 GENERAL IMPROVEMENT DISTRICT
4 BOARD OF TRUSTEES
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9 TRANSCRIPT OF HEARING
10 PUBLIC MEETING
11 Live and Via Zoom
12
13 Held at the Boardroom
14 893 Southwood Boulevard
15 Incline Village, Nevada
16
17 Wednesday, January 31, 2024
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23
24 Reported by: Brandi Ann Vianney Smith
25 Job Number: IVGID 22

1 APPEARANCES
2
3 **BOARD MEMBERS PRESENT**
4 SARA SCHMITZ, CHAIR
5 MATTHEW DENT, VICE CHAIR
6 MICHAELA TONKING, SECRETARY
7 RAY TULLOCH, TREASURER
8 DAVE NOBLE, MEMBER
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10
11 **ALSO PRESENT**
12 SERGIO RUDIN, LEGAL COUNSEL
13 HEIDI WHITE, DISTRICT CLERK
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1 Incline Village, Nevada - 1/31/2024 - 6:00 P.M.
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5 CHAIR SCHMITZ: Good evening. It's six
6 o'clock here in Incline Village. I'm calling to
7 order the Incline Village General Improvement
8 District Board of Trustees meeting to order on
9 January 31st, here in the Boardroom at 893 Southwood
10 Boulevard. We will begin with the Pledge of
11 Allegiance.
12 A. PLEDGE OF ALLEGIANCE
13 (Pledge of Allegiance.)
14 CHAIR SCHMITZ: Now we'll begin with the
15 roll call of trustees.
16 B. ROLL CALL OF TRUSTEES
17 CHAIR SCHMITZ: Trustee Tonking?
18 TRUSTEE TONKING: Here.
19 CHAIR SCHMITZ: Trustee Tulloch?
20 TRUSTEE TULLOCH: Here.
21 CHAIR SCHMITZ: Trustee Noble?
22 TRUSTEE NOBLE: Here.
23 CHAIR SCHMITZ: Trustee Dent?
24 TRUSTEE DENT: Here.
25 CHAIR SCHMITZ: And myself, Trustee

5

1 Schmitz. We're all here. Moving on to initial
 2 public comments.
 3 C. INITIAL PUBLIC COMMENTS
 4 MR. KLEIN: Good evening. My name is John
 5 Klein. I'm proud to be a full-time resident
 6 homeowner here in Incline Village.
 7 While I've spent most of my career as a
 8 sales and operations consultant, I am currently,
 9 among other things, ski instructor Ray, the Incline
 10 High boys and girls varsity tennis coach.
 11 Through a joint usage agreement, IVGID
 12 hosts the home matches for the Incline High at the
 13 Tennis Center. While there are courts at the high
 14 school, there's not enough to complete matches
 15 before dark. I also captain USTA tennis teams, and
 16 we play our league matches at the Tennis Center.
 17 Additionally, I'm involved in the annual Incline
 18 Open, which I'm proud to say, we've filled to
 19 maximum capacity last year.
 20 Tennis is a lifetime sport and a great
 21 sport to learn at a young age. It builds character,
 22 as it's the only non-officiated sport in high school
 23 where you call your opponent's fouls. Furthermore,
 24 as a not-contact sport, the incidents of
 25 life-altering concussions is minimized.

6

1 The high school tennis team grew one
 2 hundred percent from 2022 to 2023, and it will grow
 3 another hundred percent in 2024.
 4 Now, the courts of the Tennis Center were
 5 a subject of report commissioned by IVGID eight
 6 years ago. That report determined if the courts
 7 have now greatly exceeded their life span, and
 8 suggest that IVGID put aside money for their
 9 rehabilitation and rebuild. That has not occurred.
 10 While the courts may look fine to the naked eye,
 11 anyone who plays on them regularly can tell you
 12 about the weak and dead spots on the courts, where
 13 the substrate has washed away, as well as the large
 14 cracks that pop up in the spring and hosts snakes
 15 and chipmunks. Yes, I said snakes.
 16 Therefore, I'm very pleased to see the
 17 Board will be considering, tonight, taking the first
 18 step towards accepting bids to determine the cost
 19 for consideration it may take to save this valued
 20 community asset.
 21 Thank you.
 22 MS. MILLER: Good evening, Trustees.
 23 Well, it's another budget time. My
 24 comments are directed toward the recreation beach
 25 funds. This year's budget workshops will

7

1 undoubtedly reflect the inflation we've all
 2 experienced. I believe we'll see a substantial
 3 increase in both operating and capital expenses.
 4 Since user fees are already at or close to market
 5 rate, the facility fees will likely require a sharp
 6 increase.
 7 There's one alternative I'll hope you'll
 8 explore. I know people think outsourcing is a
 9 four-letter word, so how about concessions?
 10 I worked at an airport for a number
 11 of years. The airport, of course, had many aviation
 12 responsibilities. Airports have bars, they have
 13 taxi services, they have restaurants. Our airport
 14 employees had no part in that, other than managing
 15 contracts for concessions. So I hope you'll
 16 consider that in some of the operations we do.
 17 Some years ago, we had a consultant to
 18 help with our strategic plan. He recommended an
 19 annual evaluation of operations and services to
 20 determine which ones were successful, both
 21 financially as well as in participation, and were
 22 truly part of the mission of IVGID.
 23 Sadly, his advice was never heeded, the
 24 book went on a shelf.
 25 But when you reflect on IVGID's mission to

8

1 provide recreation services, there are some services
 2 that really aren't within your scope of recreation.
 3 Instead, they compete with the private sector in a
 4 variety of business activities, some I've already
 5 mentioned.
 6 I recently heard GM Bandelin tell the Golf
 7 Committee that the food and beverage venues no
 8 longer adhere to the old rule of not competing with
 9 private local business. That would be fine if it
 10 weren't for the fact the only reason IVGID is
 11 empowered to offer those services is that they're
 12 considered an essential feature of a ski or golf
 13 operation. Once those operations close, the
 14 justification to operate bars and restaurants
 15 ceases. That seems to have been forgotten or
 16 perhaps not understood by those whose experience is
 17 primarily in private clubs.
 18 If we thought that way about other IVGID
 19 services, we'd be expanding into even more
 20 businesses. Maybe we'd have auto maintenance or
 21 landscape maintenance. Maybe some heavy equipment
 22 operations for our local contractors. What would be
 23 the limit?
 24 IVGID could grow and our staff would be
 25 gainfully employed even when ski and golf venues are

9

1 closed. That's just not the purpose of local
 2 government, especially when it's subsidized by the
 3 property owners.

4 Restaurants are not an easy business. I
 5 have friends in those businesses, and I think we
 6 really need to look at the other ways to run them.
 7 It would drastically reduce the rec fee subsidies.

8 Thank you.

9 MS. WELLS: Good evening, Board. Kristie
 10 Wells, Incline Village resident. Please include the
 11 comments in the official minutes of the January 31st
 12 meeting.

13 Three of the IVGID trustees, Dent,
 14 Schmitz, and Tulloch, the chair of the Audit
 15 Committee, Chris Nolet, and the interim Director of
 16 Finance, Bobby Magee, insist that we need a forensic
 17 audit of past IVGID financial reports and
 18 administrative financial activities.

19 This is based on decisions related to past
 20 issues with IVGID policies and procedures and other
 21 issues that have been exasperated by severe staffing
 22 shortages in the finance department.

23 They have all stated there's been no
 24 indication of fraud, but they're moving forward with
 25 this audit in the hopes of justifying their effort

10

1 to discredit the last IVGID administration and/or
 2 justify their heavy-handed approach of dealing with
 3 the IVGID staff.

4 This past November, the Board approved a
 5 budget for the forensic audit, and scope of work was
 6 set for this project. RubinBrown provided the
 7 lowest bid, Baker Tilly was in second place, Moss
 8 Adams was a distant third. These are all based on
 9 the price. The interesting thing here is that
 10 RubinBrown is a part of Baker Tilly, so,
 11 technically, the same company provided two of the
 12 three bids.

13 Magee was hired on to IVGID's payroll from
 14 Baker Tilly, and IVGID paid Baker Tilly a \$10,000
 15 finder's fee, just FYI.

16 At the November 8th public meeting, the
 17 Board authorized Trustee Tulloch to negotiate the
 18 terms and conditions with RubinBrown, as well as the
 19 final scope of work to be conducted on a forensic
 20 audit. The negotiated contract was then to be sent
 21 back to the Board for review and approval. The
 22 dollar amount budgeted by the Board for the contract
 23 was to be for a total fixed price of \$110,000 for
 24 three years' review or \$160,000 for a five-year
 25 fiscal review.

11

1 Sometime between November 8th and January
 2 10th, the scope of work was increased that led the a
 3 contract amount not to exceed \$350,000, almost
 4 \$250,000 more than what was approved by this Board.
 5 Seems like a bait and switch from RubinBrown in this
 6 handling of the negotiations by Tulloch and possibly
 7 Magee.

8 Also, Magee, placed by Baker Tilly as I
 9 mentioned, is now on IVGID's payroll, and he
 10 probably should have recused himself from
 11 negotiations if he was present with RubinBrown.

12 Tulloch and Magee revised the contract and
 13 presented it to interim District Manager Bandelin
 14 for his signature without first informing the rest
 15 of the Board, sending it to the Board for their
 16 review and approval, or giving the community an
 17 opportunity to learn about or comment on this change
 18 in scope and contract pricing.

19 This community also needs to understand
 20 that the expense of this forensic audit is not just
 21 the cost of the RubinBrown contract, which is now
 22 either \$110,000 or \$350,000, but the additional
 23 expense of the consultants, like Pam Day, Baker
 24 Tilly, and other individuals Magee has hired that
 25 will need to stay on and assist IVGID staff during

12

1 this audit.

2 There are problematic reporting delays
 3 that could come from this and real hard costs for a
 4 pet project to prove something that is likely going
 5 to turn up no fraud found. It seems there are
 6 better ways to spend our money.

7 Thank you.

8 MS. CARS: Please include this in the
 9 board meeting, tonight's minutes. Good evening,
 10 Board of Trustees.

11 Shame on Sara, Trustee Schmitz, for the
 12 demeaning, rude reprimand of Trustee Tonking at the
 13 1/25 board meeting during a FlashVote discussion.
 14 We hope that Schmitz will publicly apologize to
 15 Trustee Tonking tonight.

16 We are here at 6:00 p.m. instead of 4:30
 17 because the candidates for GM interviews were
 18 canceled. There were three candidates listed in the
 19 packet. Why was this, the most important agenda
 20 item, removed? Trustees, please explain tonight
 21 with every interview -- why every interview was
 22 removed and by whom.

23 Regarding the new general manager, please,
 24 please, please heed or advice: We, the residents,
 25 need a general manager who will not be a puppet at

13

1 the whims of the current board majority, but one who
 2 will reach out to learn about and understand the
 3 needs of the community and the staff, someone who
 4 can be a willing volunteer in youth and community
 5 activities, and be an integral part of the
 6 community.

7 Again, we do not want a GM who will do
 8 whatever the current board majority requests without
 9 regard to the District policies and procedures and
 10 the community needs. We care because we care about
 11 our staff who are trying their very best to keep
 12 this district running for our community in the
 13 absence of senior staff who have departed under the
 14 watch of Schmitz, Dent, and Tulloch, and have yet to
 15 be replaced.

16 Let's look at the forensic audit, which
 17 falls on the heels of the five -- yes, five clean
 18 audits. Five. This forensic audit is a desperate
 19 attempt by the trustees to distract from the recall
 20 effort, which is not dead and currently under
 21 recount by the Secretary of State.

22 The forensic audit by Trustees Schmitz,
 23 Dent, and Tulloch, appears to be a witch hunt
 24 designed to justify the attack on and the
 25 heavy-handed treatment of IVGID staff and

14

1 management. This abuse is only exasperated and
 2 precipitated the very accounting and other issues
 3 they say warrant this audit.

4 As a result, the entire district has now
 5 been placed on a horrific situation of multitude of
 6 unnecessary binds and risks with potential long
 7 term, negative consequences.

8 Let's look at the status of Susan Herron
 9 who was placed on paid administrative leave over 11
 10 weeks ago without being told why. How is this
 11 possible in today's world of employment laws
 12 designed to protect the employee?

13 The entire community should be in uproar
 14 mainly because no one knows why. Over 20 years of
 15 outstanding, dedicated service, and she is
 16 apparently rewarded with administrative leave and
 17 the hiring of a \$50,000 investigator to look for
 18 something. Will her reputation remain in tact? No
 19 one deserves this treatment. No one.

20 Any person in her situation deserves
 21 transparency. Ah, transparency is what Trustees
 22 Schmitz, Dent, and Tulloch claimed to espouse.
 23 Transparency is what the community demands yet still
 24 awaits. We are grateful that we do have two
 25 transparent trustees, Trustee Tonking and Trustee

15

1 Noble, who are, unfortunately, silenced by the
 2 current majority. This must change.

3 (Expiration of three minutes.)

4 MR. HOMAN: Mick Homan, Incline Village.

5 I want to comment on the Board's hunt for
 6 fraud. Just so we're clear, a forensic audit is
 7 called for when you have specific indications of
 8 fraudulent act. That requires intent. It's not
 9 called for when you have unintentional sloppy
 10 accounting.

11 First some background: IVGID's annual
 12 audit costs \$50,000. That includes an internal
 13 controller review and the auditor's consideration of
 14 indicators of fraud. The Board also paid its
 15 auditors \$20,000 for two special reviews in 2022,
 16 one covering purchasing policies and compliance, the
 17 other tested capitalization accounting.

18 In addition, when I was on the Audit
 19 Committee, we spent hundreds of hours investigating
 20 Mr. Dobler's claims of fraudulent and bad accounting
 21 and capital spending. There was no evidence of
 22 fraud in any of this work.

23 The Board's also spending \$265,000 with an
 24 independent accounting firm to help get the 2023
 25 books in shape for the audit. That firm is helping

16

1 completing bank and other account reconciliations.
 2 We should expect to be notified if they find any
 3 indication of fraud in their work areas.

4 To date, no mention of fraud.

5 Finally, the District just completed the
 6 reconciliation of its old and new financial
 7 enterprise systems, despite repeated comments by
 8 certain trustees and residents that early,
 9 unreconciled differences indicated possible or even
 10 likely fraud, they tied out exactly.

11 So even with no evidence of fraud, the
 12 Board approved the issuance of a forensic audit RFP.

13 In my 40-year finance accounting and
 14 auditing career, I worked on multiple fraud
 15 investigations. I'm well versed in how they are
 16 typically structured. So when I read that initial
 17 RFP, I was at a loss. It's glaringly obvious the
 18 Board had no idea what they were looking for. It
 19 was a shotgun approach with no focus. It looked
 20 more like a full audit, looking at everything and
 21 everybody.

22 So it's no surprise the preliminary bid
 23 was comparable to the audit fee at \$110,000 for a
 24 three-year look back. But it gets worse. Trustee
 25 Tulloch, working with interim finance director and

17

1 the Audit Committee chair increased that to up to
 2 \$350,000. That's more than three times the initial
 3 three year bid and seven times the annual audit fee.
 4 And then two weeks ago, Trustee Tulloch
 5 tried to forced this cost increase through without
 6 Board or community disclosure or discussion. His
 7 action raise serious concerns. Thankfully, Trustees
 8 Tonking and Noble stopped him.
 9 The revised scope in tonight's materials
 10 remains completely unfocused. Most items are fully
 11 redundant with the normal annual audit tests and the
 12 other projects I just outlined. The rest are
 13 unfocused shots in the dark.
 14 To many, this does look like a witch hunt,
 15 a desperate attempt to justify a reckless narrative
 16 by the majority board members and to satisfy the
 17 rants of a local minority.
 18 And you've unnecessarily harmed IVGID.
 19 You've scared our auditors, and now they won't
 20 complete the annual audit, which is already due,
 21 until your fraud hunt is over. So we have no choice
 22 to complete some level of work.
 23 I'd limit that to the forensic risk
 24 assessment in item 9 of the revised scope. If that
 25 or any other findings to date reveal

18

1 specific evidence of fraud, then design focus
 2 procedures to investigate the specific matter. This
 3 will dramatically reduce the time and the cost to
 4 complete the process. Your current proposal and
 5 scope and its \$350,000 price tag is both wasteful
 6 and irresponsible.
 7 Thank you.
 8 MR. KATZ: Just a question first. Are we
 9 having public comment on the public hearing that was
 10 noted? Okay.
 11 Aaron Katz, Incline Village. I have a
 12 written statement to be attached to the minutes of
 13 the meeting.
 14 I'm now going to speak backwards. Bobby
 15 Magee just cost us \$1.55 million of our rec fee, our
 16 beach fee, and excess water sewer rates. Those are
 17 called "central services," but people that really
 18 know the budget know exactly what it is. He just
 19 increased central service costs by \$666,700. They
 20 now total 3.2 million a year. Ten years ago,
 21 central service costs were \$778,000.
 22 Mr. Magee has increased the cost of our
 23 new GM to as much \$300,000. And the cost of a new
 24 finance direct to \$312,000. We're going to be out
 25 of a fund balance in our general fund, maybe at the

19

1 end of this year, if not, for sure next year.
 2 So where's the money going to come from?
 3 What happens in this District is it always comes
 4 from rec fee and the beach fee. It doesn't pay for
 5 recreation. So people that are listening to this,
 6 please wake up. It comes from the rec fee.
 7 And I hate to come down on any segment of
 8 the District -- the public, but the 250 or so
 9 tennis/pickleballers out there, how can you feel
 10 good about forcing your neighbors, who have to pay
 11 \$3 million now for your tennis courts, plus we paid
 12 an additional \$1.25 million for upgrades several
 13 years ago, and there's like about 250 from the
 14 District that pay for it. If you want to have your
 15 own private tennis club, buy ours and do whatever
 16 you want. But why force us to go along on your
 17 ride? You're really no more moral, in my opinion,
 18 than your core golfer neighbors who have been
 19 pulling the same stunt here for decades. You should
 20 be embarrassed of yourselves.
 21 Thank you.
 22 CHAIR SCHMITZ: Seeing no other public
 23 comments in the room, do we have any online?
 24 MS. GUMZ: For the record, Joy Gumz,
 25 Incline resident and homeowner.

20

1 My comments are regarding agenda item H 3,
 2 the Forensic Audit Service Agreement. The contract
 3 form is improper and does not use the clauses
 4 expected in a forensic audit engagement.
 5 First, language requiring IVGID to
 6 promptly provide the information, resources, and
 7 assistance, including access to record systems,
 8 promises and people, is not in the contract.
 9 Second, language requiring the auditor's
 10 contract law enforcement if it spotted potential
 11 crimes, generally a standard practice in such
 12 contracts, is not included.
 13 Third, there is no mention of an opinion,
 14 often part of the report delivered in a forensic
 15 audit. The contract form is the same as used by
 16 Public Works when engineering consulting contract
 17 with Far West. Contrast that with 2020 when IVGID
 18 used the CPA firm Moss Adams' contract form.
 19 And the scope of work appears inadequate.
 20 First, at least 59 employees have
 21 procurement cards. These are credit cards that have
 22 been used at local restaurants and other
 23 questionable purchases. But only eight employee
 24 cards are being examined?
 25 Second, the requirement to examine emails

21

1 is a waste of time. But maybe that is what IVGID
 2 wants.
 3 Third, the scope does not address any of
 4 the 30 points that were given to Trustee Tulloch and
 5 Chair Nolet in November 2023, which are attached to
 6 this comment and become public record.
 7 It is shocking that Audit Committee Chair
 8 Nolet would agree to use an agreement that lacked
 9 expected clauses and for RubinBrown to agree to
 10 this. It's more shocking that the scope is
 11 inadequate.
 12 Financial statement fraud has been
 13 discovered by myself and another residents. We both
 14 held CPAs before retirement. I'll repeat that:
 15 Financial statement fraud has already been
 16 discovered.
 17 Over \$13 million for stream restoration
 18 and other improper expenses had been hidden in the
 19 land account on the IVGID balance sheet. This what
 20 was done at WorldCom in 2002, and part of the
 21 financial scandals in the Enron era.
 22 External auditor Davis Farr never
 23 requested a fixed asset inventory list or a
 24 reconciliation of the land account. So they never
 25 discovered the fraud. This goes back decades.

22

1 After these scandals, I spent years
 2 auditing with the Institute of Internal Auditors,
 3 the certifying body of internal auditors. The
 4 engagements on which I worked improved and enhanced
 5 the audit practices and internal controls of major
 6 corporations world wide. So I know of what I speak.
 7 One other key point --
 8 (Expiration of three minutes.)
 9 MR. DOBLER: Cliff Dobler, 995 Fairway.
 10 Regarding the RubinBrown forensic audit
 11 contract, I want to provide some information to
 12 consider.
 13 Number one, when Magee was asked by
 14 Tonking at a previous meeting about other bidders
 15 for the audit, he indicated that there were two, but
 16 actually there were three.
 17 Number two, RubinBrown came up at
 18 \$110,000, followed by Baker Tilly at \$369,000,
 19 followed by Moss Adams at \$382,000, and Grassley
 20 (phonetic) at \$750,000.
 21 Number three, these bidders were provided
 22 an RFP requirement to look back for five years, but
 23 RubinBrown's bid was only for three years. Brown
 24 did not comply with the RFP.
 25 Number four, Magee took the low price and

23

1 accepted the noncompliance from RubinBrown.
 2 Number five, comparing to the two and
 3 three bidders, RubinBrown was only 30 percent of the
 4 other two bids; a red flag sure.
 5 Six, so four months went by, and as
 6 expected, RubinBrown increased their prices to
 7 \$350,000 to be comparable with the second and third
 8 place bidders. Had those bidders known the look
 9 back was only for three years rather than
 10 five years, there would be no doubt their pricing
 11 would have gone down.
 12 Number seven, so we have Magee, the
 13 Navazio plant, running the show without any
 14 supervision.
 15 Number eight, the scope of work is
 16 something to behold: less work than the original
 17 RFP.
 18 Nine, so what do we have here? Less work
 19 for more pay, the IVGID style. By only allowing the
 20 three-year look back, it can be ascertained that the
 21 11 million of costs for repairs and maintenance to
 22 land, which occurs over several years and was
 23 inappropriately capitalized as land, will not be
 24 looked at and will escape and be hidden under a rug.
 25 This is a scam by one person who, in my

24

1 opinion, does not have qualifications to be a
 2 finance director. He is not a CPA and was not
 3 vetted by anyone other than the departing director
 4 of finance Navazio, who created most of the problems
 5 which now exist.
 6 The bidding process stunk, and if this
 7 Board decides to proceed with RubinBrown, so be it.
 8 I would go along with Trustee Noble on
 9 this one that we got hoodwinked. Another thing, if
 10 the shoe fits, wear it. The shoe does not fit.
 11 Thank you.
 12 MR. ABEL: Michael Abel, resident.
 13 This Board has failed our community.
 14 Roughly a year ago, many of this committee were
 15 overjoyed to have a board majority who we felt were
 16 going to look out for the resident taxpayers and
 17 ratepayers at Incline Village who provide the monies
 18 that make the District operate.
 19 For too long, the board was run by a bunch
 20 of sycophants like Wong, Calecrate, Morris, and
 21 Moran, who did nothing but always defer to the crap
 22 put forth by staff and GM. I thought that with the
 23 new day that things would change. How wrong I and
 24 my fellow residents were.
 25 Let's look at the Board's achievements

25

1 from the last year. Yes, to your credit, you did
2 get the effluent project pipeline under way. But
3 under the shadow of another over-priced, terribly
4 written CMAR contract with the infamous 14 percent.
5 Yes, to your credit, you did get rid of the
6 incompetent Winquest. And, yes, to your credit, we
7 got rid of the incompetent Navazio or maybe he just
8 got rid of himself.
9 On the negative side, which is much
10 larger, we're stuck with BBK as attorney of record.
11 The prior, worthless Nelson green flagged Noble to
12 demonize Mr. Dobler, a resident who has selflessly
13 given his time and effort to make IVGID a more
14 better operation.
15 We still lack a competent business
16 attorney to evaluate contracts. We still have a
17 Director of Recreation who feels her right to use
18 IVGID funds as her private bank account to subsidize
19 her pet nonprofit. And we still have the illegally
20 elevated Susan Herron sucking on the IVGID teat to
21 the tune of something north of \$15,000 a month. We
22 still do not have a permanent GM who knows how to
23 run business, and it looks like we're seriously only
24 looking at three government flacks in the mold of
25 Pinkerton.

27

1 (Expiration of three minutes.)
2 MR. WRIGHT: Frank Wright, Crystal Bay,
3 49-year resident.
4 I'd like to throw out an offer to Cars,
5 Homan, and Wells, and I'd like to have you give me a
6 call and come in with the open mind to listen to
7 what has been uncovered as far as fraud, and listen
8 to what is going on in this district.
9 Mr. Abel just went through a ton of things
10 that are wrong with this district. This is our
11 community. We got major, major problems. We got
12 tons and tons of fraud. It's uncovered every day.
13 Residents have been bringing things forward that are
14 outrageous, me included.
15 There are things going on right now that
16 have employees misusing our finances and abusing our
17 people in this community, and it is expensive. It's
18 been going on way too long.
19 If you don't know what's going on and you
20 make accusations and assumptions without having any
21 idea of what is behind the scenes and what's really
22 going on, that's too bad, because you're saying
23 stuff that's really stupid. When you say there is
24 no fraud, you're full of crap. There is fraud.
25 It's been identified, it's been explained, and we're

26

1 We still have no plan or desire to stop
2 IVGID from losing a million dollars a year on golf
3 operations. We still have an accountant that makes
4 \$325,000 a year while working on the books, working,
5 he's working.
6 Finally, our books are out of balance by 5
7 million. What the heck's going on there?
8 IVGID has no standardized accounting
9 system tracking capital equipment like trucks,
10 vehicles, machines, and ATVs, and the accounting for
11 the disposition of that equipment.
12 Procurement cards are still unaudited and
13 out of any kind of control. And the parameters for
14 the forensic, well, they're a joke, as Mr. Dobler
15 laid out. Competitive bidding, what the hell is
16 that?
17 Finally, we have a staff that stonewalls
18 public records, just like it did for the last 15
19 years.
20 What does the Board plan to do for '24? A
21 new policy on whistleblowers, a new proposal and a
22 mislocated ice skating rink, a new Hyatt contract
23 for the sports shop or a new location for the dog
24 park. Let's keep beating that drum.
25 My friends and I worked hard to get --

28

1 waiting for something to happen.
2 Now, that's the big problem. We've been
3 waiting a long time for something to happen, and
4 nothing ever happens. It just keeps getting pushed
5 down the street.
6 We've got to come together as a community.
7 We've got to stop this stuff. We got to accept the
8 fact that there are people here who have done very,
9 very bad things. And they have to be stopped now.
10 We keep going every month with nothing
11 happening and no one being held accountable for all
12 the bads things that are taking place here. The
13 accounting is miserable. The audit should have
14 already been started. People should have been
15 fired -- and I mean fired on the spot -- but they're
16 not being fired. They're being hung around for
17 whatever reasons because of this thing that we have,
18 we can't get rid of our valued employees.
19 Our employees are some kind of criminals.
20 I can't believe what is happening here. They're
21 giving away our public property to people for free,
22 they're using their positions to give away public
23 property for free. That's a fraud. That's illegal.
24 Public records, you can't get them. You
25 can't get them all you. You get some of them, but

29

1 you don't get them all. They hide things that they
2 don't want you to know.
3 It's got to come to an end. So you three,
4 rather than just spout off, give me a call. I'll
5 share what I have.
6 Thank you.
7 MR. MILLER: Good evening. Charley
8 Miller, Incline resident.
9 It's been a few months since I've been
10 able to listen in to one of the meetings. And I'm a
11 bit surprised, with the majority as the three now, I
12 would have thought that the Angry Eight would have
13 been a little less angry, but it doesn't seem like
14 that tune as changed a whole lot. I haven't missed
15 a whole lot. It's so sad to listen to such angry
16 people in such a beautiful, great community here.
17 Disappointing, to say the least.
18 I really just called in, besides having to
19 listen to the last three callers, was to recommend
20 or put my two cents in about the Incline Beach
21 House. I think it's a real opportunity for this
22 board to truly build an incredible facility at the
23 beach. I know -- I understand there's an RFP going
24 out, and you're going to do it design-build.
25 One of those first pieces is to give them

31

1 CHAIR SCHMITZ: Moving on, item D is
2 missing from our agenda, and that is the approval of
3 the agenda.
4 D. APPROVAL OF THE AGENDA
5 CHAIR SCHMITZ: Are there any changes or
6 modifications?
7 Trustee Noble?
8 TRUSTEE NOBLE: Maybe just a question, but
9 for item H 1, I'm wondering why that is first when
10 we're going to have discussion on some of the items
11 that are in -- up for consideration in each one?
12 CHAIR SCHMITZ: I had the same question.
13 And it had to do with legalities of approving a
14 contract.
15 But here's how I was going to propose we
16 handle it: We actually moved the section of H
17 3, where we review and discuss the scope of work and
18 related contracts, up to H 1, and we leave the
19 approval of the contracts. And we come back to it
20 and revisit after we have conducted the public
21 hearing and the appropriation of funds.
22 Does that suffice?
23 TRUSTEE NOBLE: Yes. Thank you.
24 TRUSTEE TONKING: Can we move H 4 too?
25 Since that's also in that grouping. It's a \$100,000

30

1 a budget. And I just feel like in a town like this,
2 with the funds that we have, let's go for it on this
3 opportunity, and not just add a few bathrooms.
4 The designs that we worked on six, seven
5 years ago were phenomenal. And I recommend that the
6 Board just not cut corners on this and really go for
7 it.
8 And the other piece is the ice rink. That
9 was brought up, Ice Rink Foundation, in town that, I
10 believe, might have purchased this and wants to
11 donate it in some respect and come -- and I
12 understand we need to work out how it works from an
13 operational standpoint.
14 Tahoe City does it, there's a lot of other
15 places that do it. In Montana, they just leave the
16 thing open and people and go whenever you want.
17 It's completely owner operated. It's beautiful.
18 I think Mr. Dobler agreed that the golf
19 course is the right place for it, but we need to
20 plan for this to be able to have it next year, and
21 include some site civil plans and electrical to be
22 able to have that facility.
23 Thank you for time. Appreciate it.
24 MATT: That was our last public comment on
25 Zoom.

32

1 additional for Baker Tilly.
2 CHAIR SCHMITZ: Absolutely. What we will
3 do is we will do the discussion portion of both of
4 those prior to the public hearing.
5 Is that acceptable, counsel?
6 MR. RUDIN: Yeah, absolutely.
7 CHAIR SCHMITZ: Are there any other
8 changes to the agenda?
9 Seeing none, we'll move on, and I'll try
10 to figure out how to number those when we get there.
11 Moving on to agenda E.
12 E. GENERAL MANAGER SELECTION
13 CHAIR SCHMITZ: This has been reduced in
14 scope, but we left it on the agenda because as part
15 of this agenda item was for some discussion with
16 next steps. So rather than completely pull the
17 agenda item with the cancellation of the interviews,
18 we opted to leave it on agenda so that all of us
19 could have a discussion of what we would like to see
20 as next steps.
21 With that -- that's beginning on pages 4
22 through 26 of the board packet, and I believe
23 Director of HR Feore did put on page 26, I think
24 that's where the options -- I'm sorry not on
25 page 26. It is on page 6, she listed the

33

1 alternatives.

2 With that, I'll open it up for discussion.

3 Are there any recommendations or suggestions of next

4 steps?

5 TRUSTEE TONKING: Question: Can someone

6 remind me what we paid Bob Hall and Associates?

7 CHAIR SCHMITZ: I believe that was the

8 \$50,000. It was not to exceed the \$50,000 contract.

9 TRUSTEE TONKING: We're at 50,000?

10 CHAIR SCHMITZ: I don't have the answer to

11 that.

12 TRUSTEE TONKING: Just curious.

13 MS. FEORE: I can double check and let you

14 know exactly where we are with that.

15 TRUSTEE TULLOCH: Yeah. I thought the Bob

16 Hall contract was significantly less than that.

17 CHAIR SCHMITZ: It was a not to exceed --

18 my recollection is it was a not-to-exceed \$50,000.

19 And I'll defer to Director of HR. She nodding.

20 MS. FEORE: That's correct. It was not to

21 exceed, and it wasn't anywhere near that, but not to

22 exceed 50,000. I will make sure I get the exact

23 information over to the Board.

24 TRUSTEE DENT: I'll just say I think it's

25 unfortunate that we got to this position. We've put

35

1 one of the alternatives I suggested at the January

2 10th meeting was that we consider looking for an

3 interim executive, a professional interim executive.

4 No disrespect to Mr. Bandelin, it's not intended

5 that way, but somebody that can come in and drive

6 some of the changes since, obviously, some of the

7 feedback is people are afraid to come in here. I

8 think that's certainly left you one option.

9 I think in parallel with that, we should

10 be looking for a new executive search firm. From

11 what -- we've obviously not had much in the way of

12 candidates come forward from this firm, they never

13 brought anyone from the private sector forward,

14 despite assurances.

15 I think there's a number of different

16 options there. I would ask staff if we're going to

17 wait two weeks to the next meeting, I'd ask staff

18 come back with a full range of alternatives,

19 including these.

20 TRUSTEE TONKING: I'm great with what the

21 Board has suggested.

22 CHAIR SCHMITZ: I, too, want to thank Bob

23 Hall and Associates. I want to thank the people who

24 did submit their applications. I want to thank

25 staff for their time in this effort.

34

1 a lot of time and effort into this -- or staff's put

2 a lot of time and effort into this. I want to thank

3 staff for doing that. It's just frustrating that it

4 seems like all that effort's been set aside, and

5 we're starting over.

6 I don't know if one of these alternatives

7 is the right alternative, but I would like to,

8 maybe, hear from staff or propose staff comes back

9 with what they're recommendation is or -- and it

10 doesn't necessarily have to be something that's

11 listed as an alternative.

12 TRUSTEE NOBLE: I would echo Trustee

13 Dent's comments in that instead of taking one of the

14 alternative recommendations on page 6 of 202, given

15 that this memo went out and was provided before we

16 knew that at least one of the candidates had pulled

17 their name, to go back and bring alternatives to us

18 at the February 14th meeting.

19 And they may include these, they may have

20 something else, but just given that time, I'd rather

21 have them spend another two weeks, go back and

22 figure out the best recommendations for moving

23 forward for our consideration.

24 TRUSTEE TULLOCH: I'll echo Trustee Dent.

25 I think these are not all the alternatives. I think

36

1 And it's been very disappointing to have

2 qualified candidates back out. And it's

3 unfortunate, but, in reality, it's an opportunity

4 for all of us to take a little look in the mirror,

5 because just like we all have the ability to Google

6 search other people's backgrounds, they have the

7 ability to Google search our community. And our

8 community, if you Google it right now, it doesn't

9 have a very friendly appearance.

10 So, I think that we will take that into

11 consideration, and we'll work with staff and come

12 back with some recommendations for options to move

13 forward at the February meeting.

14 If there aren't any other further

15 comments, then we'll close out that agenda item.

16 And we will move to reports to the board, beginning

17 with the treasurer's report on pages 27 through 45

18 of your board packet.

19 F. REPORTS TO THE BOARDS

20 F 1. Treasurer's report

21 TRUSTEE TULLOCH: You'll note, we're still

22 working on refining it.

23 I have a question from the community: Why

24 are you just printing just fancy bar graphs? You're

25 just wasting paper.

37

1 Well, actually, we're not. Actually,
 2 we're putting it in an intelligible format for the
 3 six people in the community that want to see the
 4 detailed spreadsheets, there are still available.
 5 We're trying to make this in a similar format to
 6 most corporate organizations where we move into
 7 easily understandable charts.
 8 If we look at the top one, there the gross
 9 payroll expenses, you'll see we're in December,
 10 we're almost 50 percent over our budget.
 11 Now, all these numbers against budget are
 12 not totally correct because, funny enough, IVGID has
 13 never prepared a monthly budget requirement.
 14 Despite a lot of our operations being seasonal,
 15 we've never actually prepared the budget with what
 16 we expect month by month. That's something we'll be
 17 looking at in budget process.
 18 It's critical because without that
 19 information, it's almost impossible to tell from a
 20 broad brush where we actually are. If golf is
 21 running for several months with no revenues, we
 22 should not be projecting the budget for that month
 23 that way. We should be arranging the budget on a
 24 month-by-month basis.
 25 Just to put it in essence there, that's

39

1 budget. We're also starting to see a peak now.
 2 We're starting to overshoot on the budget there.
 3 That may be because of seasonal.
 4 I would expect it not because if we're
 5 doing a monthly allocation, we're starting to see
 6 the impact of ski here, the ski budget, but it's
 7 probably for next three or four months, so it's a
 8 little bit concerning that we're starting to
 9 overshoot there.
 10 Next one, again, accounts payable, hard to
 11 tell where we are. I think the only indicator we
 12 see there, we're running at a total for accounts
 13 payable and for payroll expenses for the six months
 14 at \$32 million.
 15 For those of you that think that IVGID is
 16 just a small community organization, \$32 million is
 17 fairly serious money to most of us. I think that's
 18 tracking at approximately 50 percent of the budget,
 19 which is just somewhere north of 64 million. So we
 20 look like we're just about on track there at the
 21 moment.
 22 Next, our current investments. The one
 23 ray of hope there, you'll see the monthly dividends,
 24 which is actually the interest we're now generating
 25 on our current account, which previously was in a

38

1 three million bucks on salaries and wages just in
 2 December alone.
 3 If we move down to the next one, in terms
 4 of accounts payable, unfortunately from this graph,
 5 I have no idea whether we're good or bad because,
 6 again, none of our budgets reflect our payment
 7 cycles or projected payments. All we can look at is
 8 the total to date and see if that's maybe at
 9 50 percent of where we expected it to be. But,
 10 again, it's an area we need to address. I will be
 11 working with Director of Finance Magee and his staff
 12 to actually improve this.
 13 The whole purpose of these graphs is to
 14 actually make these things intelligible, rather than
 15 have to dig through -- I'm sure most of you remember
 16 my magnifying glass I used to bring in when
 17 Mr. Navazio brought in his monthly figures. The
 18 only thing small was the print. This purpose here
 19 is to give an easily understandable one.
 20 Next one, you'll see where we are in terms
 21 of total payroll expenses, et cetera, et cetera, for
 22 the month. Move further down, we'll see the total
 23 expenditure. Again, you'll see, to date, we've been
 24 tracking for payroll, we've been tracking,
 25 approximately, to the monthly allocations of the

40

1 noninterest bearing account. It's now picking up
 2 44,000 bucks a month, which is, again, not to be
 3 sneezed at. That's a move we've made in the last
 4 three months, and it's paying off in terms of that.
 5 Again, our investments, if there's a
 6 change in market value, it changes month to month,
 7 so it's hard to see any clear trends there.
 8 Fortunately at the moment, it's like a 401k, it's
 9 slightly on the up again, which is good. I think
 10 the monthly dividends is real cash not just market
 11 to market or anything.
 12 Debt service, showing where our debt. We
 13 were almost getting to the stage of almost
 14 debt-free. We've got a few small outstanding loans.
 15 Obviously, the balance of that is going to change
 16 dramatically with the effluent pipeline funding.
 17 Next one, again, costs and/or revenues,
 18 this one still needs some work because I've had
 19 members come and tell me, look, we told you golf was
 20 always profitable.
 21 Golf revenues are showing high there and
 22 expenses low, but we're now facing four or five
 23 months of golf expenses. With staff expenses and
 24 things, that will suddenly change the shape of that
 25 graph.

41

1 I think the beaches there needs a little
 2 bit of review. It shows 3.3 million in revenues
 3 from the beaches; 2.7 of that is just the rec fee,
 4 it's not revenues. So some of things are
 5 slightly -- we need to look at how we present that
 6 more effectively to see where it is. It's the same
 7 as where it was showing net versus -- minus budget
 8 is better, that's also including drawdowns from
 9 funds. It's not a direct subsidy, it's from the
 10 existing funds has exactly the same effect. We need
 11 to do some work there.

12 You can see where things are improving.
 13 You can see ski, we would expect the revenues to be
 14 well behind the expenses at this stage. We would
 15 expect to see that becoming more -- at least level
 16 going forward.

17 In the past, it's where ski has
 18 contributed quite a lot, I suspect that this
 19 season's snow conditions, most areas are seeing
 20 downturns in revenues. I know Mike's working very
 21 hard on that, but I think we should not expect a
 22 huge dividend from ski this year, I would expect.

23 Next one, some of the disbursements, it's
 24 interesting to look at some of these major checks.
 25 If we pick out some from there, you've got BBK with

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1 \$55,000, I think there was also another \$10,000
 2 there, just to show where some of our outlays go.

3 The check register, it's always
 4 interesting to do a run through to see where all
 5 these payments are going. Some things slightly
 6 surprised me because expenses seemed to be paid to
 7 staff through checks, rather than paid through
 8 payroll. Slightly strange situation for most of us,
 9 corporate setup, where it's paid through payroll.

10 I'll let you all go through all these at
 11 your leisure. There's always some payments that
 12 look weird. We dig into samples of them every month
 13 to see what's there.

14 Then if we go down further and then go to
 15 the procurement cards expenditures, several there
 16 I've asked to be looked at further.

17 I also need to speak -- we need to discuss
 18 with IT and things, I find it strange that we have
 19 multiple contracts with Spectrum for different
 20 places. We seem to have an awful lot of cable TV
 21 all over the place. I'm not quite sure why. Some
 22 places, I can understand it. Other places, it seems
 23 strange.

24 I also see a lot of software purchases,
 25 which I know Director Gove tries to make sure

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1 there's a control of software, but there still seems
 2 to be a lot of random purchases there. I won't go
 3 into them. I won't pick out any here. We have
 4 picked out several for analysis, and we'll keep
 5 doing that every month to understand why they're
 6 there.

7 That's it. The format is still a work in
 8 progress, but hopefully these graphs do help make
 9 understandable without having to drill down through
 10 a spreadsheet. For those who want to drill down
 11 through a spreadsheet, that's available as well.

12 TRUSTEE TONKING: I was looking at that
 13 gross payroll expenses, that first table and the
 14 third table, I guess, chart.

15 Since it's divided by twelve months --
 16 right? -- we'd be expecting in our shoulder seasons
 17 to see the payroll budget be better than the
 18 expenses because it's not actually budgeted month to
 19 month, so it's not including the seasonal employees;
 20 they're spread across the full year.

21 So I am seeing that, which is promising,
 22 but I am still a little concerned because we are at
 23 a shortage of staff, so it shouldn't be -- like the
 24 difference here in December was not making up the
 25 gap differences. I think that's just a concern, and

44

1 I agree with you there.

2 Then my other issue was when we looked at
 3 cost, year-to-date revenues and related expenses. I
 4 think we just have to remember -- golf is a specific
 5 one -- this isn't including any of the revenues they
 6 had in May and June, and then they will have all the
 7 pass purchase, all that stuff, this May and June. I
 8 just wanted to clarify that part too.

9 TRUSTEE TULLOCH: Absolutely. But at the
 10 end of the day, the budget is based on a July to
 11 June basis, and understood. We also inquired with
 12 the State to see whether we could actually change
 13 our financial years so we would get full years in
 14 there as well.

15 But, yes, there should be some revenues in
 16 May and June from golf. But, again, the season
 17 passes, et cetera, purchased are also allocated
 18 between the years. They don't just all hit at the
 19 end of the year. These revenues are allocated
 20 across the different budget years as well.

21 Obviously, there's still some work to do
 22 on this, but hopefully this is starting to clarify
 23 some of the expenditures.

24 CHAIR SCHMITZ: Any other questions?
 25 I have a couple of questions on page 34,

45

1 on the disbursements. The \$64,000 for Tahoe Workz
 2 Snow Removal Services, I don't recall seeing a
 3 contract for that. And I thought that Public Works
 4 did all of our snow removal.

5 Do you know what that is for?

6 TRUSTEE TULLOCH: No, I don't. It's one
 7 of the ones that myself and Director Magee had
 8 identified for further investigation, because it
 9 surprised we as well, given we haven't had much snow
 10 so far this year.

11 CHAIR SCHMITZ: Thank you. Then with
 12 North Lake Tahoe Fire Protection District, I know we
 13 pay them in our budget roughly about \$200,000
 14 a year. Do we ever get any sort of a report from
 15 them far as what work is being done that we're
 16 paying for, does that come with the invoice?

17 TRUSTEE TULLOCH: Negative, to the best of
 18 my understanding. We do budget, and then give them
 19 work that seems to use that budget. But we're
 20 getting no reporting. It's an area that we should
 21 be following up on.

22 CHAIR SCHMITZ: And then, lastly, the BBK,
 23 according to our contract, the Chair, I believe, is
 24 to be reviewing and approving those.

25 Have you been -- is this an invoice that

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1 you reviewed and approved?

2 TRUSTEE DENT: I did not review or approve
 3 this invoice for \$55,000. But I may have approved
 4 and reviewed smaller invoices that added up to
 5 \$55,000. It's been awhile since I've approved an
 6 invoice.

7 CHAIR SCHMITZ: Those were my questions.
 8 Seeing no other further questions, we'll
 9 move on to the next report to the Board.

10 F 2. Director of Golf Recruitment Update

11 CHAIR SCHMITZ: A verbal report and an
 12 update from the Director of Human Resources on the
 13 golf recruitment, pages 46 through 61 of your board
 14 packet.

15 MS. FEORE: We have interviewed a few
 16 candidates. We've interviewed a few candidates that
 17 have had a varied level of experience, and we've
 18 learned a lot. It's interesting because normally we
 19 learn about candidates during the interview process,
 20 and we have, but we've also actually learned about
 21 the position itself.

22 There have been some conversations with
 23 the panel about the position that we currently have
 24 as it is currently written. The position is
 25 currently written as a director of golf or director

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1 of golf operations. But some of the job duties
 2 and/or some of the expectations currently set in
 3 that job description are very similar to what folks,
 4 perhaps in the PGA world, would view as perhaps a
 5 more-elevated head golf pro.

6 And so it's really kind of opened the door
 7 to ask questions about our expectations of this
 8 position and is this position aptly titled? Do we
 9 need to be looking at a general manager of golf
 10 operations?

11 So I have spent a lot of time, most
 12 recently, a lot of time talking with folks, going
 13 through the PGA's website, taking a look at general
 14 manager positions, reviewing their job descriptions,
 15 and it feels like a lot of those jobs descriptions
 16 hit with what our expectations are with this
 17 position.

18 What we're looking for, as I understand
 19 it, is we're looking for someone to really oversee
 20 the fiscal and strategic and operational oversight
 21 of not just the golf operations, but also the events
 22 and catering facilities, food and beverage, which is
 23 a large division in and of itself.

24 And one of things I noticed as I was going
 25 through and looking at these job descriptions for

48

1 general manager is, number one, food and beverage
 2 was almost always included, but a lot of other
 3 ancillary divisions and departments as well.

4 And so it kind of opened the door for me
 5 to ask the question: Do we need to take a look at
 6 the position and are we at a point where there's an
 7 opportunity to, perhaps, reconsider whether we're
 8 really looking for general manager versus a head
 9 golf pro? And/or is there an opportunity to,
 10 conversely, increase the expectations of the head
 11 golf pro so that -- and I'm trying not to get too
 12 far ahead of myself, so stop me if you need to.

13 Does it make sense to have a general manager of golf
 14 operations who is kind of on the back end, doing all
 15 of the strategic planning and the fiscal oversight
 16 and the budgeting and all this stuff, while the head
 17 golf pro, perhaps, is more in charge of the day to
 18 day?

19 Now, obviously the general manager would
 20 also be in charge of the day to day, as they would
 21 be supervising the head golf pro.

22 It just -- I had so many questions, and
 23 found so much information. And I thought, perhaps,
 24 maybe this is a good time to start this
 25 conversation.

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1 I will let everybody know that I do have a
 2 meeting with a representative fro PGA. Mike
 3 Bandelin and I both have a meeting from PGA -- a
 4 representative from PGA tomorrow, so I'm going to be
 5 speaking with her as well to get some feedback.
 6 But, yeah, I guess that's kind of the
 7 starting point.
 8 CHAIR SCHMITZ: If I may add to that a
 9 little bit. I've been on the interview panel as
 10 well as a representative from the Golf Committee.
 11 And to just to sum it up, what we learned through
 12 this process is our job description, that is a
 13 director of golf, maps to the PGA's job description
 14 of a general manager of golf operations.
 15 So, we had applicants that applied who
 16 were looking for a director of golf position, which
 17 doesn't include food and beverage, doesn't include
 18 oversight of the maintenance, more of a head golf
 19 pro. But we also then had applicants that had the
 20 budgeting and financial management side of it.
 21 So we sort of concluded, and why it's
 22 included in this packet, is for you to see what the
 23 PGA describes as a director of golf and to just give
 24 you a perspective.
 25 We don't think that we have a problem to

50

1 be solved. It's more of just our description
 2 doesn't necessarily match with PGA's. And as we
 3 move forward, it might be something that we want to
 4 get our titles more aligned with PGA.
 5 We have interviewed at least one really
 6 strong candidate, and we'll see what next steps are.
 7 But I'm grateful for all of the team work
 8 in this process. And as Erin said, we really did
 9 learn that we were sort of asking for this but
 10 looking for something else. And we pulled it
 11 together, and we're in consensus that we need to be
 12 looking for what would be classified as a PGA golf
 13 operations manager versus a director of golf.
 14 With that, I'll ask if there's questions.
 15 TRUSTEE TULLOCH: I think the question is,
 16 you've encapsulated it, do we know what we're
 17 actually looking for? One thing that would concern
 18 me is if we end up having three general managers.
 19 We've already got two in the staff.
 20 Once you have three general managers, it
 21 starts becoming extremely confusing, externally.
 22 CHAIR SCHMITZ: It's just the general
 23 manager of golf, just like we have a general
 24 manager. And really it explains it, it's a general
 25 manager of the operations, food and beverage, the

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1 whole thing, and that's how most golf organizations
 2 actually are staffed.
 3 TRUSTEE TULLOCH: And that may be if we
 4 were just a golf organization, but we're a local
 5 government, and it looks kind of weird having
 6 three general managers in terms of that.
 7 I understand it may be a PGA term, and
 8 that maybe what we're advertising for. I see the
 9 chart still shows it as director of golf and
 10 community services. I think there's certainly room
 11 for a lot of these. I agree with a lot of these.
 12 I've discussed with interim General
 13 Manager in the past, to me, food and beverage is an
 14 integral part of the golf operation. And certainly
 15 it's an integral part of the ski operations. I've
 16 been more familiar with the ski industry, yes, food
 17 and beverage is an integral part of the operations.
 18 That's why I disagreed with public comment last week
 19 that we should have a separate food and beverage
 20 department. To me, it's an integral part of the
 21 operation in both cases.
 22 If that's the case -- and it may well be
 23 golf also includes facilities and things as well,
 24 which may make the role more there. Just as long as
 25 we know what we're actually looking for.

52

1 Again, I look at the chart, we seem to
 2 have quite a few golf pros there already, so let's
 3 understand what we're looking for and whether it
 4 needs some further structural changes in the
 5 District to make sure we're properly addressing
 6 these.
 7 CHAIR SCHMITZ: Any other comments? Go
 8 ahead.
 9 TRUSTEE TONKING: I think it makes sense
 10 in the same way that we have a GM of ski, just have
 11 the same idea. I don't think we should then say
 12 that the GM of ski would become the director of ski.
 13 It's a term of the industry, so I think it just
 14 makes sense.
 15 CHAIR SCHMITZ: And we really did do a lot
 16 of analysis to say what is it that we truly want,
 17 and we went through the job description again. And
 18 the job description does define what exactly we're
 19 looking for. It just is different in how it maps
 20 over into the PGA terminology.
 21 MS. FEORE: Can I quickly clarify as well
 22 that we did remove -- I believe it may be on an org
 23 chart that was developed back in early 2023, but
 24 when or former Director of Golf and Community
 25 Services left, we did rename the position to take

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1 the community services expectation out.
 2 So this is an actual -- right now the way
 3 it stands is a director of golf and not community
 4 services. Just wanted to clarify.
 5 TRUSTEE TULLOCH: Yes, I was aware of
 6 that. I know it's the old chart. I was just making
 7 sure we're up to date. I was surprised when I
 8 pulled it up on the laptop here that it showed the
 9 old one. That was all.
 10 CHAIR SCHMITZ: Part of why we wanted to
 11 show the chart was to show the inconsistencies. And
 12 it is something that can be improved upon.
 13 With that, seeing -- hearing no other
 14 comment on that, we will move forward to item F 3.
 15 F 3. Contract Review Process Verbal Report
 16 CHAIR SCHMITZ: Verbal report on the
 17 contract review process, pages 62 through 65.
 18 That is my agenda item. Attached is the
 19 spreadsheet that has -- I've keeping for the
 20 last year, logging contracts that are being reviewed
 21 outside of the Board's purview.
 22 We continue to have issues. Last week, I
 23 know that General Manager Bandelin met with BBK, and
 24 they are taking a different approach and saying that
 25 contracts cannot go forward to legal review until it

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1 is complete because we're continuing to have issues
 2 with contracts and not getting them processed in a
 3 timely fashion and having backdates and what not.
 4 So this continues to be an area of
 5 challenge. And I know that interim General Manager
 6 Bandelin and our legal team have been working to get
 7 this situation right sided so this red ink doesn't
 8 continue on this spreadsheet.
 9 And if you have questions, I'll be happy
 10 to answer. Otherwise, we will move on.
 11 TRUSTEE TONKING: How do contracts end up
 12 on here? I'm just wondering because it seems mainly
 13 like Public Works. I don't see any of our finance
 14 contracts or any of the other ones. I am just
 15 curious on how things get decided.
 16 CHAIR SCHMITZ: The only contracts that
 17 show up on this report are the contracts that are
 18 not brought before the Board. So most of the
 19 finance contracts and things have all been brought
 20 before the Board.
 21 Part of my liaison responsibilities is
 22 that I was to keep the Board informed of contracts
 23 that I was reviewing on sort of an emergency basis,
 24 and so I have been keeping this log.
 25 Does that answer your question?

55

1 TRUSTEE TONKING: Yes. Thank you.
 2 CHAIR SCHMITZ: Anything else?
 3 Seeing none, we will move on to item G.
 4 G. CONSENT CALENDAR
 5 CHAIR SCHMITZ: We have on the consent
 6 calendar the approval of the meeting minutes from
 7 January 10th, pages 66 through 145.
 8 TRUSTEE DENT: Chair, I move to accept the
 9 consent calendar.
 10 CHAIR SCHMITZ: Second?
 11 TRUSTEE TONKING: Second.
 12 CHAIR SCHMITZ: All in favor?
 13 TRUSTEE TONKING: Aye.
 14 TRUSTEE TULLOCH: Aye.
 15 TRUSTEE NOBLE: Aye.
 16 TRUSTEE DENT: Aye.
 17 CHAIR SCHMITZ: Aye.
 18 Unanimously approved of the consent
 19 calendar.
 20 I'm going to ask the Board, can we
 21 continue on to public hearing, take a quick break?
 22 TRUSTEE TONKING: Don't we have to do the
 23 others before the public hearing?
 24 CHAIR SCHMITZ: You're right. Refreshing
 25 my memory.

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1 H. GENERAL BUSINESS
 2 CHAIR SCHMITZ: Before the public hearing,
 3 let's take -- make item H 0 be formerly H 3, but
 4 it's only the review and discuss portion of that
 5 particular agenda item. We will revisit the
 6 approval on the contract after the public hearing.
 7 H 0. RubinBrown Forensic Due Diligence Audit
 8 CHAIR SCHMITZ: With that, we'll open up
 9 agenda item H 3, now H 0, pages 161 through 180 of
 10 your board packet.
 11 MR. MAGEE: This first item is to review,
 12 discuss, and approve the scope of work and related
 13 contract pricing for the forensic due diligence
 14 auditing services.
 15 I'd like to -- if the Board would indulge
 16 me, I would like to give a little bit of a review on
 17 how we got here because initially some things have
 18 been brought to my attention that we, in the finance
 19 department, started to look at and attempt to
 20 reconcile, and there were a number of items that
 21 were brought forth by a number of different people.
 22 Some of those items we were able to fully reconcile
 23 and determine that there were concerns. And there
 24 were couple of items that have come to our attention
 25 that I have mentioned in the past that we have not

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1 been able to fully reconcile.

2 And as I've mentioned previously, the

3 appearance that the fraud triangle may be present is

4 there. And so does that mean that fraud exists?

5 No. I can't definitively say that. What I am

6 saying is is that it certainly warrants us digging

7 in a little deeper and figuring out: Was this poor

8 accounting, sloppily staff work, or was this actual

9 fraud?

10 And so that's one of the reasons why we

11 made that initial recommendation to issue the RFP.

12 The RFP review process, one of the

13 questions that I was asked at a previous meeting is

14 how much will this cost? And my comments at that

15 time were it may cost \$50,000, it may cost

16 \$1 million. Where this is going to ultimately land

17 depends on the negotiated scope of work.

18 We went through the RFP process. The RFP

19 process was a two-phase process designed to find the

20 highest-qualified firm to do the work. The RFP

21 review committee did not get an opportunity to see

22 the prices that were proposed by the firms until

23 after they had chosen who the highest-qualified firm

24 was.

25 Once they had made that determination, I

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1 by the committee, and so no matter what RubinBrown's

2 pricing had been, their scoring was so much higher

3 than every other firm it would not have changed the

4 results even if they had bid a higher amount.

5 And so the contract amount is not for

6 \$350,000. That's for a not-to-exceed amount of

7 \$350,000. And what that does is that allows the

8 forensic auditors to get in, do the work they need

9 to do, do the due diligence, look at items that they

10 believe may require some further investigation. And

11 that will be myself, working with the chair of the

12 Audit Committee, to determine: Should we continue

13 to go down this road and make sure that we are doing

14 our full due diligence?

15 And if we find any suspected evidence of

16 fraud, then, of course, the due diligence forensic

17 auditors would turn that over to the proper

18 authorities if something like that were to happen.

19 Under normal circumstances, I would not

20 address public comment, but I did hear one comment

21 tonight that I feel is appropriate to address, which

22 is did I recuse myself during these negotiations.

23 And I want to be very clear that I am not

24 an employee of Baker Tilly nor have I ever been an

25 employee of Baker Tilly. The way that I ended up

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1 revealed the prices to the committee, and they were

2 allowed to interview the various firms that made the

3 cut on to round two; there were three firms that

4 made the cut to round two in the interview process.

5 At that time, the members of the RFP

6 review committee actually questioned RubinBrown and

7 said you're pricing does not appear to be in

8 accordance with what IVGID's needs are. And so we

9 knew there was the potential that RubinBrown had not

10 fully understood what we were trying to communicate

11 to them through the written document. And when I

12 brought this item back to the Board for its

13 approval, I actually wrote that in the staff report

14 that this is not the amount that we're asking the

15 Board to approve. This is the starting point for

16 contract negotiations.

17 And so at that point, myself and chair of

18 Audit Committee engaged with RubinBrown and started

19 to discuss what the scope of work would look like.

20 And as we approached the end of that, the chair of

21 the Audit Committee proposed the not-to-exceed

22 amount, which was more inline with what the other

23 firms expectations were as part of this process.

24 And I will say that irrespective of the

25 pricing, RubinBrown was still the highest-rated firm

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1 here in this chair was when IVGID decided to find an

2 interim director of finance, they reached out to

3 Baker Tilly and asked if they knew of anybody who

4 might fit the bill.

5 I am an independent contractor. Baker

6 Tilly called me, asked me if I was interesting in

7 interviewing for the position, which I did. I was

8 ultimately offered the position. I am a temporary,

9 part-time employee of IVGID.

10 And so my relationship with Baker Tilly

11 was really limited to them giving me a phone call

12 and asking, "Would you be interested in interviewing

13 for this position?" So I just want to be very clear

14 that's why I did not recuse myself, and I am aware

15 that RubinBrown is a subsidiary of Baker Tilly.

16 With that, I'm happy to answer any

17 questions that the Board may have.

18 TRUSTEE TULLOCH: I'd also like to correct

19 some things stated in the public record. Just

20 because they're stated in the public record doesn't

21 necessarily make them true.

22 I've tried to find these five years of

23 clean audit opinions. I can't find them. I haven't

24 gone back 20 years or something. Most of us are

25 aware that the last several have identified material

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1 weaknesses, material defects, they highlighted
2 internal control issues. As the past chair of the
3 Audit Committee, I've very well aware of these.
4 I also hear, well, you're just on a witch
5 hunt, this Board. Funny enough, the gentleman that
6 was leading the recall committee campaigned in 2018
7 on doing a forensic audit. Funny how that's quickly
8 forgotten.
9 And you're correct. We can't say that
10 we've found evidence of fraud, because fraud can
11 only be decided -- we can find suspected fraud,
12 fraud can only be decided, at the end of the day, in
13 a court of law. I think what we've discussed is we
14 have not found anything actionable at this stage.
15 We have found lots of issues, some of them maybe
16 sloppy, some of them may be otherwise.
17 In terms of -- I'm glad you highlighted,
18 that the -- yes, the 350 was a not to exceed, and
19 the reason for that was because once you get going
20 in an audit, if you find areas that you need to go
21 further deep dive into because it may be fraud or
22 whatever, we can't just suddenly stop everything.
23 You need to make sure that that is addressed.
24 That's why there's a not to exceed there.
25 I think, also, it's claimed the Board

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1 directors involved there were involved or did
2 something that's suspicious, it would still be
3 covered by directors and officers liability
4 insurance. So we would be paying for that if there
5 was a defense against it, which it should be.
6 What we're trying to do in the forensic
7 audit is identify that if we have further
8 outstanding issues, areas that we can address now
9 rather than just going back to the past for a
10 restatement of accounts, which would be nice to
11 have, but at the end of the day, it doesn't resolve
12 the current situation.
13 I just wanted to clear that.
14 TRUSTEE NOBLE: I'll go back to when we
15 authorized Trustee Tulloch to negotiate the final
16 terms, and we had a formal bid of 110 to 160,
17 depending on if it was three or five years.
18 Now, to me, rational, reasonable
19 negotiations, there may be some creep of scope, and
20 so looking at three years, if that was -- and when I
21 was looking at the scope of services, I was thinking
22 110. And there's a lot of stuff in here that I
23 thought: I don't know if it's really relevant, but
24 for 110, great. And if that contract amount crept
25 up to 120, 130, so be it.

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1 didn't give me authority. Actually, if you go back
2 and check the minutes, the Board delegated the
3 authority to the treasurer to negotiate and sign the
4 final contract. It was not stopped by Tonking and
5 Noble. It was stopped because we found from our
6 legal advisers that we didn't have the augmentation
7 in place at the time. That was the reason it was
8 not signed to date. Just to correct the record
9 there.
10 We did get three- and and five-year
11 courts. It's there.
12 I've also heard comments about the scope.
13 Why aren't you going back 15 years and looking at
14 the land tractions? Well, we could. We do know we
15 have a major issue. We've been capitalizing things
16 for a long, long time. For as long as I've observed
17 at IVGID, we have incorrect -- what would normally
18 be regarded as incorrect capitalization. The asset
19 base we're reporting could be as much as 50 percent
20 overvalued.
21 If we're going back 15 years to land
22 tractions, yes, the only thing we could do is we
23 could do a restatement and we could clean up there.
24 We don't -- we're past the statute of limitations
25 for any inappropriate behavior. If some of our past

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1 But to hear that it went from 110 to 350,
2 I just don't see how that is reasonable and is
3 consistent with the authority that was given by this
4 board to negotiate the final terms.
5 With that said, what I'd like to do is I'm
6 just going to go through what I -- in the scope of
7 services, what I think is relevant and irrelevant.
8 I would start with number 9, the fraud
9 risk assessment, and this is going on pages 176
10 through 178 of our board packet. To me, that's the
11 starting point. And, in fact, it basically says
12 it's inline with the RubinBrown's template included
13 in their proposal.
14 Then I would go to number 11,
15 investigation, up to seven complaints as identified
16 by the interim Director of Finance, that's all
17 logical. The interim Director of Finance has been
18 living and breathing this for over six months now,
19 and should be the closest to any purported
20 irregularities that should be at least looked at
21 more closely to determine whether or not it is in
22 fact elevated to fraud or sloppy practices or
23 something else.
24 And in speaking with Mr. Magee, I've asked
25 if that number 7 is adequate, and he has indicated

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1 that he believes that that is at this time.

2 Then, obviously, number 12, reporting

3 would be consistent with that.

4 Then we go back to number 1, and that, to

5 me, should be obvious that there's a certain number

6 of people that should be interviewed, and basically

7 these are all people that are close to the finances,

8 at least some. I don't know if I actually am, based

9 on my position and stuff, I'm not the treasurer, I'm

10 not reviewing the finances on a day-to-day basis.

11 Number 2, searching emails and stuff,

12 unless it's tied to number 11, to me, that's just a

13 fishing expedition. And there's no -- and so that's

14 where just it's there, but there's tieback to make

15 sure that we're not just targeting individuals with

16 no basis whatsoever to any specific complaints that

17 would lead to need to go through those emails for

18 three years.

19 Vendor disbursements analysis, while

20 that's something that would be normally be done in a

21 regular audit, so be it for this.

22 Vendors awards, number 4, I believe that's

23 something that Davis Farr looked at in 2022. And as

24 far as I know, there's been no suggestion of fraud

25 or irregularities, so I don't see why that's even

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1 Committee. The chair of the Audit Committee is

2 reviewing those whistleblower complaints and

3 recommends to Mr. Magee that at least one of those

4 should part of that seven, so be it, but otherwise,

5 I feel, just looking at this, that I don't want to

6 bring in the Audit Committee's work, roll into it

7 this item if it's not necessary. If the Audit

8 Committee needs help in reviewing their own

9 whistleblower complaints that don't rise to the

10 level that they would need to be in number 11 as one

11 of those seven specific complaints, so be it, but

12 just don't roll it into here.

13 Those are the reasons why, if we move

14 forward and there's a recommendation for \$350,00 for

15 this, I do not agree.

16 TRUSTEE TONKING: I am not going to add on

17 to what Trustee Noble said. I'll just say a few

18 things, and then I have some questions within the

19 contract and some issues. I don't know if it's

20 easier to do this first, scope. Do everything?

21 Okay.

22 Similar to Trustee Noble, I'm great with

23 1. I agree with most of what he said. There are

24 some things, like if you at number 7, I looked back

25 and Management Consultants and Davis Farr did

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1 necessary here.

2 The same thing with credit cards. There's

3 been no suggestion of ay irregularities that would

4 rise to the level that we need further review at

5 this time.

6 Going to number 6, 6A and B, I believe are

7 things that have been reviewed by Davis Farr back in

8 2022, and that was part of a memo dated May 11th. I

9 believe it was the next board meeting following May

10 11th that that was approved.

11 6C, to me, ties into A, B, and C, and I

12 don't know why those are separate and apart. I

13 think that that's fine to review those.

14 6D, this seems to be duplicative of number

15 10, looking at whistleblower activities tied to

16 whistleblower complaints. And I'll get to number 10

17 at the end.

18 Financial statement analysis, I have not

19 seen or heard or any reason why that's necessary.

20 And then with number 10, the 12

21 whistleblower complaints, to me, that should be part

22 of the seven complaints that the interim Director of

23 Finance is recommending to RubinBrown to look at

24 after information received from the forensic

25 auditor, internal staff, and the chair of Audit

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1 number 7. As well as number 6, we had Moss Adams

2 and Davis Farr to both of those, so I'm just

3 worrying that we're doing a bunch of the same work

4 again and again and hoping for a different result.

5 It feels like we're parent shopping.

6 My fraud risk assessment for number 9, I

7 feel like number 9 would lead to number 5. Right?

8 If you're doing this fraud risk assessment and

9 you're looking at procurement cards and you're doing

10 that and you see issues, then, yes, I think you

11 should. I guess my concern is we are dictating a

12 scope to this project without them even doing

13 number 9 and 10 and 11. And then we're saying

14 here's the other things that you need to find, where

15 they might not find those as an issue in here.

16 And here's my other issue: There's no

17 cost allocation and schedule of deliverables.

18 And we've talked about this a little bit

19 off record, but I can't even piecemeal some of this

20 together to get an amount that make sense. If they

21 start doing 9, 10, and 11, and then from there,

22 okay, we do need to look into X number of -- I don't

23 understand why we're already doing their sample

24 sizing for them too. We're like, here's the sample

25 size you should do. They might find a different

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1 sample size. The scope feels really prescribed for
2 something that we think they need to assess.
3 I'm a little concerned about 10, but I
4 could be fine with it if we just changed 11 to 12
5 specific complaints. And our chair of our Audit
6 Committee -- or Audit Committee can throw in: There
7 was similar complaints that they need looked into.
8 But I really think 9 needs to be done.
9 They can come back and tell us this extra work
10 that's been quoted in this other section of what
11 they need to do going forward and what they found.
12 I think that's where I'd like to be.
13 I have a question for legal. When we put
14 out this RFP, we had a certain RFP, we interviewed,
15 and we didn't go with the lowest bidder. We
16 chose -- as Mr. Magee said, we chose who the
17 committee agreed with the most.
18 My question is because we changed the
19 scope greatly, did we put those other firms at a
20 disadvantage of not bidding on the same thing that
21 now RubinBrown is doing, and are we in violation in
22 any way of any legal issues?
23 MR. RUDIN: No. And based on what Bobby
24 discussed about qualifications, the base process, I
25 suspect the answer is no. We would have the

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1 MR. RUDIN: Which page of the board
2 packet?
3 TRUSTEE TONKING: 168, I'm looking 3.3.1,
4 it says "Compensation," and it says, "The total
5 compensation, including reimbursement, to be
6 provided under the agreement shall not exceed
7 \$350,000 without written approval by the District
8 Board Chair," but I'm guessing that would have to
9 come back to the Board, correct?
10 MR. RUDIN: Yeah. No, it would have to
11 come back to the Board, because the Board Chair does
12 not have the approval to singly approve it without
13 authorization of the rest of the Board.
14 TRUSTEE TONKING: Okay. "Extra work may
15 be authorized as described below," and then they
16 give the work, but that extra work is never going
17 above that \$350,000; is that correct?
18 MR. RUDIN: Yeah, that would be correct.
19 Typically, the way that this would be handled is it
20 would come back to the Board for approval of a
21 contract amendment, which the Board would approve,
22 if you needed to exceed the not to exceed price.
23 TRUSTEE TONKING: And so then, I guess for
24 me, I would like RubinBrown to really do 9, 10 slash
25 11, and get that done, and then tell us what extra

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1 opportunity to refine the scope with any other party
2 that we negotiated with. So, I'm not seeing that
3 being a specific issue.
4 TRUSTEE TONKING: Great. Then for number
5 12, if they did 9, 10, and 11, they could give us an
6 update of the results and findings, and then we
7 could go -- and any opinions they have on what
8 they've seen, and then we go dig into these other
9 things, is kind of like how I'm feeling about it.
10 I also was speaking to the point -- I
11 think we all know this and I'm not going to beat a
12 dead horse -- I was really disappointed with the way
13 this process was done. I was sent a new scope of
14 work, but I was never even sent the new price. So
15 it felt really hidden and gave me an icky feeling.
16 If we go to the contract -- I was a little
17 bit confused and I'm not a lawyer so this could not
18 be a problem at all -- I'm looking at section 3.3,
19 page 168, and I'm looking at 3.3.1, compensation,
20 and 3.3.4, extra work. That extra work would never
21 go above that 350,000 -- is that correct? -- without
22 Board approval because right now -- I just don't
23 know if I was reading it correctly, and I just
24 wanted to ensure that I'm understanding this before,
25 all of a sudden, I'm dealing with \$500,000.

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1 work they need to do to move to us forward. That's
2 kind of how I would like to see this done.
3 That's my opinion.
4 TRUSTEE DENT: I would just like to hear
5 Bobby respond to just doing that portion of the
6 scope of work.
7 MR. MAGEE: Sure. There, obviously, were
8 multiple people involved in the scope of work, so if
9 the chair of the Audit Committee would like to make
10 any comments also, I would encourage the Board to
11 listen to his perspective as well.
12 I certainly understand the concerns that
13 the individual board members have made. And the
14 scope of work here that you see that is recommended
15 tonight was developed collaboratively with myself,
16 the chair of the Audit Committee, Trustee Tulloch,
17 and RubinBrown, the individuals from RubinBrown.
18 Some of this, we rely on their expertise
19 and listen to what they have to say and give us
20 their perspective on why they feel this should be
21 included in the scope.
22 It's definitely several people in the room
23 that got us to this point, but, of course, I will
24 take the direction of the Board, and we'll move
25 forward with whatever the Board decides.

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1 At this time, if the chair of the Audit
 2 Committee is willing, I would encourage the Board to
 3 listen to any perspective he may as well.
 4 CHAIR SCHMITZ: I just have a couple of
 5 questions, if I may.
 6 Typically when we review contracts,
 7 each -- if you have a task order, and these appear
 8 to be individual task orders, that you will
 9 basically order up and you'll decide what one of
 10 these and in what order; is that correct?
 11 MR. MAGEE: Under normal circumstance,
 12 yes. And so what we have done here, what the
 13 RubinBrown folks have discussed with us is that they
 14 would really like to dig in using the process that
 15 they follow. Even though this says "task order,"
 16 essentially it's all task order 1. We would issue
 17 the notice to proceed, and then they would start
 18 digging in and using some of their software and
 19 proprietary methods that they use to dig into the
 20 financial statement analysis, some of the reporting.
 21 And then as they move through the process,
 22 some of the things as you see that I felt was
 23 important was to take a look at our cash handling,
 24 for example. They would need to interview some
 25 people and get an understanding of how we do those

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1 types of things before they could make an assessment
 2 of it, and then start digging into whether there's
 3 any concerns that they may have related to that
 4 item, for example.
 5 CHAIR SCHMITZ: And I just want to clarify
 6 a couple of things because comments have been made
 7 about the prior Moss Adams reports and prior Davis
 8 Farr reports.
 9 The prior Moss Adams reports had found
 10 that the District had paid for services that were
 11 never received, we had issues that were identified.
 12 Davis Farr was asked to come in to sort of confirm
 13 that the gaps and the areas that had been improved
 14 upon. And when they did their analysis, they found
 15 the same issues.
 16 And so in both of those, they identified
 17 the issues, the issues hadn't been resolved.
 18 I don't want to go and spend money doing
 19 over what Moss Adams did and what Davis Farr did,
 20 but it's clear that the steps were not taken by
 21 management to address the issues that were
 22 identified in both of those independent consultants'
 23 reports.
 24 So I think it's important that they take
 25 those and use them, but not to duplicate their work.

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1 But it's clear that the steps were not taken to
 2 correct the issues that those reports had
 3 identified.
 4 So these -- this is recommendations from
 5 them on their process. Because I, too, was
 6 surprised by this number 2, which is search
 7 three years of emails. Is this just normal, how
 8 they approach doing this type of a due diligence
 9 audit?
 10 MR. MAGEE: Sure. So, two questions there
 11 that I'd like to answer.
 12 The difference between what Davis Farr and
 13 Moss Adams has done and how this would work, the
 14 best analogy I could use is that the previous
 15 auditors had looked at information that was a mile
 16 wide and three inches deep. And the difference with
 17 this is it's intended to go a mile deep and three
 18 inches wide and really drill down on these types of
 19 things that have been previously identified. And
 20 that is something that Mr. Nolet and I have actually
 21 discussed with the forensic auditors, that these
 22 reports are out there. We will provide them to them
 23 and ask them to do a little bit of a deeper dive.
 24 With respect to scope of service, item
 25 number 2, that is something that it's not that we're

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1 on a fishing expedition, we're not just going to
 2 randomly grab three years' of emails for any given
 3 12 individuals. The intent of adding that in there
 4 is to search up to 12, as determined by RubinBrown,
 5 so if they see something that they believe requires
 6 further investigation, they wanted to have it in the
 7 contract to have the ability to get into the emails
 8 to review to see if there was anything in there that
 9 might suggest -- the rabbit hole that they're going
 10 down, whether that has any merit to it or whether
 11 they're just on a fishing expedition. That's
 12 something they had requested.
 13 CHAIR SCHMITZ: And I think that with that
 14 and with that approach, it make sense. But it also
 15 means that someone needs to oversee them and make
 16 sure that they aren't just doing busywork, that it's
 17 actually meaningful work for us, the taxpayers and
 18 the rec fee payers, for these services.
 19 The other question I have is that normally
 20 with something like this, I would see tasks, where
 21 things were broken down, and pricing. And I think
 22 you made a comment that they really didn't provide a
 23 bid, that it was suggested by the Audit Committee
 24 chair, could you please clarify that?
 25 MR. MAGEE: Yeah, that's correct. And so

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1 after the scope had been negotiated and we came to
2 this conclusion that this was going to be the
3 recommended scope to Trustee Tulloch, we started
4 discussing what the price would look like. And
5 Mr. Nolet suggested that, in accordance with what he
6 believed was -- and I hate to speak for him, but he
7 may wish to weigh in on this as well. In accordance
8 with the other bids that were received -- and we
9 believe that they had understood IVGID's needs on
10 this forensic audit a little bit better -- that that
11 not-to-exceed amount be slightly less than what the
12 other bids were, and that is the recommended amount
13 that was sent over to Trustee Tulloch.

14 TRUSTEE NOBLE: So, Mr. Magee, as you
15 explained on number 2, that sort dovetails out of
16 anything that comes up with number 9. I'm trying to
17 understand how it went from 110 to 350, because I
18 would think that in their bid for 110,000 for three
19 years, that would be sort of the normal protocols
20 that they would dig into, and if there were
21 emails -- or people that would need to dig deeper
22 into, they go look at that.

23 I just don't understand how we more than
24 tripled in price on this, unless you can explain
25 which of these pieces is what drove the extra

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1 TRUSTEE TONKING: Going back to the
2 pricing situation, I don't remember the Board giving
3 direction to the Audit Committee Chair Nolet to
4 negotiate terms. I believe it was to Trustee
5 Tulloch, so I'm a little confused on how that
6 happened.

7 MR. MAGEE: Sure. As I recall, and I
8 don't have the item in front of me, but authority to
9 negotiate the final terms and conditions was granted
10 to Trustee Tulloch, and staff report, as I recall,
11 directed staff and myself to work with the chair of
12 the Audit Committee and Trustee Tulloch as the
13 three-headed monster to really negotiate this.

14 And, ultimately, it was Trustee Tulloch
15 that had the final say in this.

16 TRUSTEE TONKING: So then going off of
17 that, I'm just concerned this is an arbitrary
18 \$350,000, I just feel it's arbitrary, no one can
19 pinpoint -- and I get what you're saying, financial,
20 they had one view of what they are doing.

21 And that's how I really like the idea of
22 them starting 9, 10, 11, and then maybe we do -- us
23 getting updated because I feel like this whole
24 process has been behind closed doors, secretive, and
25 now -- from the community and from the people who

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1 \$240,000 here.

2 MR. MAGEE: Sure. And I will say in years
3 of running these RFP processes, this does happen
4 from time to time where a vendor doesn't fully
5 understand what we're attempting to communicate to
6 them in writing, because in order to protect the
7 process and have a level playing field for vendors,
8 we don't have individual communications with them.
9 We literally put everything out in writing, and that
10 is to be interpreted by them.

11 In this case, three of the firms were
12 significantly, significantly higher. And when the
13 RFP review committee, during the interview, started
14 asking these types of questions, RubinBrown's
15 responses were similar to, you know, we thought
16 we're really going to be reviewing your financial
17 statements.

18 And I don't think that they understood
19 that there were very specific items that we intended
20 for them to look at already that we've already
21 identified, and that we needed them to dig in and
22 really look a lot deeper. And I think that's a huge
23 part of what their misunderstanding was when they
24 initially provided by pricing proposal as part of
25 the RFP response.

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1 are supposed to be overseeing it.

2 CHAIR SCHMITZ: May I just make a
3 suggestion? I think -- I mean, I feel that as a
4 board we agree that this work needs to be done. Is
5 there a way that we can say let's pick our arbitrary
6 number, and as you approach that arbitrary number,
7 you come back to the Board and say here's what we
8 have and here's what we need and we need to go the
9 next step and take bite -- a different dollar amount
10 off. And then say we agree with the scope, we agree
11 with the process, let's change the dollar amount,
12 you come back to us with where you are. And if you
13 need additional funding, you come back to us and
14 explain where you are and what we need to do.

15 Would that be a workable solution?

16 MR. MAGEE: I believe that would be a
17 workable solution.

18 One thing that I would recommend is to
19 appropriate, as part of the public hearing later
20 tonight, the full amount of 350,000, then direct
21 staff -- pick a number that the Board is comfortable
22 with, and direct staff to provide periodic reports
23 back to the Board. And that number be for us not to
24 exceed without Board direction.

25 I would be happy to come back and provide

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1 the Board with any information it wants. And we
2 could continue down that path so that you're -- that
3 we are handling the financial piece of this in open
4 session and it's very transparent for everyone.

5 TRUSTEE TULLOCH: Can I modify that
6 suggestion? I think, for one reason -- some member
7 of the public mentioned Enron and WorldCom. And one
8 of the things that once you go down a fraud
9 investigation if we start finding things, the last
10 thing you want to do is stop the whole process, give
11 people time to shred documents to get rid of various
12 evidence. One of the reasons that we have that not
13 to exceed rather than 150 to 200,000 if, God forbid,
14 we find some serious issues there, we need to move
15 quickly on them.

16 We don't want to be in a situation where
17 we have to come back to the Board and explain, well,
18 look, we found Mr. X and Ms. Y has some serious
19 issues here. Then you defeat the whole object of
20 the audit.

21 I think it's an excellent suggestion to
22 come back to the Board at some level of
23 expenditures. I think we need to have that
24 flexibility to actually go ahead with it. I see
25 Mr. Nolet nodding his head as well, being involved

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1 monthly financial reports three or four months late,
2 normally, but with no indication that there hadn't
3 been any bank reconciliation.

4 Eighty percent of our revenues come in
5 through different fees from different venues. That
6 does present a completely different situation to any
7 normal, local government situation where 90 percent
8 comes through taxation.

9 TRUSTEE DENT: I agree with appropriating
10 the full amount. I do agree with potentially
11 approving a lesser amount. And I understand from
12 what Finance Director Magee had said that he will be
13 updating us on the process. If the funds are
14 already appropriated, then there shouldn't be
15 anything slowed down. And if the process is being
16 managed, we should be updated and be forecasting
17 that we're going to be needing to spend a little bit
18 more money.

19 And so -- I don't know if at that point,
20 perhaps, becomes a nonmeeting legal issue where we
21 aren't in front of the community discussing what the
22 issues are and debating that, but that could be
23 something where we're updated at that point.

24 But if we don't appropriate the funds,
25 then this whole thing could come to a halt.

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1 in various internal investigations and things. Time
2 tends to be of the essence once you discover
3 something that's there.

4 I think I'd also add that when we issued
5 the RFP in September, were just starting to do some
6 of the internal work. As we were doing the internal
7 work, we found various areas of concern, that's
8 probably the best way to phrase it at the moment.
9 Some of these things added to the scope there
10 because we did do it.

11 I think we also need to remember about
12 80 percent of our revenues come from user fees in
13 the District, they don't come from taxes, they come
14 from user fees.

15 The last two financial years, we've gone a
16 whole 12 months each time without a bank
17 reconciliation. That becomes an extremely serious
18 issue. We were told after the '22 CAFR, we were
19 assured by former director of finance that, yes, it
20 resolved for '23, then we went another 12 months
21 without any reconciliation of it. That is an
22 incredibly dangerous situation.

23 We were also given financial reports to
24 the Board without any footnotes saying that there'd
25 been no bank reconciliation. We'd been given

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1 MR. MAGEE: If I might offer up an item
2 for the Board to consider as I'm hearing the
3 comments, I would suggest that the Board may
4 consider appropriating the full amount, picking an
5 amount that you feel comfortable with us not to
6 exceed, and then authorizing the Director of Finance
7 a certain amount of contingency money so that if an
8 item is identified and work does not slow down
9 between then and the next board meeting, that with
10 the stipulation that if I need to dip into that
11 contingency amount in order to keep the work moving,
12 that provide the Board with a memorandum, that I
13 will be returning to the Board at the next meeting
14 and letting you know that I've used that contingency
15 amount and asking for additional funds as necessary.

16 TRUSTEE NOBLE: I would recommend
17 authorizing an amount of 110, with a contingency of
18 40.

19 CHAIR SCHMITZ: We are just here -- we're
20 not approving this contract. This was our
21 discussion as it related, then we can go back and
22 talk about appropriation, and then we'll come back
23 and talk about the details of the contract.

24 We can hold that thought for now.

25 TRUSTEE TONKING: I had one more thing to

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1 consider. Can we make sure we change the dates if
 2 we do move forward to this, on page 164, 3.1.2, it
 3 says "the term shall be from January 8th, 2024," so
 4 unless we've started work that we didn't know, that
 5 is wrong.

6 MR. MAGEE: Thank you. Yes, we will make
 7 sure to change those dates. No work has started, no
 8 work has been done at all.

9 CHAIR SCHMITZ: If there's no further
 10 discussion, we will come back to this, as it talks
 11 about awarding the contract.

12 Then continuing with our discussion, we'll
 13 do H 0-2.

14 H 0-2. Baker Tilly Increased Amount

15 CHAIR SCHMITZ: Which is the discussion
 16 portion of the H 4, which is on page 181 through
 17 184, regarding the increased amount for Baker Tilly.

18 MR. MAGEE: On another item on tonight's
 19 agenda, the Board, on a couple of different
 20 occasions back in August, asked me to present some
 21 of the issues that the finance department was
 22 facing.

23 And so the Board held a special meeting on
 24 August 24th, in which we discussed extensively some
 25 of the director's active and special projects list,

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1 and the Board weighed in on what the priority
 2 projects were for that. At that time, the Board
 3 directed me to continue to utilize some of the
 4 consultants and to identify any additional
 5 consulting resources we need to move through this
 6 list rapidly.

7 As we have struggled to fill the senior
 8 accountant position, we've continued to use some of
 9 these people to fill that role. And then we've also
 10 had a number of items that were on the special
 11 projects lists that we've been trying to get to in a
 12 rapid fashion.

13 And so the Baker Tilly folks have worked
 14 on a number of different projects for us. They have
 15 completed the reconciliations for the entire
 16 previous fiscal year. We have a couple of
 17 outstanding items on that reconciliation that we're
 18 still researching. We believe we have found them.
 19 We are in the process of independently verifying
 20 those amounts as of today.

21 And so I do believe there will not be any
 22 material discrepancies on that as part of the audit
 23 process. I've been working with Davis Farr on that.

24 But some of other things that we were
 25 intending to assign to the senior accountant, for

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1 example, the internal controls review project, which
 2 they would be working on that, as well as some of
 3 these other reconciliations that still have not been
 4 completed in over a year, which we will discuss
 5 later tonight, and some of the internal controls
 6 reviews and things like that, that we have asked
 7 Baker Tilly to continue to assist us with.

8 So, there were two separate actions by the
 9 Board. The first one was for 125,000, the second
 10 one was for an additional 40,000, bringing a total
 11 value of the Baker Tilly contract up to 165,000.

12 And at this point, we're requesting that
 13 the Board authorize an additional \$100,000 on this
 14 contract so that we can continue to move through the
 15 Board's priority projects expediently. We will get
 16 to them eventually either way, but we also feel that
 17 it's important to keep this moving at a rapid pace.
 18 We do want to get these things correct moving
 19 forward, and so that's reason for the recommendation
 20 tonight.

21 I would be happy to answer any questions
 22 related to this item.

23 TRUSTEE TONKING: In here, you talk a lot
 24 about how Baker Tilly has also been helpful in some
 25 of the daily operational work. My one concern is

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1 when we are using consultants for that type of work,
 2 we lose that knowledge base when they leave.

3 Have you been doing -- are they doing some
 4 training too of your staff or helping to make sure
 5 that they understand how that work is completed and
 6 how to do it going forward?

7 MR. MAGEE: That's a great point. And
 8 that's exactly what we are asking them to do, and
 9 that's part of the reason we need some additional
 10 funds for this.

11 When we eventually get this position
 12 filled, we definitely need Baker Tilly to train
 13 these people on how, for example, we do our bank
 14 reconciliations. Each agency does it a little bit
 15 different.

16 As I've been working with our accounting
 17 staff, they've said, "Some of this stuff, I don't
 18 understand what these acronyms mean," and things
 19 like that. And that is work that Baker Tilly has
 20 indicated that they would be happy to provide the
 21 additional training, but, obviously, there's a costs
 22 associated with that, and we definitely want to make
 23 sure we have enough money that when this position
 24 gets filled, they are able to provide that training
 25 to staff.

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1 In the meantime, some of the day-to-day
2 work that they have helped us with on completing the
3 audit processes, they are definitely training our
4 controller right now, as well as some of our audit
5 staff and providing that assistance on bringing them
6 up to speed on what their findings were and what
7 they believe we should be looking at moving forward.

8 TRUSTEE TULLOCH: We heard a lot in public
9 comment, yes, we're bringing in all these extra
10 finance staff, this is ridiculous, we don't need
11 them.

12 We're now compensating for previous
13 finance directors and general managers and boards
14 slimming this down so the work wasn't actually
15 getting done. I mean, the fact that we went
16 two years without any bank reconciliations in and of
17 itself is an indication there.

18 I think a lot of this is cleanup work.
19 And as one who in my professional career has slimmed
20 down lots of organizations and cut out fat where we
21 don't need it, I think this is a problem where it
22 was, whether by design or by accident, just kept
23 understaffed, and people were putting out just
24 enough to keep the -- stop all the wheels from
25 falling off.

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1 This is a learning for us. I think,
2 obviously, once we get things properly squared away,
3 then we look at process this. But this is a good
4 example, it's like not maintaining your car and you
5 suddenly have huge bills for a new engine. Anything
6 you've saved in the past is thrown away.

7 It's -- like Trustee Tonking says, I don't
8 like using consultants for day-to-day work. Some
9 cases it can actually be cheaper, of course, but I
10 think it's -- we need to get things back on an even
11 keel.

12 CHAIR SCHMITZ: My comment is that I think
13 it's very important to properly manage these
14 consultants because they are expensive resources,
15 and I personally don't think they should be working
16 on things like public records requests and even the
17 treasurer's report.

18 These folks are being brought in to do the
19 heavily lifting of the work that needs to be done to
20 get us caught up and start producing timely
21 financial statements. And they need to be managed
22 so they're not being distracted by other activities.

23 I will leave you in charge of that.

24 MR. MAGEE: Perhaps I could have written
25 that a little more clear. So, no, Baker Tilly is

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1 not doing work that would be beneath what we would
2 want professional consultants to do. I certainly
3 understand that, Pam Day, in coordinating the audit
4 for us, certainly understood that.

5 We routinely have conversations and
6 meetings with the Baker Tilly folks on the nature of
7 the types of things they're working on for the
8 audit. It is not something that our existing staff
9 has the capacity, or some cases, the technical
10 aptitude to do, and that's why we end up sending
11 that over to Baker Tilly.

12 CHAIR SCHMITZ: Any other discussion on
13 this? Otherwise, we will take a short break until
14 8:05, and we will come back and begin the public
15 hearing.

16 (Recess from 7:57 to 8:05.)

17 CHAIR SCHMITZ: It's 8:05, and I'd like
18 to call the meeting to back to order. Continuing on
19 with our agenda, we will continue now to the public
20 hearing.

21 And would anyone on the Board like to make
22 a motion to officially open the public hearing?

23 TRUSTEE TULLOCH: I'll make a motion to
24 open the public hearing.

25 CHAIR SCHMITZ: Do I hear a second?

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1 TRUSTEE NOBLE: Second.

2 CHAIR SCHMITZ: All those in favor?

3 TRUSTEE TONKING: Aye.

4 TRUSTEE TULLOCH: Aye.

5 TRUSTEE NOBLE: Aye.

6 TRUSTEE DENT: Aye.

7 CHAIR SCHMITZ: Aye.

8 H 1. PUBLIC HEARING

9 CHAIR SCHMITZ: The District is holding
10 this public hearing in compliance with the Nevada
11 Revised Statutes. And for the record, do we have
12 confirmation that this notice was properly posted
13 according to NRS?

14 MR. MAGEE: Yes, we do.

15 CHAIR SCHMITZ: Thank you. As I mean
16 "posted," I mean noticed, properly noticed?

17 MR. MAGEE: Properly noticed. It was run
18 through the clerk of the Board.

19 CHAIR SCHMITZ: With that, I'd like to
20 hand over the floor to Director of Finance Bobby
21 Magee to provide an overview. If we could hold our
22 questions to the end, and then we will have public
23 comment.

24 MR. MAGEE: I appreciate that the public
25 hearing was opened already, and so I'd like to make

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1 a few brief comments on the staff report, be happy
 2 to listen to any discussion that the Board may have.
 3 It is recommend at that time that the
 4 Board receive any public comments related to this
 5 public hearing, and then recommended that ultimately
 6 the Board close the public hearing and then take the
 7 vote on it, if I understand the process correctly
 8 from our legal counsel.
 9 One thing I did want to make a couple
 10 of -- point out a couple of items here in the
 11 memorandum that were errors on my part. Obviously
 12 when these types of items go together, there's a lot
 13 of staff that works on this. We did it in a little
 14 bit of a compressed timeframe this time. Not making
 15 any excuses for myself, but did want to point out a
 16 couple of things to the Board, just corrections on
 17 the staff report.
 18 So in Financial Impact and Budget section,
 19 those bullet point figures, those are accurate,
 20 those are correct.
 21 And then in the wording below that, I
 22 accidentally misidentified that it was \$3,904,000
 23 in recreation services reserves. That's actually
 24 the number that's identified above, 3654000.
 25 And then separately from that, the numbers

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1 I want to be clear that those are the fully loaded,
 2 full cost of those various positions from the time
 3 they were either hired or from now until the end
 4 of year if they're still under recruitment. That's
 5 not the full-year cost, but that is the fully loaded
 6 cost that we're expecting in this fiscal year.
 7 There's also some other items that are on
 8 here related to the Baker Tilly contract, the
 9 forensic diligence audit, which the Board will vote
 10 on later tonight, some additional support for Tyler
 11 Munis, which is something we'll discuss on the other
 12 item related to my special projects list, some
 13 additional assistance with compiling the ACFR, and
 14 the information technology carryforwards, which we
 15 could not bring forward as part of the carryforward
 16 report earlier this year because it requires a
 17 public hearing. And so at that time, we asked the
 18 Board to carryforward everything, except for the
 19 information technology ones from last year, which
 20 were part of the carryforward report previously.
 21 In addition, you've heard a little bit
 22 about the tennis court reconstruction project and
 23 the needs for that. It is recommended at this time
 24 that the full amount of that be appropriated,
 25 because that is what the law requires for us to

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1 identified in the beach fund and the utility fund
 2 are actually correct.
 3 One of the things that I should note, in
 4 the finance department we call it "recreation
 5 services" all the time because that is the official
 6 name of that fund. However, it's commonly known as
 7 the "community services fund." And so when I say
 8 "recreation services," I actually mean what people
 9 understand to be the community services fund.
 10 Just wanted to provide those
 11 clarifications on there.
 12 As I mentioned previously, there was a
 13 couple of different board meetings where we
 14 discussed some of the issues related the finance
 15 department, and we did receive direction from the
 16 Board on August 9th and August 24th for a number of
 17 these items that we had identified we had a need
 18 for, and that we would be returning back to the
 19 Board, asking the Board to increase the ultimate
 20 budget and related appropriations. And those are
 21 completely different things.
 22 One of things that I would suggest is that
 23 if you look down on the table below, I've gotten
 24 asked a couple of times, those positions that are
 25 identified there, what does that actually mean? And

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1 enter into the contract, even though we know we will
 2 not spend \$3 million this year. The intention is to
 3 appropriate it, start phase one, which is the design
 4 phase, and then a portion of that would be carried
 5 forward into next year's budget as that project gets
 6 completed.
 7 And then the point of sale update, and I
 8 know that's been talked about quite a bit.
 9 Then below that, I have a table that says
 10 "Cost Allocation to Other Funds," and I think that a
 11 more-accurate way to say that would have been: Cost
 12 allocation to other funds and subfunds.
 13 So, utility, is obviously a fund, beach is
 14 obviously a fund, and internal services is a fund.
 15 However, everything in between Championship Golf and
 16 the community services admin, that actually all
 17 rolls up into what is known as the "community
 18 services fund."
 19 We broke that out into subfunds so that we
 20 could show what the cost allocation amounts to each
 21 one of those funds and subfunds are so that each one
 22 of those items would be paying their fair share of
 23 the needed employees and some of these other
 24 projects that are on the list here.
 25 With that, I'd be happy to answer any

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1 questions that the Board may have.

2 TRUSTEE TULLOCH: You're saying golf is

3 not a separate fund?

4 MR. MAGEE: So, golf is actually a subfund

5 within the community services fund.

6 TRUSTEE TULLOCH: You also said we're

7 familiar with the 3 million for the tennis court

8 reconstruction project. I think I've only missed

9 one board meeting in the last year. It's the first

10 I've heard of it, other than the public comment.

11 I'm kind of flabbergasted that suddenly

12 we're supposed to have heard of it and know about

13 something with nothing coming forward.

14 MR. MAGEE: Sure. So, no, this item has

15 not appeared before the Board. I know that this

16 item was discussed as part of the tennis committee,

17 this item has been discussed with Trustee Tonking a

18 little bit on the needs for this, and then some of

19 the public comment and then my comments in tonight's

20 staff report.

21 TRUSTEE TULLOCH: I mean, I'm certainly

22 not comfortable with just allocating suddenly 3

23 million appearing out of thin air. We've got people

24 complaining about costs of an audit to try and put

25 our finances in order, and then we suddenly just

99

1 make some hard choices. If we suddenly just

2 allocate 3 million now to tennis without any further

3 validation or ranking of projects, it's like

4 somebody jumping the queue and try to get the money

5 ring fence first. That's my concern.

6 That should be part of budget negotiation

7 process.

8 TRUSTEE TONKING: I want to speak a little

9 to this point to give some context.

10 My understanding was that there -- this

11 came forward to be done faster so that they could

12 put the project out for design before the budget

13 process, because the courts -- we've talked about

14 this now in two different budget cycles, the safety

15 of those courts.

16 And then the consultant came out, looked

17 at it, and that's when Bobby was given the 3

18 million. There's 1.5 million, I believe, in our

19 capital plan for this right now, is that correct?

20 MR. MAGEE: I believe that's correct. I

21 don't know if that's ever been approved by the full

22 Board, though. I'm not certain on that one.

23 TRUSTEE TONKING: Yes. It's in the

24 five-year capital, I believe, the CIP plan. I just

25 didn't know if it was 1.5 or 1.7. I couldn't

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1 slip in 3 million.

2 I'm concerned because the director of

3 community services came to the Board in December.

4 She had a list of projects that were required.

5 Maintenance, repairs, et cetera, were required at

6 the Recreation Center, and asked to bring forward a

7 full list of what these were so we could take a

8 proper look at it. I've seen nothing there, and

9 suddenly I see 3 million for tennis courts.

10 It may well be justified, but I'm not sure

11 why you're appropriating it now with nothing coming

12 to the Board and no information.

13 MR. MAGEE: Sure. The recommendation

14 action is to obviously appropriate this now. To

15 move through the process, this will require further

16 Board action obviously.

17 My understanding in the way that that was

18 developed, this figure was developed -- and I was

19 not involved in this -- is that the Public Works

20 department has been working with community services.

21 There are some consultant reports related to this,

22 and this is a part of the engineer's estimate that

23 has been developed.

24 TRUSTEE TULLOCH: We're just moving into

25 budget season, and I'm sure we're going to have to

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1 remember the exact amount.

2 MR. MAGEE: I can't either. The number

3 sounds familiar, though.

4 TRUSTEE TONKING: But the idea behind this

5 was to then at least get the concept of what it

6 would cost to design before we hit the next cycle.

7 What we've heard from Public Works is that in order

8 to get on somebody's books, you have to be at least

9 six months to eight months out, and that could be,

10 maybe, not the case anymore since we're coming out

11 of COVID, but that was the thought.

12 In terms of your December projects, I know

13 that Parks and Rec director had asked if you had any

14 input on that. I also sat down with them, and they

15 put out all the bids. I can give you documentation,

16 not what the rec bid amount would be, didn't

17 actually get a bid, but I can send you a sheet that

18 shows you all those estimates.

19 TRUSTEE TULLOCH: I'm encouraged to hear

20 that, since I've heard accusations of things being

21 done in secret previously.

22 The director of community services was

23 specifically to bring the list of things back to the

24 Board. You can go back and check the minutes.

25 Again, this is seems to be something being done by

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1 default. And, again, this is an attempt to put
 2 3 million, to secure 3 million up front for tennis.
 3 Money, as I recall, just because something
 4 is in the five-year capital CIP -- I mean, we've
 5 discussed this before -- it doesn't mean the
 6 out years have been authorized or approved. That's
 7 a point I made during the last budget cycle, because
 8 it's -- people -- things get stuck in out years in
 9 the CIP, and then suddenly it's approved. That's
 10 certainly not the case.
 11 I'm not against spending the money on the
 12 tennis courts if that's required, but I'm against
 13 prejudging something now when nothing has come to
 14 the Board. It's come to one trustee, that's good,
 15 but I would expect something this important to come
 16 to the Board so we can decide whether it is a top
 17 priority, whether something else, whether --
 18 somebody else in public comment was asking for a
 19 magnificent beach house. Is that more deserving?
 20 I think that's normally what's decided
 21 during the budget process.
 22 CHAIR SCHMITZ: I don't see how this fits
 23 with our process and our policy on how we do things,
 24 because this should be something if we're going out
 25 to do a design phase, we should have a budget for

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1 design phase, and that is how we would handle it. I
 2 don't quite understand why we suddenly are
 3 allocating \$3 million. And understanding, this is
 4 in the community services fund, it has excess fund
 5 balance, we all know that. We know these tennis
 6 courts need to be dealt with, but the process of how
 7 we are approving the funding and approving the
 8 phases of the project.
 9 This just seems to be a little bit out of
 10 step from my perspective.
 11 TRUSTEE DENT: I think you guys have all
 12 asked the right questions. I would agree. And that
 13 is where I was going to go is what's the process for
 14 this?
 15 Is this project needed? Absolutely. And
 16 I guess the part I'm not understanding is how can we
 17 not hire a consultant to put a design together
 18 without approving a \$3 million budget, and that's
 19 the part that -- there's no information in the
 20 packet and there's no information on the project, so
 21 I'm assuming if this is a 7-, \$8 million project,
 22 well, then ten percent of that is typically what
 23 goes to a design.
 24 And so needing \$3 million seems about
 25 three times as much as what we actually need.

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1 CHAIR SCHMITZ: And I would confirm that
 2 the Board has asked multiple times for this tennis
 3 court to come, by the director, before the Board.
 4 So, we're sitting here, and I support the project.
 5 We need to do the tennis courts, but not I'm sure
 6 that this needs to be done at this moment in time in
 7 order to keep the project moving forward.
 8 MR. MAGEE: Sure. So, the intention of
 9 adding this into the items is so the Board would
 10 consider the appropriations at one time. The reason
 11 that the full amount is appropriate is because
 12 that's what is required by law, that if we move
 13 forward this project to enter into a contract, we
 14 have to have the full amount appropriated. And so
 15 we know there's going to be multiple phases here.
 16 Now, this is not coming out of the general
 17 fund, and so if the Board chose to direct staff to
 18 move forward with a different process, we could
 19 certainly appropriate the money later. The
 20 intention was is to give the Board an opportunity to
 21 appropriate the money now. Of course the Board
 22 would have to approve any contracts, any release of
 23 an RFP for design services, an RFQ for design
 24 services, theoretically.
 25 But we could certainly follow a different

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1 track if that's what the Board directed, but we
 2 would definitely recommend that this project stay on
 3 track, given some of the reports that we got from
 4 the consultants.
 5 CHAIR SCHMITZ: I agree with keeping the
 6 project on track.
 7 TRUSTEE TONKING: I was just going to say
 8 that I think we can bring this back, either at our
 9 next meeting or the one with design services. I
 10 think that was my understanding at our meeting as we
 11 were going to do design services.
 12 I didn't realize, to do design, we also
 13 had to augment the whole budget for the whole amount
 14 without knowing what that full amount would be. I
 15 guess that's where I got a little confused on how
 16 that part happens.
 17 But these have to happen, like soon. So,
 18 if we can bring it up at the next meeting, I think
 19 that might solve this dilemma.
 20 TRUSTEE TULLOCH: There's a process for
 21 going through these. If there's reports out there,
 22 the Board has not seen any of these reports. It's
 23 hard for us to make a decision based on just there.
 24 I mean, this is a bit like, well, we have an ice
 25 rink now, we'll just put it in, when nobody has

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1 approached the Board with any that.

2 I think we need to be very careful that we

3 don't just suddenly authorize huge, high-value

4 projects without ranking them. It's never come to

5 the CIC either.

6 TRUSTEE DENT: If one of my colleagues can

7 answer my question, please jump in. I believe in

8 the past, the tennis court project was much higher

9 than a \$3 million project. I think it was more like

10 a 6- or \$9 million project.

11 I'm just having a hard time following the

12 logic on why we need to approve \$3 million if the

13 project could end up being much greater than that.

14 And I think if we look at the five-year CIP, we're

15 going to see that there's significantly more money

16 set aside for this project than just \$3 million.

17 CHAIR SCHMITZ: So do we have consensus

18 here that we will remove that for now?

19 (Inaudible response.)

20 If there's no discussion -- oh, go ahead,

21 Trustee Tonking.

22 TRUSTEE TONKING: I have lots of questions

23 that don't have anything to do with the Tennis

24 Center.

25 I'm looking at the point of sale update,

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1 that is only going to be used by community services,

2 that won't have to touch the beaches -- right? --

3 because we're not allocating to that; is that

4 correct? Or are we?

5 CHAIR SCHMITZ: You bring up a great

6 question. We did have this discussion, and a

7 portion of that project does need to be allocated to

8 to beach fund, because the point of sales system

9 will impact the beach fund as well.

10 So is that an adjustment that has to be

11 made today to break that amount out?

12 MR. MAGEE: I'm not sure that we have a

13 handle of whose portion would be allocated to what

14 at this time, but, yes, that ultimately would need

15 to happen. That split will need to happen at some

16 point, yes.

17 TRUSTEE TONKING: Then, yes, I want that

18 just sat there.

19 Then my other issue when I spoke to you,

20 because we didn't have financials in here, I wanted

21 to know our ending fund balances. And our general

22 fund, from what I wrote down that you told me, was

23 \$595,831.00, would be the amount that's in it at the

24 end of this. That's in violation of our reserve

25 policy that we passed on June 30th, 2022. It says

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1 that we have to have ten percent of -- 15 percent of

2 annual budgeted expenditures. Our budget

3 expenditures are at roughly \$10 million. So that's

4 in violation there.

5 But what I'm even more concerned about

6 we're getting really close to the four percent of

7 expenditures that's required under the Nevada

8 Administrative Code section 354, and that's an

9 actual issue.

10 And so now I'm a little concerned on how

11 low we're getting in our general fund with these

12 issues here.

13 MR. MAGEE: Sure. The recommended action

14 tonight is based on those -- those estimates are

15 based on what is budgeted and what we believe we may

16 finish at the end of year.

17 We've talked about this internally, we

18 recognize that some budget solutions will need to be

19 provided to the Board in order to bring this general

20 fund reserve back into compliance with the Board

21 policy.

22 Now, the Board certainly has the right and

23 the ability to go below what that Board's policy is

24 and direct staff to do and to come back with some

25 budget solutions as part of the budget process;

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1 that's fully our intent.

2 CHAIR SCHMITZ: Does that number that

3 Trustee Tonking just mentioned, does that take into

4 account that while we are appropriating a

5 million-five for the general fund, but we're also

6 receiving 666,000 in cost allocation chargebacks,

7 does that take that into account? I don't have the

8 numbers.

9 MR. MAGEE: Yes, that does.

10 And so the way this works is the general

11 fund needs the appropriations in order to pay the

12 bill, and then the cost allocation, those various

13 funds need those appropriations in order to

14 reimburse the general fund.

15 So the number that Trustee Tonking just

16 provided, that was our analysis of the net of all of

17 those actions that need to happen at the end of

18 the year.

19 TRUSTEE TONKING: I just want to point out

20 that we are about a \$100,000 difference of hitting

21 the Nevada administrative issues and that makes me

22 concerned, just so everyone's aware that we could be

23 there.

24 TRUSTEE TULLOCH: Is internal services

25 part of the general fund? Where does internal

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1 services lie?

2 MR. MAGEE: Internal services is not part

3 of the general fund. That is, in theory, a

4 break-even fund. It should be recovering its actual

5 costs.

6 The internal services funds contains a

7 number of different items, such as fleet and

8 building maintenance, and those types of things.

9 And so it's designed to recover actual costs, and,

10 in theory, would net to zero at any given thyme.

11 TRUSTEE TULLOCH: Will there be increasing

12 the charges to the user groups to recover this

13 \$52,700?

14 MR. MAGEE: In order to recover the

15 52,000, then, yes, they would, in theory, have to

16 either reduce expenses or come up with a way to

17 increase some of its charges out to its user

18 departments.

19 TRUSTEE TULLOCH: So it basically gets --

20 this 52,700 can then be further broken up, I guess.

21 MR. MAGEE: Is that correct, yes. That is

22 correct.

23 CHAIR SCHMITZ: Any other discussion?

24 Then moving on, we'll open it up to public

25 comment at this time. Three minutes of public

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1 comment. We have one public comment requested here

2 in the room.

3 PUBLIC COMMENT

4 MR. HOMAN: Hi. Nothing prepared, but I

5 just want to react to a couple things that were said

6 tonight. Some of this circles back to the forensic

7 audit because it's part of the requested funding.

8 I would counsel the trustees to be very

9 careful about who's influencing your decisions. A

10 number of people made public comments about rampant

11 fraud, most in general terms, but there were some

12 specifics that have been called out, Mr. Dobler,

13 Ms. Gumz, and others, and I normally wouldn't

14 comment on this, but Trustee Tulloch parroted some

15 of this back. And so I just want to make sure that

16 he's not being unduly influenced by people that

17 aren't necessarily educated about what they're

18 talking about.

19 Let me throw out just a couple of

20 examples. There's been a lot of allegations about

21 rampant fraud in capital spending. Audit Committee

22 Chair Nolet and I spent months and hundreds of hours

23 working through -- and I don't know if it was 29 or

24 30 -- memos from Mr. Dobler. We got through 21 or

25 22 of them. And as part of that, we sat down with

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1 Mr. Dobler and walked him through our findings.

2 In all the memos that we got through,

3 there was no there there. There was no prior period

4 adjustments, there, maybe, had some disclosure we

5 had that prove going forward, but there was nothing

6 there.

7 And we started working on the other ones,

8 but, unfortunately, staff all left, there was no one

9 left to help us. But as we talked through those --

10 at least it was apparent to me, and I certainly

11 won't put words in Mr. Nolet's mouth -- there may

12 have been a few hundred thousand here or there that

13 we needed to clean up, but certainly nothing

14 rampant.

15 There was also a couple discussions of

16 this \$13 million of land improvements tonight.

17 Again, Trustee Tulloch parroted that, talked

18 about -- and that was in the context of this is

19 Enron, WorldCom. I went back and looked at that. I

20 looked at the reports from year to year, and, for

21 me, here's what happened:

22 You had land and improvements in one

23 account. The next year, they were split into two

24 separate accounts, so things came out of land and

25 improvements, and the foot note said "land and

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1 improvements." The next year, there was a land

2 account and there was an improvement account. That

3 13 million moved from one to the other.

4 That's a reclassification to provide more

5 transparency, that is not fraud. And for anybody

6 that -- I'm sorry, Mr. Dobler is obviously a very

7 bright guy, and he's been very successful, but for

8 anybody to suggest -- to claim to be a CPA and

9 suggest that this is fraud, that is just wrong.

10 So I would counsel you to be very careful

11 about who you're taking guidance from.

12 I also just want to correct the record.

13 Mr. Magee said he told you it could be 50,000 to a

14 million. His comments in response to a question

15 from Ms. Schmitz said that it could be 50 to 150.

16 Someone might come forward with all sort of things

17 that could cost 350, but those types of things get

18 rejected.

19 So I just wanted to make sure you're aware

20 of that as well. Thank you.

21 MR. KATZ: You know, what we're hearing

22 tonight, I hope you people out there are listening.

23 We've been running a shell game. Didn't I say in my

24 other statements we're going to run out of money in

25 the general fund? Why? Because we got all of these

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1 expenses that are getting funneled into it. So
 2 where does the money come from? Why don't you make
 3 money at the golf course? It can come from there.
 4 It's impossible.
 5 There is one thing, it's our heroin, it's
 6 the rec fee and the beach fee, it's the cause of
 7 every problem we have here. You need to address
 8 that.
 9 And I'm sorry, if we got to spend several
 10 million dollars on a tennis center, go out of the
 11 tennis business. Let somebody else go do it.
 12 I had such high hopes for Bobby Magee when
 13 I first heard he was here. Thought he'd come in
 14 here and clean our finances, found out the shell
 15 game we got and address it. For 6,000 a week,
 16 322,000 a year, but it turns out he's just like all
 17 his predecessors. He got seduced by Incline
 18 Village, Lake Tahoe, how beautiful it is.
 19 And now he sees his job as making the
 20 means possible to justify the ends. And his product
 21 is this proposed budget augmentation on
 22 three business days' notice, after we were told
 23 December 13, any discussion like this wouldn't take
 24 place until mid February or mid March.
 25 Bobby Magee wants a Lamborghini fix.

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1 We're a mosquito district, we're not a city, we're
 2 not a county. We can maybe afford a Toyota, but not
 3 a Lamborghini. But you guys want to keep spending
 4 it, and it comes from the rec fee.
 5 So, rather than standing firm and saying,
 6 hey, we can't do this anymore. He says, let's spend
 7 another 1.55 million. It's vital.
 8 It isn't vital. He calls the money coming
 9 from reserve, they're not reserves. The only place
 10 you budgeted from reserves is in the utility fund
 11 for protected money for the pipeline, which I
 12 predict, they will invade that and get the Board to
 13 say no, it's no longer restricted, spend it on the
 14 general fund because we're running out of money.
 15 This is all Jerry Ike (phonetic), don't
 16 you remember? Smoothing, repurposing. It's all
 17 coming to life again. Another name, same problem.
 18 If you board members go along with this,
 19 you're going to be just as bad off as the bad staff
 20 we had. Vote no.
 21 Thank you.
 22 CHAIR SCHMITZ: Trustee Tulloch has
 23 requested to make a public comment, so if you would
 24 please set the timer.
 25 TRUSTEE TULLOCH: I wouldn't normally, but

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1 since public comment sort of called me out and
 2 quoted remarks, attributed remarks to me. I don't
 3 think at any stage I've made the remark "rampant
 4 fraud."
 5 I'd also point out, as everyone in the
 6 community knows me, I speak my mind. I don't speak
 7 other people's words. I don't parrot other people's
 8 words. I don't have other people write my board
 9 comments for me.
 10 If you care, Mr. Homan, to go back and
 11 look at the record, I pointed out that there was no
 12 point in going 15 years looking at land transaction
 13 when it's too late to do anything about it.
 14 I specifically pointed out that we would
 15 have no course of action, and if we did have any
 16 course of action, it would be covered under our
 17 insurance. So it was kind of -- back to, as
 18 somebody else commented, a shell game. I'd like to
 19 make that clear.
 20 My statements are my own. They're not
 21 Ms. Gumz', they're not Mr. Dobler's, they're mine.
 22 They're my viewpoint, and I'll stand by that.
 23 Thank you.
 24 CHAIR SCHMITZ: Any online public
 25 comments?

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1 MS. KNAAK: Yolanda Knaak, Martis Peak
 2 Drive.
 3 I wanted to make a few comments. I think
 4 that the Board did a good job trying to shave down
 5 what the most important things are for the forensic
 6 audit, so I appreciate that. I think that we should
 7 go forward with the forensic audit.
 8 I wanted to just make one comment about
 9 the role of the treasurer. I know that you know
 10 there was a lack of bank reconciliations, which
 11 started the summer before last, which means that we
 12 have had two different trustees during this time.
 13 And is there nothing in the Board handbook that the
 14 treasurer should take a look at how much money is in
 15 our IVGID accounts especially when they're doing
 16 planning for spending money? I think that's an
 17 important thing. And I was pretty shocked where we
 18 had two different trustee who did not bring that to
 19 our attention that there was no bank reconciliation.
 20 I was really disappointed in that.
 21 Thank you very much.
 22 MR. DOBLER: Cliff Dobler, 995 Fairway.
 23 Number one item, budget augmentation,
 24 asking a \$1,512,949 from the fund balance of the
 25 general fund for spending required to fix a broken

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1 financial system. Because the general fund is a
 2 governmental fund, NRS requires an augmentation. No
 3 augmentation is required for enterprise funds.
 4 Based on these numbers, and I agree with
 5 Tonking, the general fund will be broke and will not
 6 be able to fund operations next year.
 7 Mr. Magee has not provided an augmentation
 8 for the \$666,700 of community service cost
 9 allocations to be reimbursed by enterprise funds to
 10 the general fund. This must be done. This is not a
 11 one-sided transaction.
 12 As to capital projects, as to increasing
 13 the capital budget by \$3 million for tennis courts
 14 is folly. There is not a chance that tennis courts
 15 could be designed, permitted, and constructed within
 16 the next five months. Demolition can't even start
 17 until mid-May, according to TRPA requirements.
 18 Apparently there's the study indicating
 19 the need for immediate replacement, which citizens
 20 have not seen nor has been presented at any board
 21 meeting.
 22 So I guess this board has decided to
 23 continue the old ways: Include budgets for capital
 24 projects that cannot be in proper timeframes and
 25 continue to build up massive carryover budgets for

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1 which work that could never have been completed.
 2 Why would this board and management
 3 continue this to occur? Is it to make everyone feel
 4 good that the group is doing something but really
 5 doing nothing?
 6 In the carryover amounts for fiscal year
 7 2023 to fiscal year 2024, according to Magee's
 8 presentation last August, was \$18.4 million,
 9 consisting of 53 projects not done. In 2023, only
 10 12 million was spent, of which 52 percent was the
 11 pipeline. Very little got done. Now get a grip on
 12 this: 53 projects was not done.
 13 Please rethink this 3 million for the
 14 tennis courts and provide for design only. I am not
 15 against new tennis courts, but I am against
 16 establishing budgets in a year when a project will
 17 not be done in that year.
 18 As to Homan, I was supposed to get a
 19 resolution of the 21 items that were brought. He's
 20 says it's not a problem, we don't know, because
 21 nothing signed, nothing said, and he can say
 22 whatever he wants. Not quite factual at all.
 23 Thank you.
 24 MATT: That was our last public comment on
 25 Zoom.

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1 CHAIR SCHMITZ: Seeing no other public
 2 comments, would a board member like to make a motion
 3 to close the public hearing?
 4 TRUSTEE DENT: Chair, I'll move to close
 5 the public hearing.
 6 TRUSTEE TONKING: I'll second.
 7 CHAIR SCHMITZ: All those in favor?
 8 TRUSTEE TONKING: Aye.
 9 TRUSTEE TULLOCH: Aye.
 10 TRUSTEE NOBLE: Aye.
 11 TRUSTEE DENT: Aye.
 12 So what action would the Board like to
 13 take on this? Would you like to have more
 14 discussion?
 15 TRUSTEE TONKING: I just have a little bit
 16 more discussion.
 17 I would kind of like -- as we discussed, I
 18 would like Director of Finance Magee to get together
 19 with the Director of Parks and Rec and work on this,
 20 because I think she has a lot of insight, and Public
 21 Works, so that this is just not as random, the 3
 22 million.
 23 And then the point of sale update, I think
 24 I'd also like you to go back and tell us what is
 25 going to beaches and what's going to recreation

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1 before we approve this. Because those are two very
 2 separate funds that we have to make sure we're not
 3 intertwining monies.
 4 I don't know how to fix the general fund
 5 issue, but I'm very concerned about it. I don't
 6 have a solution, which is not helpful, but -- I
 7 don't know what everyone else is thinking, but it's
 8 making me very concerned.
 9 CHAIR SCHMITZ: We can move forward with a
 10 motion, and we can exclude or change the tennis
 11 court renovation amount.
 12 The point of sale assessment, that will be
 13 coming before the Board at our next meeting, is my
 14 plan, for the Board's approval. And at that point
 15 in time, we can identify the allocation between
 16 community services and the beach. So, we could
 17 potentially remove that this evening and take of it
 18 when we bring the contract forward since it is in
 19 community services. That is acceptable?
 20 MR. MAGEE: Yes, that would be acceptable.
 21 CHAIR SCHMITZ: Okay. Thank you.
 22 TRUSTEE DENT: Speaking to the concern of
 23 all of us as it relates to the general fund and
 24 where that's forecasting to be, last year we, I
 25 believe, took on a huge added cost of moving parks

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1 into the general fund.

2 Given that we're, say, half way through

3 the fiscal year, would it make sense to unwind that

4 move and have parks be picked up, say, for the

5 remaining half of the year in the community services

6 fund and see how that forecasts out for next year?

7 If it picks up part of it, and knowing that that's

8 -- I think that was the goal of the Board and been

9 the goal of previous boards for many years, given

10 that it is a general function.

11 MR. MAGEE: Yeah, I would ask that the

12 Board direct staff to work with legal counsel on how

13 that might work, how that might look.

14 Obviously, we share the concerns of the

15 Board about where the general fund reserves are

16 right now, and our budget team is already working on

17 coming up with some proposed budget solutions that

18 we will be recommending to the Board in order to get

19 back into full compliance with the Board's stated

20 policies.

21 CHAIR SCHMITZ: So could we request that

22 you come back to the Board with ideas on how you

23 intend to address the general fund financial

24 situation? Can we do that before the budgeting

25 process?

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1 MR. MAGEE: Absolutely. We can certainly

2 expedite that, if that's what the Board wishes to

3 direct us to do, and we'll see what we can come up

4 with.

5 CHAIR SCHMITZ: Yeah. Because there maybe

6 other ideas as well, and I think we should entertain

7 all ideas that you might like to present to the

8 Board, if that's acceptable to Trustee Dent.

9 TRUSTEE DENT: (Nods).

10 CHAIR SCHMITZ: All right. Thank you.

11 We'll put that on the long range calendar.

12 TRUSTEE TULLOCH: Director Magee, I'm

13 equally concerned about the impact on the general

14 fund. Can we also break out and see what the impact

15 is of removing a lot of these one-time costs? Since

16 the assumption is a lot of these costs, then, keep

17 going -- rolling over continuously, once one we

18 strip out the one-off costs, then we can take a more

19 rational look at it.

20 I think also in terms of -- one thing that

21 confused me, we pulled the funding for parks out of

22 community services and into general fund. It's

23 still being managed under community services; is

24 that correct?

25 MR. MAGEE: That is correct. Currently,

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1 that is correct.

2 TRUSTEE TULLOCH: And I also looked at

3 some of the multiple recharges to beaches, when I

4 think almost every person in Parks and Rec was

5 charging time to the beaches during the winter. I

6 think there's a lot more deep dive work to do there

7 in terms of costs allocations as well.

8 But the one-off costs, I think we need to

9 strip out and see what the impact of that was.

10 CHAIR SCHMITZ: I just want to keep us on

11 topic here. And so that will be something that we

12 are requesting that you bring back to the Board for

13 discussion.

14 Trustee Tonking, did you have a question

15 or comment?

16 TRUSTEE TONKING: Yeah. So I already did

17 that math. It was 825,000 for the one-times that

18 were put in there.

19 My concern is that Baker Tilly's

20 considered a one-time, and we've added on to it

21 three different times. It doesn't really feel quite

22 one time consistently. I feel like it's an ongoing.

23 And my fear is some of these other

24 consulting needs that we seem to keep having are

25 going to exist. So I'm not sure there's a lot of

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1 the 825 that's truly one time. That's another one

2 of my concerns.

3 But I think that's a valid point. I don't

4 know if that's going to get us much closer.

5 CHAIR SCHMITZ: Would anyone propose a

6 motion?

7 (No response.)

8 CHAIR SCHMITZ: Well, I can tell you based

9 on what -- so, we all have the revised motion that

10 was posted on the website. And basically what I

11 have heard so far is that the community services, to

12 remove the 3 million and the 290,000, which would

13 bring that total amount down to \$364,000, if my math

14 is correct.

15 So that would be the change related to the

16 tennis courts and the point of sales systems.

17 That's the revision that we discussed.

18 TRUSTEE DENT: Does it make sense to keep

19 the 290 in just for now? Otherwise, we're going to

20 have to do another public hearing to augment.

21 CHAIR SCHMITZ: It will not require a

22 public hearing because it's community services. So

23 we will just augment the budget from --

24 TRUSTEE DENT: Correct. Makes sense.

25 CHAIR SCHMITZ: The question here is that

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1 the -- on the general fund, do we want to
 2 appropriate -- that's what Director of Finance Magee
 3 has suggested, is that we appropriate the full
 4 amount, and then when we discuss the contract, if we
 5 want to make some changes to that, we can do that.
 6 But at least then we would have the appropriation in
 7 place. That was Director of Finance Magee's
 8 suggestion.

9 TRUSTEE TULLOCH: I'll make the motion.
 10 I make a motion that we augment the
 11 general fund balance by \$354,000.

12 CHAIR SCHMITZ: No. We have to do the
 13 resolution.

14 (Inaudible cross talk.)

15 CHAIR SCHMITZ: Go ahead. You can propose
 16 it, and we can break it into pieces.

17 TRUSTEE TONKING: Do you do the community
 18 services without adopting this resolution right now?
 19 Because I'm fine doing that piece of it.

20 CHAIR SCHMITZ: We have all of these
 21 others. It's not just community services.

22 TRUSTEE TONKING: What I mean is can I do
 23 those parts without the resolution to the general
 24 fund?

25 CHAIR SCHMITZ: Go ahead.

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1 fund remaining.

2 TRUSTEE TULLOCH: I'll make a motion the
 3 Board adopts Resolution 19 -- 1907 to appropriate
 4 funds from the general fund balance in the amount of
 5 \$1,512,949.

6 CHAIR SCHMITZ: Motion's been made. Do I
 7 hear a second?

8 TRUSTEE DENT: I'll second.

9 CHAIR SCHMITZ: Any discussion?

10 All those in favor?

11 TRUSTEE TULLOCH: Aye.

12 TRUSTEE NOBLE: Aye.

13 TRUSTEE DENT: Aye.

14 CHAIR SCHMITZ: Aye.

15 Those opposed?

16 TRUSTEE TONKING: Abstain.

17 CHAIR SCHMITZ: Motion passes four to
 18 zero.

19 That closes out agenda H 1. Then moving
 20 on to agenda item H 2.

21 H 2. Finance Active and Special Project List

22 CHAIR SCHMITZ: Receive a report and
 23 update on the finance active special projects list.
 24 Requested by Director of Finance Bobby Magee, found
 25 on pages 156 through 160.

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1 TRUSTEE TONKING: I move that the Board
 2 approves appropriate in community service balance in
 3 the amount of \$354,000 for costs allocations.

4 MR. MAGEE: If I may? I just did the
 5 math, it is \$364,000.

6 TRUSTEE TONKING: By 346. I'll amend it.
 7 I move that the Board approves
 8 appropriated beach fund balance in the amount of
 9 \$41,200 for costs allocation, the Board approves
 10 appropriating utility fund balance in the amount of
 11 \$208,800 for cost allocation, and the Board approves
 12 increase in the internal services fund budget by
 13 \$52,700 for cost allocations.

14 CHAIR SCHMITZ: Motion's been made. Do I
 15 hear a second?

16 TRUSTEE DENT: I'll second.

17 CHAIR SCHMITZ: Any discussion?
 18 All those in favor?

19 TRUSTEE TONKING: Aye.

20 TRUSTEE TULLOCH: Aye.

21 TRUSTEE NOBLE: Aye.

22 TRUSTEE DENT: Aye.

23 CHAIR SCHMITZ: Aye.

24 Opposed? No. So that passes 5/0.
 25 Now we have the resolution for the general

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1 MR. MAGEE: At the August 24th meeting, as
 2 I had mentioned previously, the Board considered the
 3 list of items that I wanted to work on. I call it
 4 my "Active and Special Projects List." At every
 5 agency that I go to as a consultant, as a
 6 professional consultant, I start looking at things
 7 that I'd like to take a closer look at and some
 8 process that I think needs to be improved. And the
 9 Board wishes to weigh in on those items and state
 10 what its priorities were, and I happily accepted
 11 that direction.

12 And so after that time, we immediately got
 13 to work on some of these projects. And since that
 14 time, I will note that we have a new finance
 15 leadership team. We've hired a new revenue manager
 16 and new controller and a new assistant director in
 17 accordance with previous direction.

18 And so we have been plowing our way
 19 through these things as rapidly as we can. We do
 20 feel it's important to continue moving as
 21 expediently as possible. I'll say that, personally,
 22 I'm very proud of the entire finance team on the
 23 things we've completed that are on this completed
 24 list in the short amount of time, because it's only
 25 been a few months since these people have been on

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1 board.

2 And yet at the same time, as you'll note,

3 the projects in progress, there are number of items

4 that we are still trying to get to.

5 And so at the August 24th meeting, the

6 Board asked me to provide some periodic reports back

7 to the Board. I did that in the form of an

8 off-agenda memo, at which point Chair Schmitz asked

9 me to agendize this. And, essentially, this

10 reflects an update of that memo is all it is, the

11 projects that have been completed and the projects

12 that are still in process.

13 Obviously, our number one priority project

14 is the audit and getting that thing completed. The

15 Board's number priority that was given to me was

16 anything related to the Tyler Munis system at that

17 time.

18 One of things that I'll note in here, and

19 this was a typo, is that the Munis PO rollover

20 process was identified on this staff report as an

21 item number 4, and that's my mistake. That should

22 have been moved up to priority number 1, because

23 that was part of the Munis system.

24 We believe we've identified a solution to

25 that, and we think that we'll be able to have that

130

1 one completed very quickly. We're making great

2 progress on getting the Tyler Munis system fully

3 functional and working. We are starting to see

4 reports that we independently verified, and we're

5 starting to believe in the data in the reports that

6 we're getting out of the system.

7 We continue to work with the departments.

8 Right now, we are working on developing the budget

9 module so that we can provide training to the

10 departments. We started with Public Works. The

11 feedback we got was this looks like a significantly

12 simplified process for them on the end user side,

13 and yet it's going to spit out more meaningful

14 results and reports that helps them manage to their

15 budget. And that was what our intent was from the

16 beginning.

17 So far, we're confident that our process

18 and our goals are working. And I will continue to

19 provide reports back to the Board in the form of the

20 general manager's report on the progress related to

21 Munis.

22 These other items, I know there's a lot of

23 them here, I'm happy to address any of these that

24 the Board may have questions about.

25 TRUSTEE DENT: Can you give an update -- I

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1 understand here on page 159, the food and beverage

2 deep dive is delayed pending new golf director, but

3 how far along is that process? I would hate a new

4 director of golf to come and have no clue that this

5 is an issue, and we haven't -- we don't really have

6 a deep dive into the financials. I think that's all

7 the Board has asked for in the past is what's the

8 driving factor? We're just buying \$20,000 more a

9 month food than we actually need and it goes to

10 waste? Are we overstaffing a restaurant at certain

11 times?

12 I don't think any of us have an answer to

13 that, and it seems like, perhaps, you guys have more

14 information on that that you can update us on.

15 MR. MAGEE: This item was obviously

16 delayed because, candidly, I wasn't sure who to work

17 with over at golf when the golf director left and

18 then the number two person left over there as well.

19 We understand that this is a priority for

20 the Board. As we have started going through the

21 recruitment process and interviewing some of the

22 candidates, we've identified to them that this

23 special project is out there, and this will be a

24 priority project for them on day one.

25 We know we need to look at this really

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1 closely. As soon as we have somebody on board, the

2 very first day, I intend to let them know. Hi.

3 Welcome. Here's your office. I'm Bobby, and I need

4 to start working on this project with you.

5 CHAIR SCHMITZ: It seems like what you

6 have discovered is there really weren't many

7 controls, inventory controls, that sort of thing;

8 correct?

9 MR. MAGEE: I think that would be a fair

10 statement, yes.

11 CHAIR SCHMITZ: So that identifies a

12 problem to be solved.

13 MR. MAGEE: Certainly.

14 CHAIR SCHMITZ: Any update on the audit?

15 Because I know -- just a quick just to let us know

16 where you are with the audit progress.

17 MR. MAGEE: Sure. I'm meeting with the

18 team daily. What we are doing -- and I'm providing

19 periodic reports back to the chair of the Audit

20 Committee and I still stay in communication -- we

21 are making every effort -- my direction to staff is

22 that we make every effort that any requests we get

23 from Davis Farr, we jump on it within 24 hours, we

24 do not want them waiting on us.

25 There's a number of items that they've

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1 sent back to us over the last week, week and a half,
 2 that we're researching, and we're trying to get back
 3 to them. And sometimes, they take more than a
 4 couple of days to figure out.

5 And so we -- I've also worked with the
 6 Department of Taxation. They've indicated that
 7 they, as I mentioned previously, would be willing to
 8 look at these requests for extensions one month at a
 9 time, and that's what we've requested of them.

10 I did mention at the Audit Committee
 11 meeting the other day that we requested the 30-day
 12 extension, we've requested a second 30-day
 13 extension, which has been approved, and I correspond
 14 with them weekly. I tend to call them directly and
 15 give them some updates on where we're at and how
 16 rapidly we're trying to move through everything.

17 This is absolutely the number one priority
 18 for me at the moment. Not necessarily the
 19 department, because we also have a second team that
 20 is working on the Tyler Munis items, obviously, but
 21 those are our two priority items right now.

22 TRUSTEE TULLOCH: If I can come back to
 23 the food and beverage. Don't we have a couple of
 24 managers in food and beverage currently? Can they
 25 not do an initial high-level review? Obviously,

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1 we're on high ground, because all we're doing is
 2 taking time and staff effort away from completing
 3 these very important tasks. And you need to stay
 4 focused.

5 And so I caution us, as a board, trying to
 6 throw more priorities at the accounting department
 7 at this moment in time.

8 TRUSTEE TULLOCH: Perhaps you
 9 misunderstood, Chair. I was suggesting that we use
 10 the food and beverage people to do this, not the
 11 accounting department, to give us an initial
 12 assessment for what it is, as they're the people
 13 close to the ground.

14 I'm not suggesting adding this to the
 15 finance department's load. I mean, it's -- the food
 16 and beverage manager, they should be able to give us
 17 some indicating of what's been happening, where
 18 things are going.

19 MR. MAGEE: Apologies, Trustee Tulloch. I
 20 made the same mistake. I thought you were
 21 suggesting we do it.

22 I think we could certainly ask the current
 23 food and beverage manager to start looking at it and
 24 start compiling some data so that when we're ready
 25 to go, we can hit the ground running. That makes

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1 it's not totally independent, but surely we can
 2 utilize them over this, which is probably fairly
 3 quiet season for the facilities and weddings, et
 4 cetera.

5 MR. MAGEE: Certainly. If the Board wants
 6 to direct me to do that now, I'll make that a
 7 priority as well, in advance of the golf director
 8 being hired.

9 CHAIR SCHMITZ: Well, we need to
 10 understand the impact it has on the accounting
 11 department, because we have to get through this
 12 audit, and we have to get through this due diligence
 13 audit. We can only have so many tasks on a task
 14 list, otherwise, we don't get anything done.

15 I think that we need to lean on you to
 16 prioritize the activities, and I don't think that,
 17 perhaps, we should be throwing extra things on. If
 18 you're saying, right now, this just has to wait a
 19 little bit. I understand that we want to have it
 20 resolved and fix the problem, but I'm very concerned
 21 about you can't have 15 number one priorities, you
 22 just can't. So, I caution that.

23 I also caution making more revisions to
 24 the treasurer's report and what not, until we get
 25 all of our finances cleaned up, squared away, and

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1 sense.

2 CHAIR SCHMITZ: Don't they have to come
 3 back to you to get all of their numbers and all of
 4 their data?

5 MR. MAGEE: So, hopefully, we'll be able
 6 to get some meaningful data to them pretty quickly,
 7 given the progress that we've made within the Munis
 8 system. I don't think it would be any type of a
 9 heavily lift to at least pull the reports for them,
 10 even though at some point they'll be able to pull
 11 them themselves.

12 I think it would be pretty easy for us to
 13 just pull and give them the data and say start
 14 giving us your evaluation and your opinions on it.

15 CHAIR SCHMITZ: Okay. That's fine. But
 16 you understand the point I was trying to make about
 17 the accounting department and their priorities?

18 TRUSTEE TULLOCH: Absolutely.

19 I'm assuming that the Tyler Munis has the
 20 data, and they can't run business without that, so
 21 I'm assuming they do have access to it.

22 TRUSTEE TONKING: I met with interim GM
 23 and I've also spoken with the F&B manager, so I'm
 24 not going to put words in Mr. Bandelin's mouth, but
 25 I know that they have a list of things that they've

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1 discovered that they want to do. I know they're
 2 doing monthly inventory to help fix.
 3 So, maybe they can tell us the suggestions
 4 that they've had, because I know they have a lot.
 5 CHAIR SCHMITZ: I'll work with General
 6 Manager Bandelin to see if that can be put, perhaps,
 7 on our long range calendar. I'll just put it as a
 8 question mark.
 9 TRUSTEE TULLOCH: One other item. The
 10 month-end accounting checklist, Director Magee, is
 11 that -- I'm not quite sure. You say it's currently
 12 in progress on page 160, fourth from the bottom.
 13 Is that in progress or not applicable?
 14 Not quite sure. It seems contradictory.
 15 MR. MAGEE: Sure. So, yes, this is
 16 currently in progress.
 17 We have identified that there was a
 18 checklist that existed previously. However, staff
 19 was not utilizing it or following it at all, and
 20 that's part of the reason why we find ourself in
 21 this position today.
 22 I've asked our consultant, Pam Day, to
 23 coordinate this process. She's very, very well
 24 versed in creating and training staff on how to have
 25 strict adherence to the types of activities that

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1 need to be completed on a daily, weekly, and monthly
 2 basis. And so we've asked or entire accounting
 3 team, as well as our revenue team, as well as our
 4 budget team: What are the items that need to be on
 5 this list?
 6 And so we're starting to have weekly
 7 meetings on this, on what this list is ultimately
 8 going to look like to ensure that, once we get
 9 caught up, we never find ourself in this position
 10 again.
 11 TRUSTEE TULLOCH: And just to point out,
 12 in response to public comment relevant to this,
 13 because both the former treasurer and myself looked
 14 at each other, we can look at the bank accounts, we
 15 don't know from that whether there's been any
 16 reconciliation or not. It's not something we've
 17 missed if we've been informed by the previous
 18 predecessor that it's been counted out. We wouldn't
 19 necessarily know.
 20 CHAIR SCHMITZ: Any other discussion or
 21 questions?
 22 (Inaudible cross talk.)
 23 CHAIR SCHMITZ: No. No, I'm sorry, it's
 24 not appropriate. You can give public comment at the
 25 end.

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1 That closes out agenda item H 2. Moving
 2 on to H 3, which we have previously discussed.
 3 H 3. Forensic Due Diligence Audit Contract
 4 CHAIR SCHMITZ: This is the contract for
 5 the due diligence audit. We're back to pages 161
 6 through 180.
 7 TRUSTEE DENT: So, Chair, can I jump in?
 8 CHAIR SCHMITZ: Please. Go ahead.
 9 TRUSTEE DENT: We have a number at 310 --
 10 or 350, and we had a number of 110. I'm just trying
 11 to get us moving along that number because I feel
 12 like that's going to be the biggest point for us to
 13 consider.
 14 I would just offer up, why don't we split
 15 that or average those two out, and I think were a
 16 little over 200 grand. And then add a little bit
 17 more than our normal contingency for that, say, a
 18 20 percent contingency instead of 10, just given how
 19 expensive consultants are on their hourly rate.
 20 That may be a starting point.
 21 CHAIR SCHMITZ: I appreciate that.
 22 TRUSTEE TONKING: I would like it to get
 23 no more than 225 with contingency. That's kind of
 24 where I'm thinking.
 25 TRUSTEE TULLOCH: I think I'd like to hear

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1 the comments of my fellow board members. I totally
 2 understand them. The 350, as you said, was a not to
 3 exceed, it wasn't a number to be spent. Obviously,
 4 internally we discussed where that cut off.
 5 I think the difficulty is, I agree with
 6 Trustee Dent, I think at 240, it's a sensible
 7 number. I would suggest we do something like 240,
 8 but we come back to the Board at, say, the 175.
 9 CHAIR SCHMITZ: My suggestion is that the
 10 Board is updated on a monthly basis, exactly where
 11 we stand, financially, so that we're all informed,
 12 not only of the dollars spent, but the progress
 13 made, the issues, as much you can, because I
 14 understand this is potentially sensitive
 15 information.
 16 But I think that should be an expectation
 17 from the Board.
 18 TRUSTEE DENT: We can be updated offline
 19 about this, and we may want to be updated more often
 20 than once the month. Yeah.
 21 And I just want to go on the record and
 22 correct my math. 350 plus 110 is 460, splitting
 23 that in two is 230.
 24 CHAIR SCHMITZ: It seems as though the 350
 25 number was an arbitrary number. It just seems like

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1 it was thrown out.

2 We're doing the same thing. We're

3 throwing things out. We're not trying to

4 micromanage staff, but we want to at least

5 understand where the money is being spent and that

6 it's being spent wisely.

7 So if we could agree to say that the

8 contract amount is not to exceed 200,000, with some

9 sort of contingency, whether it's 10 percent or

10 20 percent, but that we need to be kept apprised of

11 the progress and the financial status of the

12 project.

13 That might be a compromise.

14 TRUSTEE TULLOCH: Yeah. I think if we're

15 allowing that contingency, we need to conclude that

16 in the not to exceed, otherwise, you are starting to

17 get into contract amendment and things. I think we

18 can do the 200 plus 20 percent, and, obviously,

19 coming back to the Board at that stage.

20 But I think the not no exceed would be the

21 full amount, otherwise, you've got to come back and

22 reauthorize the amendment.

23 MR. RUDIN: I agree. And if -- depending

24 on the figure the Board ultimately arrives at, I

25 would be prepared to suggest language amending 3.31

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1 of the contract to state that the total

2 compensation, including reimbursements to provide

3 contingency to exceed, shall not exceed the number

4 to be suggested by the Board without written

5 approval of the -- without written approval of the

6 District Board Chair. So that would be the final

7 not-to-exceed amount. And you would modify the task

8 order to provide for the lower amount.

9 And additionally in 3.31, you would state

10 that the Director of Finance is authorized to issue

11 task orders -- issue additional tasks order in the

12 amount of the contingency, basically.

13 So that would be the way that you would

14 address this.

15 TRUSTEE TULLOCH: That makes sense.

16 TRUSTEE DENT: Trustee Tonking, what are

17 your numbers over there?

18 TRUSTEE TONKING: I had 200,000, and then

19 with the 15 percent contingency.

20 TRUSTEE DENT: I can get on board with

21 that.

22 CHAIR SCHMITZ: Would someone like to make

23 a motion?

24 TRUSTEE TONKING: I move that the Board of

25 Trustees approve a contract amount \$200,000 with a

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1 contingency of 15 percent, and not exceed that total

2 amount. I don't have the exact number in front of

3 me.

4 MR. RUDIN: That would be 230.

5 TRUSTEE TONKING: Not to exceed \$230,000.

6 And that we amend the contract in 3.3.1 to say "not

7 to exceed \$230,000 without written approval of the

8 District Board Chair," as well as the appropriate

9 areas in Exhibit B of the Tax Order.

10 Also change the date in 3.1.2 to be

11 whatever date that this contract is assigned and

12 implemented.

13 MR. RUDIN: And also authorize the

14 Director of Finance to issue tasks orders for the

15 contingency amount of \$30,000.

16 TRUSTEE TONKING: And authorize the

17 Director of Finance to implement task orders in the

18 contingency amount, and then direct the General

19 Manager to execute the contract.

20 CHAIR SCHMITZ: Do I hear a second?

21 TRUSTEE TULLOCH: I'll second that.

22 CHAIR SCHMITZ: All those in favor?

23 TRUSTEE NOBLE: I do appreciate members of

24 the Board working to come down in the price figure.

25 I still think that it's too high given the initial

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1 bid by RubinBrown for the three years at 110,000. I

2 also think that's driven, in part, by the

3 open-endedness of the scope of services that are not

4 tied directly to anything that has been brought to

5 light by the Director of Finance up to this point.

6 And while it may lead to additional costs

7 down the road, I just feel that scope of services,

8 at least some of the items as I've previously have

9 expressed, are too open-ended and amount to an

10 exercise with out my direction, and so that's why

11 I'll be voting no.

12 However, I do agree that there should be a

13 forensic audit, I just think that scope of services

14 is too broad at this point, given what we know.

15 CHAIR SCHMITZ: Any other discussion?

16 TRUSTEE TONKING: I actually think I would

17 want to either amend or rescind my motion because I

18 didn't think about that, that scope still exists

19 with this new thing. Because if they're still going

20 to do it all, they're just going to ask for

21 amendments.

22 I would like to focus on 9, 10, 11, 1 and

23 2, and see what that leads into.

24 CHAIR SCHMITZ: Go ahead, Trustee Tulloch,

25 and then I'd like to have Director of Finance Magee

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1 weigh in.

2 TRUSTEE TULLOCH: Yeah, I think it's --

3 again, we're coming back to the initial bid. The

4 initial bid was at a stage -- the RFP was put out in

5 September. As I've said previously, we done a lot

6 of work since then. We've unearthed a number of

7 things internally, which, for obvious reasons,

8 cannot be made public at this stage. There is

9 various things, and hopefully they amount to

10 nothing. We would be remiss if we did not include

11 these.

12 I don't see this as open-ended. And,

13 again, the 350k was a not to exceed. It's not what

14 RubinBrown asked for. It was sufficient to give us

15 contingency if we need to do any additional work.

16 I would be against changing the agreed

17 scope and going back there. It's going to take us

18 back another month, six or eight weeks, or whatever.

19 All this holds up the completion of the Davis Farr

20 audit as well.

21 I think we need to now get moving on this.

22 If, as we're going into this, we find that some of

23 these things are not required and a lot of these --

24 the nature of the audit, we will be doing some

25 initial high-level analysis in these areas. We have

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1 allowed for deep dives as required, but it will be

2 an initial high level, and we can find out from the

3 initial high level, using some of their forensic

4 analysis tools, whether we do need to dive down

5 deeper into these areas.

6 It's not just a: We'll drill down into

7 these regardless even though we're fining nothing.

8 It is a process there, and I would be

9 against changing the scope at the moment.

10 CHAIR SCHMITZ: I appreciate the comments

11 about the scope of work because I, too, like things

12 to be buttoned up.

13 But when I hear the explanation from our

14 Director of Finance, and that this RubinBrown, this

15 is the process that they use, I don't want to

16 dictate their process. I want them to use the

17 process that has worked for them and allow them to

18 do their job, but I do expect staff to manage their

19 efforts and make sure that they are doing

20 productive, constructive work on our behalf.

21 I don't want to change -- I don't want to

22 prioritize these because now I'm micromanaging

23 somebody who really knows how to do this work, and

24 it's not my area of expertise.

25 TRUSTEE TONKING: What happens if we

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1 require that in their invoices, they invoice with a

2 task since I don't have any cost allocation sheet

3 for them on how much things are costing? So they

4 invoice per task, which I don't know if that's

5 micromanaging them, but then I can see what they're

6 doing and the cost of those things so if they come

7 back asking for more, I can have a better

8 understanding of what that's looking like.

9 So, I'd like a pretty in-depth invoice.

10 MR. MAGEE: We can certainly ask them to

11 do that. My gut feeling is they would probably be

12 amenable to that. They're accustomed to breaking

13 these things apart pretty significantly and taking a

14 deep dive into what they're actually spending their

15 time on.

16 I think that they would be agreeable to

17 that.

18 CHAIR SCHMITZ: Any other comments,

19 discussions?

20 MR. RUDIN: I was just wanting to address

21 the trustee's concern. 3.32 requires that they

22 submit an itemized invoice which indicates work

23 completed and hours of services rendered, and

24 additionally, they're supposed to apply to project

25 task tracking sheet with each invoice.

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1 CHAIR SCHMITZ: Thank you. I didn't see

2 that.

3 TRUSTEE DENT: Ready to vote, Chair.

4 CHAIR SCHMITZ: We have a motion, it had

5 been seconded, we've had some discussion, I'll call

6 for a vote. All those in favor?

7 TRUSTEE TONKING: Aye.

8 TRUSTEE TULLOCH: Aye.

9 TRUSTEE DENT: Aye.

10 CHAIR SCHMITZ: Aye.

11 Opposed?

12 TRUSTEE NOBLE: Opened.

13 CHAIR SCHMITZ: 4/1, it passes. Thank

14 you. We will move on to the scope relative to Baker

15 Tilly, that is H 4.

16 H 4. Baker Tilly Contract Amendment

17 CHAIR SCHMITZ: Pages 181 through 184.

18 This is really just -- we've already had our

19 discussion on this, so this would just be for the

20 Board to have any discussion regarding the contract

21 and potentially approve the contract.

22 TRUSTEE TONKING: I move -- direct staff

23 to increase Baker Tilly contract by 100,000 for

24 additional account resources required to support

25 continued work on a daily operational activities and

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1 special projects as previously prioritized by the
 2 Board, contingent upon approval of the budget
 3 augmentation request, authorize the General Manager
 4 to execute the contract.
 5 CHAIR SCHMITZ: Do I hear a second?
 6 TRUSTEE TULLOCH: Can I amend the motion
 7 slightly? I would like to add the similar terms
 8 Sergio just described in the forensic audit one.
 9 CHAIR SCHMITZ: The billing?
 10 TRUSTEE TULLOCH: Yes. The monthly task
 11 orders and reporting tracking against. I've heard
 12 the concerns, oh, we're just giving them an open
 13 check.
 14 I don't believe that's the case, but I
 15 think this keeps the Board informed as well.
 16 MR. MAGEE: That's correct. And we are
 17 already receiving those from Baker Tilly. And so we
 18 can certainly ask them to continue to provide those.
 19 CHAIR SCHMITZ: So there was no amendment
 20 then?
 21 TRUSTEE DENT: Nope.
 22 I'll second.
 23 CHAIR SCHMITZ: All those in favor?
 24 TRUSTEE TONKING: Aye.
 25 TRUSTEE TULLOCH: Aye.

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1 TRUSTEE NOBLE: Aye.
 2 TRUSTEE DENT: Aye.
 3 CHAIR SCHMITZ: Aye.
 4 Motion passes, 5/0. Moving on to item H
 5 5.
 6 H 5. Board's Goals for 2024
 7 CHAIR SCHMITZ: Review, discuss, and
 8 identify Board goals. That is my agenda item, and
 9 what I put before you is just something for the
 10 Board's discussion. And what I was trying to do was
 11 leverage the training that we had with Governance
 12 Sciences and talking about, in solving any problem,
 13 you first have to clearly identify a problem.
 14 And I thought that this approach would
 15 help us, as a board, identify the priorities that we
 16 feel we want to have accomplished as a board within
 17 this calendar year. It may be too much, it may be
 18 too little. But I put -- identified problems on the
 19 list, and then I brainstormed ideas of what
 20 potential solutions might be. And the whole intent
 21 was just for us, as a board, to have clear a vision
 22 of what we're trying to accomplish in this
 23 calendar year, and, therefore, that will help staff
 24 understand as well.
 25 So open for criticism, additions,

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1 deletions. I just did not want to start with a
 2 blank sheet of paper. So, that's what you have
 3 before you. I will stop talking and let the rest of
 4 you talk.
 5 Any comments? Any feedback on this?
 6 TRUSTEE TULLOCH: On 2 part 3, the Board
 7 packet materials, absolutely agreed. I think I made
 8 this comment several times last year, we keep
 9 parroting out these phrases and requests for capital
 10 funding for projects, this complies with section,
 11 subsection of a strategic plan that's ten years old
 12 or something, and they're meaningless. Then we say
 13 this has no impact.
 14 So let's clean up the Board memos so it
 15 just gets to the point: What decisions are
 16 required, what it's going to cost us, what the time
 17 timeline is.
 18 To me, that's a huge issue.
 19 CHAIR SCHMITZ: And the outcome that we
 20 had -- I'm directing this at our District Clerk,
 21 because we did, as a board, request that our memos
 22 be of the same mindset of: What is the problem
 23 we're trying to solve? What are the various
 24 solutions? What are the options? What's the cost
 25 or the impacts of the problem?

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1 So, we need to change our memo format,
 2 that is something that the District Clerk took away
 3 from that training, so I think there's concurrence
 4 on that.
 5 TRUSTEE TONKING: On that same page, I
 6 believe we still have another training on that, that
 7 we need to have publicly, and who is going to help
 8 us do those memos. So it would be great to see an
 9 example of that with him. I might be wrong, but we
 10 were supposed to do one on -- we hadn't noticed it;
 11 correct?
 12 TRUSTEE DENT: Yeah, we still do need to
 13 schedule the noticed meeting where we can discuss a
 14 potential item that could be coming before us at a
 15 meeting, and then use the format that we laid out.
 16 TRUSTEE TONKING: That might help with
 17 that one.
 18 My next one was we can get rid of legal
 19 counsel, which I think we know.
 20 My other is in number 10, you listed some
 21 Board priority projects. I think I'd really like to
 22 see that kind of center -- or the tennis courts,
 23 either we don't need to list each priority project
 24 or add it as a number. So, one or two ways of doing
 25 what you have there.

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1 The other thing is when you say -- this is
2 number 7 -- intensions and concerns from the Board
3 in various golf committees in the community, I
4 wasn't really sure what your meant by "MOUs of
5 transparency," but if we have those MOUs, we
6 probably have to do them for all sorts of clubs that
7 we have across the District, so I wouldn't just
8 single out one group.

9 And then the other thing I wanted to add
10 was public records requests. Throughout this
11 meeting, we talked a lot about the time and
12 extension that it's taking to do some of these
13 public records requests, and I've probably been a
14 broken record on this for the last three years, I
15 really want to think about charging for some of
16 them, because I think a lot of them cost a lot of
17 money, and we've started to see the time that goes
18 into them.

19 CHAIR SCHMITZ: I agree with you. And
20 it's actually a conversation --

21 Sergio, doesn't our policy already give
22 staff the ability to provide charging?

23 MR. RUDIN: Yeah. But state law does
24 severely limit the manner and ways in which we can
25 charge for responding to public records requests.

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1 public record, which I believe under NRS, you can
2 have more leniency in charging for data requests
3 than you can for public records requests.

4 So I'd like to work on a way, because I
5 think a lot of our public records requests require
6 compiling a bunch of data to create a public records
7 request.

8 CHAIR SCHMITZ: So what problem are you
9 trying to solve?

10 TRUSTEE TONKING: The time. And I think
11 if we're going to be using so much staff time on it,
12 the resource we're using, we need to recuperate some
13 of that.

14 CHAIR SCHMITZ: So it's staff cost is the
15 problem. Okay. Got it. Thanks.

16 TRUSTEE NOBLE: Just to piggyback on that,
17 I think when you do start charging, it focuses
18 people who are making the requests on what exactly
19 they want so that -- because right now, at least the
20 stuff, when receive emails that are requests for
21 public records, some of them are fairly flippant,
22 just throwing it out there, give me this, give me
23 that. When they have to be charged, and as long as
24 it's consistent with the NRS, they become much more
25 focused. At least that's been my experience at the

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1 Yeah, that's all I'll say about that right now.

2 But, yeah, it is addressed by our policy.

3 CHAIR SCHMITZ: You are working with staff
4 on public records requests, handling and processing;
5 correct? Or is it only if legal counsel needs to
6 review?

7 MR. RUDIN: I think it's mostly when legal
8 counsel needs to review. We'll answer questions of
9 staff as to what records should be disclosed, when
10 it makes sense to try and redact records, what
11 redactions are appropriate under case law.

12 If they are very run-of-the-mill requests,
13 they may not consult us. They may not be necessary.

14 CHAIR SCHMITZ: With that, Trustee
15 Tonking, what would be the problem you're trying to
16 solve? Are you trying to solve the time or are you
17 trying to solve the reduction of public records
18 requests? How would you measure success of that?

19 TRUSTEE TONKING: I think that is where I
20 wanted to talk -- and I can talk to Sergio more
21 about it offline.

22 There's a difference between a public
23 records request and a data request. And a lot of
24 requests aren't actually public records; they're
25 data that need to be put together to then create a

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1 PUC.

2 They aren't flippant about it. When they
3 want something, they ask specifically for it, and
4 are very particular because they know that if they
5 ask for the moon, they might get charged more
6 than -- for stuff that they actually didn't want or
7 need.

8 CHAIR SCHMITZ: Understood.

9 TRUSTEE TULLOCH: Just some clarification
10 on a couple of the points that were made.

11 In terms of the MOUs, the only other
12 organization to really have any sort of remotely
13 similar affiliation with is Diamond Peak Ski
14 Education Foundation, where there is an MOU clearly
15 stating out who is responsible for what and what the
16 relevant charges are.

17 This isn't singling out the golf clubs,
18 it's putting them on similar footing and make sure
19 that we're not favoring them.

20 Also with regards to public records, I'm
21 completely confused because members of the community
22 have brought up with me, we've brought in this new
23 system where it's supposed to make it more easy for
24 people to not have to ask for the same record again.

25 Yet we're publishing things with

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1 spreadsheets and various things on them, that can't
 2 be accessed by anyone else, so they go and ask for
 3 it again. That seems some sort of hiccup.
 4 CHAIR SCHMITZ: Let's take that offline.
 5 We must stay on topic here.
 6 Backing up to your comment on the MOUs and
 7 the golf clubs, the only reason why I brought it up
 8 is I was identifying what is a problem. And one of
 9 problems is tension, and if we have a clear
 10 understanding, it would, hopefully, alleviate that.
 11 I was trying to stay with the concept of
 12 what is the problem -- what problem are we faced
 13 with and what might be solutions?
 14 I was just brainstorming and this is what
 15 I put together. Does that help with why it's just
 16 golf? That was a problem, so ...
 17 Any other feedback on this? Because what
 18 I'm intending to do is map this, then, to our long
 19 range calendar, and then midyear sort of reflect and
 20 say if these were the things that we thought were
 21 problems we're trying to solve, how are we doing,
 22 what progress have we made?
 23 Thought I would -- if people were
 24 comfortable with this type of an approach, we would
 25 at least have something where we can all work from a

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1 document that says this is kind of what we're trying
 2 to accomplish.
 3 I appreciate the dialogue.
 4 TRUSTEE DENT: I appreciate you putting
 5 this together. I feel like it starts to give us at
 6 least an outline of where we're starting and where
 7 we're going. There's a lot of stuff that we've been
 8 talking about over the last year.
 9 So, I think having it written down and,
 10 quote/unquote, having a plan we can check in on will
 11 be good.
 12 CHAIR SCHMITZ: We've already accomplished
 13 one task.
 14 Any other feedback on this? Otherwise,
 15 I'll close that agenda item and move on to our last
 16 general business, that is H 6.
 17 H 6. FlashVote Service Agreement
 18 CHAIR SCHMITZ: Review, discuss, and
 19 possibly approve the agreement for FlashVote
 20 services not to exceed the amount of \$7,900.
 21 Requesting trustee, Trustee Dent, pages 193 to 202.
 22 TRUSTEE DENT: There's a recommendation
 23 here to accept the FlashVote services agreement in
 24 the amount of \$7,900. It would be providing the
 25 FlashVote surveys, and we wouldn't have any of the

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1 training that was included in last year's proposal.
 2 Here to answer any questions.
 3 CHAIR SCHMITZ: Any questions?
 4 TRUSTEE TONKING: I'm just still, as I
 5 mentioned before, concerned that we don't use the
 6 six surveys per year, so I'm just a little concerned
 7 about that, and money we spend on it.
 8 Then I was confused on the initial service
 9 term, one or two years, are we supposed to pick one?
 10 TRUSTEE DENT: Yeah, this is typical of
 11 what Government Sciences provides to all their other
 12 clients, so it gives us the option of one year or
 13 two year. And then the initial service would start
 14 from when our last ended. But this was put together
 15 as far as the initial term of service, it would
 16 start when our prior expired.
 17 And that's to answer previous questions
 18 you had as to when this expires.
 19 TRUSTEE TONKING: When does it expire?
 20 TRUSTEE DENT: I don't know that answer.
 21 I fall back to I believe it is March. I don't want
 22 you to think we're approving something for January 1
 23 and it's already January 31.
 24 TRUSTEE TONKING: I think it says January
 25 31st on here.

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1 CHAIR SCHMITZ: It does say January 31st.
 2 TRUSTEE TULLOCH: Picking up on Trustee
 3 Tonking's point. Yes, let's make sure we get the
 4 six surveys.
 5 I noticed, we almost seem to have a
 6 dueling between staff putting out surveys and
 7 FlashVote putting out surveys. I think we should be
 8 looking at -- before staff come up with surveys that
 9 we don't even know about, they come to the Board to
 10 see whether it's more suitable for a FlashVote,
 11 because we know it can be more a scientific survey.
 12 CHAIR SCHMITZ: Good suggestion. And I
 13 think that I agree with Trustee Tonking, let's do
 14 our six surveys.
 15 We will have to, maybe, put them on a
 16 calendar to just remind us and say, okay, what would
 17 we like? And perhaps staff has things that they
 18 need to have taken care of. That could be
 19 incorporated in.
 20 TRUSTEE DENT: I think the one thing that
 21 I learned from this process is we don't want to be
 22 telling the community what we're going to be
 23 surveying for. So as far as what gets surveyed or
 24 where that discussion goes, we can always talk
 25 offline regarding that, as the liaison to the Board

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1 for this.

2 CHAIR SCHMITZ: Perhaps that is why,

3 Trustee Tonking, you didn't know that I had

4 requested something. And I don't know who else, but

5 I know there were requests. So, please feel free to

6 reach out to Trustee Dent if there is something,

7 because he did a great job of handing these past

8 ones. But I think we should work to get our six in,

9 for sure.

10 Would anyone like to make a motion?

11 TRUSTEE DENT: I'll move that we approve

12 the agreement for FlashVote services in the

13 not-to-exceed amount of \$7,900.

14 CHAIR SCHMITZ: Do I hear a second?

15 TRUSTEE TULLOCH: I'll second.

16 CHAIR SCHMITZ: Any discussion?

17 TRUSTEE NOBLE: I did appreciate the

18 training we received initially from FlashVote. I

19 thought it was helpful.

20 I have not been as impressed with the

21 quality of the surveys that have gone out. There is

22 a lot of deep dive data explaining why people have

23 voted, but I haven't been impressed with the

24 questions and the information, ultimately, that

25 comes out of it.

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1 And the fact that we have the ability to

2 send surveys to every single parcel owner and we can

3 do it internally, I don't think it's necessary to

4 move forward with this contract.

5 For those reasons, I'll be voting no.

6 CHAIR SCHMITZ: Any other further

7 discussion?

8 TRUSTEE TONKING: I'll also be voting no.

9 I don't believe we utilize it to the extent we

10 should. I also just haven't found -- similar to

11 Trustee Noble, a lot the questions are not well

12 worded, and I would expect more if we're paying that

13 much.

14 CHAIR SCHMITZ: So we have a motion on the

15 table, it's been seconded, I'll call for a vote.

16 All those in favor?

17 TRUSTEE TULLOCH: Aye.

18 TRUSTEE DENT: Aye.

19 CHAIR SCHMITZ: Aye.

20 All those opposed?

21 TRUSTEE TONKING: No.

22 TRUSTEE NOBLE: Opposed.

23 CHAIR SCHMITZ: The motion passes, 3/2.

24 Moving on to item I.

25

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1 I. REDACTIONS FOR PENDING PUBLIC RECORDS REQUESTS

2 CHAIR SCHMITZ: I don't believe we have

3 any at this point in time.

4 Item J.

5 J. LONG RANGE CALENDAR

6 CHAIR SCHMITZ: It is not in our board

7 packet this evening, but one of items that I know

8 was requested is that interim Director of Finance

9 has requested a Board special meeting. And he had

10 originally requested it sometime, I believe, in

11 early February, but I spoke with him today, and he

12 would like to meet with the Board in a special

13 meeting to discuss budget the last week of February.

14 So if we could potentially try to schedule

15 something either like on the 29th of February, if

16 that would work, he was hoping we could do something

17 starting at a noon timeframe.

18 That was what he was suggesting, but I

19 wanted to get your input and your feedback of

20 availability.

21 TRUSTEE TONKING: It's really hard for me

22 to do midday without taking PTO. And I'm also out

23 of the country that week, the entire week.

24 CHAIR SCHMITZ: He said that would be okay

25 if we need to push it to the beginning of March,

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1 but, man, we're getting close to budgets being due.

2 The tentative budget is due, I think, April 15th, if

3 I remember correctly.

4 But if we want to schedule something, are

5 you never available to do a daytime meeting?

6 TRUSTEE TONKING: Just noon, that's

7 literally me having to take a half day of PTO that I

8 would prefer not to take.

9 CHAIR SCHMITZ: If we started at 3?

10 TRUSTEE TONKING: Yeah, that's fine, but

11 noon is just rough.

12 TRUSTEE DENT: I would second Trustee

13 Tonking's comments.

14 CHAIR SCHMITZ: Okay. I will ask the

15 District Clerk to find a date and time that will

16 work for everyone.

17 And then the other things I wanted to run

18 through, I have on my list from tonight's meeting

19 things for the long range calendar include staff's

20 recommendations of alternatives related to filling

21 the general manager position, the tennis project,

22 long range calendar, the general fund to explain the

23 plan for fund balance. I have food and beverage,

24 the food and beverage deep dive, what are the

25 issues, what are the changes. And then I have

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1 FlashVote, potential item with a new format.
 2 Those were the things from this evening
 3 that I have captured for long range calendar.
 4 Anything missing?
 5 TRUSTEE TONKING: I think you also said
 6 you were going to put some of your goals on the long
 7 range calendar to talk about.
 8 CHAIR SCHMITZ: Individual ones, you mean?
 9 TRUSTEE TONKING: Like a check-in on that.
 10 CHAIR SCHMITZ: Absolutely. Okay. I
 11 think I put it on in July already, but I don't have
 12 it in front of me.
 13 TRUSTEE TULLOCH: I would like to add it's
 14 time we start looking at what the future situation
 15 for this building is. It's obviously coming to end
 16 of life, there's various different issues.
 17 I think should be starting to look at our
 18 space requirements, as well as what space we have,
 19 and start looking forward to see what's --
 20 CHAIR SCHMITZ: It was added to the long
 21 range calendar, and I think it's something that
 22 we'll discuss when we start talking about a
 23 five-year plan.
 24 Anything else?
 25 What I may request our clerk do is when we

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1 get it updated, to actually post it on the website,
 2 so it's not embedded in board packet material, but
 3 it's out there so that we can click on it and view
 4 it, not only us, but the community.
 5 MR. BANDELIN: I had a note also that the
 6 staff would bring back a discussion on the District
 7 tennis court project.
 8 And then I would like to have the Board,
 9 if I could recommend a little bit more discussion --
 10 I'm checking to see if Erin's still on the call --
 11 it's kind of a broad recommendation, staff to bring
 12 back a recommendation, it's a little open-ended, on
 13 the GM recruiting process.
 14 I just thought if Erin could be on the
 15 call, if she's listening. Staff feels it's a
 16 recruiting for your position, and if we leave here
 17 tonight without any more discussion on possible
 18 recommendations, we heard some different
 19 recommendations from Trustee Tulloch. I just
 20 thought -- don't want you to leave here tonight and
 21 us go in the back room and work towards coming back
 22 on the February 14th meeting without a little bit
 23 more direction on what possible recommendations
 24 might be to bring to you.
 25 TRUSTEE NOBLE: A couple things I'd like

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1 to see is whether or not to -- it's worthwhile to
 2 continue with Bob Hall and Associates or to pivot
 3 and look at the alternative firm or if there's a
 4 third alternative with regards to another recruiting
 5 agency?
 6 CHAIR SCHMITZ: I also had on the list:
 7 Potential to have an interim executive.
 8 I think staff has done a really great job.
 9 I've been happy with this process, but I think Erin
 10 did have some ideas.
 11 And so do you need more direction, Erin,
 12 or is this sufficient?
 13 MS. FEORE: No. I think this is
 14 sufficient. I think I need to have some offline
 15 conversations with legal about what kind of
 16 participation and/or involvement the Board may be
 17 permitted to have. I feel like that was probably
 18 one of the things that hindered us the most to a
 19 certain degree.
 20 I was -- outside of looking at the
 21 description and hearing some of the requests from
 22 the Board, I was kind of flying blind. And as I had
 23 talked with IGM Bandelin, satisfying the intentions
 24 of the requests of five differing board members is a
 25 little difficult sometimes. Getting that wide range

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1 of applications was what we were hoping for.
 2 I think that is what I would like to,
 3 maybe, work with Sergio and his team to see what
 4 kind of, if any, availability we would have to
 5 partner with a board member, a board liaison,
 6 something so that process as it starts and continues
 7 is on the right track.
 8 MR. RUDIN: I think that the main
 9 restriction is you don't want to have the Board form
 10 a subcommittee because the Board itself, or any
 11 subcommittee, is subject to Open Meeting Law, and
 12 the Open Meeting Law says that the hiring of the GM
 13 has to be done at an open and noticed meeting.
 14 You could have one board member
 15 participate, and we can discuss that further
 16 offline.
 17 CHAIR SCHMITZ: Moving on.
 18 K. BOARD OF TRUSTEES UPDATE
 19 CHAIR SCHMITZ: Do we have updates from
 20 various trustees relative to their liaison role?
 21 TRUSTEE TULLOCH: Yeah. We're reviewing
 22 candidates for the Beach House design, hundred
 23 percent design. That's taking place tomorrow.
 24 We're also meeting with Granite on the GMP
 25 for the tank project, the effluent storage tank, on

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1 Monday.

2 CHAIR SCHMITZ: Good. I'm excited to keep

3 those things moving forward.

4 Anyone else?

5 Moving on, then.

6 L. FINAL PUBLIC COMMENT

7 MS. KNAAK: Hi. Yolanda Knaak.

8 I thought it was a really good meeting.

9 Thank you for all your hard work. Bye.

10 MR. DOBLER: Cliff Dobler again.

11 Mick Homan, which was a quitter on the

12 Audit Committee, gave some public comments tonight,

13 and mention about the 29 memorandums that I had

14 given to the Audit Committee that were kind of

15 shuffled under rug.

16 Now, myself, Homan, Navazio, and Nolet met

17 last March, and we went through the 29 memorandums

18 and found out that we had one 21 of them that we

19 were in agreement that we had to have corrections to

20 improper accounting and disclosure. Never was it

21 discussed whether it was fraud or not fraud, and he

22 is indicating -- Homan tonight is indicating that

23 that was my energy that fraud was being created, and

24 that is not true. Okay? It was over improper

25 filing and disclosure.

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1 Fraud is to be decided by others above me.

2 But I will say that when you have a cumulative

3 number of items that are accounting and reporting

4 disclosures not done properly, you may have fraud.

5 Now, nine of the items were serious, and

6 they were considered to be talked about in the

7 future. Of course that was never done. And then of

8 course Navazio, before he took off, was going to

9 write a closure report on the 21 memos that we had

10 agreement on what was to be corrected, and then

11 these other eight memos or nine memos were to be

12 discussed later. A report was never done.

13 Now, I spent endless hours, over

14 three years, putting this together to get the ball

15 rolling on this improper accounting and disclosure.

16 And I think there should be a closure report on the

17 21 memos and be given to this RubinBrown because

18 it's pretty expansive. And then the eight memos

19 that have not been resolved at all because they're

20 serious issues should probably also be given to

21 them, but Nolet seems to have checked out and

22 doesn't seem to have given it to them -- or I don't

23 know, I'm going to find out -- but I think he

24 probably should because it's only fair and the right

25 thing to do.

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1 But I don't appreciate Homan, for what

2 it's worth, indicating to me that we didn't find any

3 fraud. We weren't looking for it. We were only

4 looking for improper accounting and disclosure and

5 what needed to be corrected.

6 So that's all I have. Good luck to you

7 guys. I will talk about capital projects at another

8 time.

9 Thank you.

10 MR. HOMAN: Hi. Mick Homan.

11 I just wanted to apologize to Trustee

12 Tulloch. Might be the danger of making comments on

13 the fly instead of preparing them.

14 I didn't mean to say that Trustee Tulloch

15 had said that there was rampant fraud or that he

16 agreed with those who claimed there was. My point

17 was that there were a lot of claims, and I was

18 concerned, when in the meeting tonight, he

19 referenced some of those claims.

20 And if I misspoke or said something that I

21 didn't mean to say, I'm apologizing.

22 TRUSTEE TULLOCH: Thank you.

23 MATT: That's our last public comment in

24 the Zoom queue.

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1 M. ADJOURNMENT

2 CHAIR SCHMITZ: We will adjourn our

3 meeting at 9:50 p.m. Thank you, all.

4 (Meeting adjourned at 9:50 p.m.)

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1 STATE OF NEVADA)
2 COUNTY OF WASHOE) ss.

3

4 I, BRANDI ANN VIANNEY SMITH, do hereby
5 certify:

6 That I was present on January 31, 2024, at
7 the Board of Trustees meeting, via Zoom, and took
8 stenotype notes of the proceedings entitled herein,
9 and thereafter transcribed the same into typewriting
10 as herein appears.

11 That the foregoing transcript is a full,
12 true, and correct transcription of my stenotype
13 notes of said proceedings consisting of pages 173,
14 inclusive.

15 DATED: At Reno, Nevada, this day of 11th
16 day of February, 2024.

17

18 /s/ Brandi Ann Vianney Smith

19

20 BRANDI ANN VIANNEY SMITH

21

22

23

24

25

INVOICE

BAVS SM-LLC
brandiavsmith@gmail.com
United States

BILL TO
**Incline Village General Improvement
District**
Susan Herron / Heidi White

775-832-1218
AP@ivgid.org

Invoice Number: IVGID 22

Invoice Date: February 11, 2024

Payment Due: March 2, 2024

Amount Due (USD): \$1,388.00

Items	Quantity	Price	Amount
Appearance fee January 31, 2024 BOT meeting	1	\$350.00	\$350.00
Per page fee January 31, 2024 BOT meeting	173	\$6.00	\$1,038.00

Subtotal: \$1,388.00

Total: \$1,388.00

Amount Due (USD): \$1,388.00

From: [Kristie Wells](#)
To: [Sara Schmitz](#); [Matthew Dent](#); trustee_noble@ivgid.org; trustee_tonking@ivgid.org; trustee_tulloch@ivgid.org
Cc: [Info IVGID](#)
Subject: Public Comment and Additional Document to be added to the official minutes of the January 31, 2024 IVGID Board of Trustees Public Meeting
Date: Wednesday, January 31, 2024 5:40:58 PM
Attachments: [Exposing the Forensic Audit Contract to a Little Sunshine.pdf](#)

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Please include this comment and the attached document in the official minutes of the January 31, 2024 meeting

Kristie Wells, Incline Village Resident

Three of IVGID's Trustees (Dent, Schmitz, and Tulloch), the Chair of the Audit Committee (Nolet), and the Interim Director of Finance (Magee) insist we need a forensic audit of past IVGID financial reports and administrative financial activities. This is based on decisions related to past issues with IVGID's policies and procedures and other issues exacerbated by severe staffing shortages in the financial department.

They all have stated ***there has been no indication of fraud***, but they are moving forward with this audit in the hopes of justifying their effort to discredit the last IVGID administration, and/or justify their heavy-handed approach to dealing with IVGID staff.

This past November, the Board approved a budget for the forensic audit and a scope of work for the project.

- RubinBrown LLP provided the lowest bid. Baker Tilly was in second place. Moss Adams was a distant third (all based on price). The interesting thing here is that [RubinBrown is a part of Baker Tilly International](#), so technically the same company provided two of the three bids.
- Magee was hired onto IVGID's payroll from Baker Tilly, and [IVGID paid Baker Tilly a \\$10,000 'finders' fee](#).
- At the November 8, 2023 public meeting, the Board authorized Trustee Tulloch to negotiate terms and conditions with Rubin Brown, as well as the final scope of work to be conducted on a forensic audit. The negotiated contract was then to be sent to the Board for their review and approval.
- The dollar amount budgeted by the Board for the contract was to be for a total fixed-price of \$110,000 for the three years fiscal review or \$160,000 for five years fiscal review.

Sometime between November 8, 2023, and January 10, 2024, the scope of work was increased leading to a contract amount “not-to-exceed \$350,000.” Almost \$250,000 more than was approved by this Board. Seems like a bait and switch from Rubin Brown and the mishandling of the negotiations by Tulloch and Magee. Also, Magee, placed by Baker Tilley and now on IVGID’s payroll, probably should have recused himself from negotiating with Rubin Brown.

Tulloch and Magee revised the contract and presented it to Interim District Manager Bandelin for his signature without first informing the rest of the Board, sending it to the Board for their review and approval, or allowing the community to learn about or comment on this change in scope and contract pricing.

This community also needs to understand that the expense of this forensic audit is not just the cost of the Rubin Brown contract (which is now either \$110,000 or up to \$350,000), but the additional expense of the consultants like Pam Day, Baker Tilly, and other individuals Magee has hired that will need to stay on and assist IVGID staff during this audit. There are problematic reporting delays and real, hard costs, for a pet project to prove something likely going to turn up “no fraud found.” Seems there are way better ways to spend our money.

Kristie Wells

Additional documentation to be attached to my public comment made at the January 31, 2024 IVGID Board of Trustees Public Meeting.

Why should Incline Village and Crystal Bay (IV/CB) residents care about the forensic due diligence audit contract up for approval at the January 31st IVGID Board meeting?

Perhaps because this forensic audit is an unwarranted witch hunt.

Let's dive into the forensic due diligence audit contract. It's been a wish, desire, and siren call from a small, but very vocal number of members in our community. This item, [General Business Item H.3 on the January 31, 2024](#) Incline Village General Improvement District (IVGID) Board of Trustees meeting agenda, will be seen to those few community members as a win, and demonstrate that Trustees Schmitz, Dent, and Tulloch are acting on their behalf.

As a reminder, Trustees Tulloch, Chris Nolet, the Chair of the Audit Committee and Bobby Magee, the Interim Director of Finance, have all stated ***there has been no indication of fraud or suspected fraud***, but they want to move forward with a forensic audit to determine if the elements of the 'fraud triangle' are present. There is a [great article penned by Mick Homan](#), a former Committee Member on the IVGID Audit Committee, that discusses the financial issues within IVGID, and also reiterates no fraud has been found to date.

So here we are.

The Request for Proposal (RFP) for this audit was written and advertised. These are professional services, as defined by the Nevada Revised Statutes, so the rules are a little different for selection. The key one is: ***you don't have to select from the responses based on lowest price.***

The bids were to include pricing for a one year plan, and also a three and five year span. Three responses came in, according to the accompanying memorandum.

RubinBrown LLP provided the lowest bid at \$110,000 for either a three fiscal years' review or \$160,000 for a five fiscal years' review. Baker Tilly was in second place. Moss Adams was a distant third (and distant is based on price). Interesting thing here is that [RubinBrown LLP is a part of Baker Tilly International](#), so they provided two of the three bids.

And here is where the plot thickens.

IVGID's Interim Director of Finance Magee was hired onto IVGID's payroll from Baker Tilly, and [IVGID paid Baker Tilly a \\$10,000 'finders' fee](#) (see the invoice below). As noted above, RubinBrown LLP is part of Baker Tilly. So should Magee, placed by Baker Tilly and now on IVGID's payroll, have been allowed to negotiate with

RubinBrown LLP? That's for the reader to ponder, but the opinion of this author is no. He should have been recused from these discussions, at least for transparency's sake.

Moving on, for now at least. At the [November 8, 2023 Board of Trustees meeting](#), the Trustees gave very specific instructions, via a motion, to the Treasurer of the Board (Tulloch) and the Interim Director of Finance (Magee) to negotiate with the low bidder, RubinBrown LLP, who again is a part of Baker Tilly International.

Sometime between November 8, 2023 and January 10, 2024, the scope of work was increased that led to a contract amount "not-to-exceed \$350,000". Almost \$250,000 more than was approved by this Board. Seems like a bait and switch from Rubin Brown LLP and mishandling of the negotiations by Tulloch, and by Magee.

When you go back to prior Board discussions about this "due diligence" audit that has now turned into a "forensic audit," there was an interesting dialogue between Trustee Schmitz and Magee in the August 24, 2023 meeting where Magee was asking for approval to put out an RFP for the forensic audit.

In that discussion Schmitz asks for likely range for forensic audit. Magee says \$50,000 - \$150,000 and then goes on to mention that someone may offer all kinds of amazing stuff and it will be \$350,000 (he actually used that exact number). He then goes on to say those kind of proposals generally get rejected (see the screenshot below). This starts at the bottom of page 258 of 657 of Item F.3 of the September 19, 2023 materials, which is the transcript from the August 24th meeting. Coincidence?

The negotiations ensued with RubinBrown LLP and both parties came to a mutual understanding, and the work began. Yes, the work began. Even though no executed contract has been provided [in response to public records requests](#) and, to date, no notice to proceed has been provided. The contract in the Board packet states this very clearly in the paragraph entitled Term. The work began on January 8, 2024.

Now this puts the "House of Cards" out into the sunshine, and exposes a very awkward arrangement initiated by our Interim Director of Finance, Treasurer to the Board and the Audit Committee Chair. To add insult to injury, this contract was presented to IVGID's Interim General Manager, Mike Bandelin, for final signature before negotiated changes, in both scope of work and a contract fee that more than doubled from the original bid, to the Board for final review and approval, and to the IVGID residents for their feedback.

The community should be outraged at this act of bait and switch.

Let's recap. The IVGID Board of Trustees is about to approve a \$350,000 contract to a firm that has deep ties to our Interim Director of Finance, and the process has been flawed from the onset, and Trustee Tulloch admitted that if there were any mistakes with this process, he was to blame. Just go watch the start of the [January 10, 2024 Board of Trustees meeting on Livestream](#).

And here's a little preview of what's to come, as the gamesmanship continues. The District representative on this contract would be the Interim Director of Finance, who will also approve the invoices on this contract.

Community members this is your wake-up call. You need to make your voices heard and demand that the Interim General Manager be the District's representative on this contract, and that the Director of Administrative Services be the person who gets the invoices for approval. Sure, the Interim Director of Finance must be involved, but he now has a team of people who can help; so let's bring these people forward and make this audit, which we all know will find absolutely no fraud, a transparent process. After all, that's the Trustees motto – transparency.

Let's pull back the curtain and let the sunshine in.

The following are a list of irregular and possibly illegal activities that have been discovered by residents. We want to ensure the forensic auditor RubinBrown LLP is aware of all of these activities, so they can leverage the work that has been done. [THIS LIST WAS PROVIDED Nov 30, 2023 TO TRUSTEE RAY TULLUCH who acknowledged receipt, and AUDIT CHAIR CHRIS NOLET.]

The Association of Certified Fraud Examiners (ACFE) defines occupational fraud as **"using one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets."**

1. **Financial statement fraud** – capitalization of expenses, e.g. LAND account. Over \$13 million. CFE Fraud Tree: Understated expenses. This should be the first assignment for the forensic auditor. It is easy to understand and has been clearly documented.

<https://ourivcbvoice.com/land-misstated-on-ivgid-financials-for-over-a-decade/>

<https://ourivcbvoice.com/opinion-cooking-the-books-part-2/>

<https://ourivcbvoice.com/cooking-the-books-in-lake-tahoe-part-3/>

IVGID has purchased a Government Finance Officers Award since the mid 1990s. As the “books” have been being “cooked” since 1990, this is deceptive. GFOA’s excuse for allowing government agencies to buy an award is that they rely on a “clean” audit opinion, and do no additional validation. By purchasing the award AND improperly capitalizing expenses for over 30 years, IVGID’s management has intentionally deceived the property owners (taxpayers).

2. **Financial statement fraud** – capitalization of expenses of capital projects (over \$9 million). CFE Fraud Tree: Understated expenses. Cliff Dobler has documented this area. Kendra Wong refused even the possibility of restating the financial statements.

<https://ourivcbvoice.com/forensic-audit-the-need-to-investigate-accounting-fraud-by-past-ivgid-management/>

<https://ourivcbvoice.com/ivgid-accounting-cover-up/>

3. **Recreational Facility Fee has been classed as operating revenue**, which is improper. (over \$155 million since 1989) CFE Fraud Tree: Overstated revenues.

4. **Government grants have been classed as revenue**, which is improper. (millions) CFE Fraud Tree: Overstated revenues.

5. **IVGID operates recreation programs that are unauthorized – which property owners are forced to subsidize. (Rec Center loses about \$1.5 million a year)..** For example, IVGID operates money-losing recreation programs. In addition to salary/wages, IVGID pays COMMISSIONS to some Recreation Center employees. IVGID is NOT authorized to provide recreation programs – ONLY recreational FACILITIES – as its mandate was set by Washoe County Ordinance 97. In its OFFICIAL STATEMENTS, part of its municipal bond offering filings, the District states, *“The District is empowered through its enabling legislation to acquire, provide and maintain pavement, curbs, gutters, sidewalks, storm drainage facilities, water systems, sanitary sewer systems, street lighting, garbage and refuse removal and electric power. The District may also acquire, construct and maintain lands, works, systems and facilities-for recreation.”* and *“The District was formed pursuant to provisions of the State's General Improvement District Law (Chapter 318, Nevada Revised Statutes) on June 1, 1961 as a body corporate and public, and a quasimunicipal corporation in the State of Nevada.”* (Official Statement, August 1, 1993 emma.msrb.org The District used the same boilerplate phrases in all Official Statements 1991-2008) **There is NO MENTION of RECREATION PROGRAMS because neither Ordinance 97 nor NRS 318 include this phrase.** The District is only empowered to provide RECREATION FACILITIES. To see

legislation that empowers recreation programs, NRS 377A authorizes SMALLER NEVADA COUNTIES to provide recreation programs and senior citizen programs. But NRS 377A does not apply to the District, which was formed under NRS 318. So all the recreation programs, and the payments to these employees of salaries and commissions, are improper and not authorized by law.

Nevada is a Dillon's Rule state whereby the powers of local government are limited to those expressly granted by statute. Although COUNTIES were given more leeway in 2015 by Legislative action, Districts, such as IVGID, were not.

The Nevada Attorney General stated in opinion 2006-07, "the Nevada Supreme Court has adopted and applied a common law limitation of local government power known as Dillon's Rule. See *Ronnow v. City of Las Vegas*, 57 Nev. 332, 342, 65 P.2d 133, 136 (1937). Under that general rule, a local government is authorized to exercise only those powers which are expressly granted, which are necessarily implied to carry out powers expressly granted, or essential to the accomplishment of the declared objects and purposes of the local government. "Any fair [or] reasonable . . . doubt concerning the existence of power" is resolved against a local government entity seeking to exercise it, and it "is denied. . . . All acts beyond the scope of the powers granted are void.") Id. at 343, 65 P.2d at 136. Dillon's Rule is a rule of construction, serving as an aid in determining legislative intent. BLACK'S LAW DICTIONARY 412 (5th ed. 1979)."

Prior legal counsel ignored Dillon's Rule and said certain powers were "incidental". This goes against what the Nevada Attorney General and case law has laid down.

For the Veteran's Club, IVGID controls payments and takes in revenues from their fund-raisers. These payments are made from IVGID's operating checking account, which is co-mingling funds. IVGID is not authorized to be the Trustee of any Clubs – The "Incliners" are another club for which IVGID sometimes pays expenditures. The excuse in the past was the District was exempt from sales tax – but it pays sales tax for Vet's Club purchases.

Senior Transportation – IVGID received \$17,000 from Washoe County for "Senior Transportation" – but it spends tens of thousands on vehicles, wages for drivers, fuel, and other costs. IVGID is not authorized to provide transportation.

CFE Fraud Tree: Economic Extortion may be the category for these activities. The category is used for "pay-to-play" schemes, where vendors pay employees to receive contracts. The Recreation Facility Fee has characteristics of extortion. It is extortion because it is levied on all property owners, except government, who must pay the fee or be in fear that their property will be confiscated because tax liens will be placed against the property. Fear is an essential part of extortion, and Washoe County has confiscated parcels In Incline Village and Crystal Bay for tax delinquencies. It is extortion because the fee grew so large – at \$830 per year – that it was no longer "reasonable".It is extortion because the tax was called a "standby charge" even though no calculations justifying the fee levy were ever provided. Instead, the ALLOCATION of the fee was to various IVGID venues, and not to the purchase of facilities or capital expenditures for facilities. The fees became a slush fund to be used as IVGID management wished. If an entity is levying a tax, using the proceeds in ways other than the fee was intended, and threatens confiscation for non-payment – that would seem to fit the term "economic extortion".

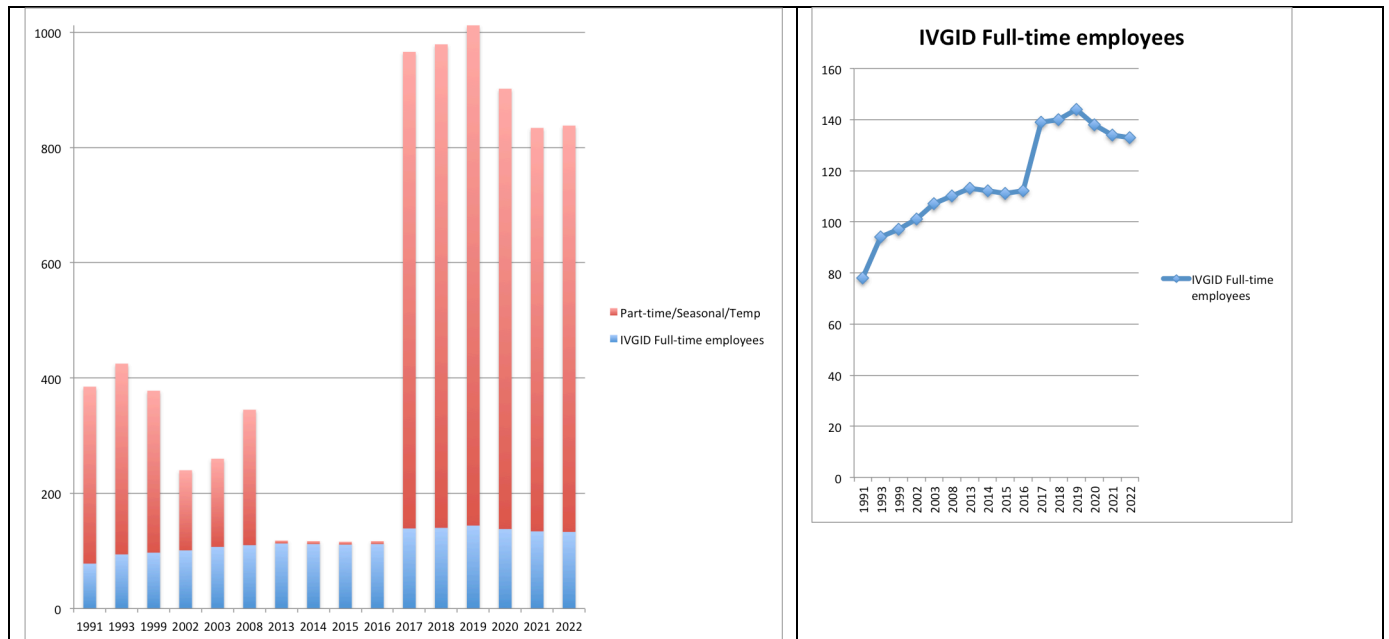


6. Lack of competitive bidding. Excuse is that Nevada law allows this. (Potential cost: millions of dollars a year). CFE fraud tree: potential bid rigging. The CMAR contract for Burnt Cedar pool was inappropriate as pool construction is commonly performed. The Granite Construction contract using CMAR may also be improper, as pipeline construction is commonly performed. The District purchases pavement, sealing and other services. A resident's analysis of 2018 & 2019 procurement showed red flags for bid-rigging.

7. Payment of 14% to Granite construction when no % is in contract. (over \$900,000 over life of contract). <https://ourivcvoice.com/deficient-contract-raises-specter-of-false-claims-fraud/> Paying more than what the contract specifies; although this is not OCCUPATIONAL FRAUD – it is FALSE CLAIMS FRAUD. Nevada law NRS 357.

8. No fixed asset inventory performed for years – likely decades. (Over \$1.4 million computer equipment assets likely need to be removed from the books. Another \$16.5 million in assets need to be evaluated to determine if they should be removed from the books.) CFE Fraud Tree : possible asset transfer. The accounting manual last updated 2014 has NO PROCEDURES regarding physical inventory of fixed assets, as pointed out by the Moss Adams August 2023 report. In response to public records requests, IVGID has not been able to produce the "FA vs GL Variances" report, even though per the IVGID 1994 Records Retention Schedule indicated the last 8 years should be available. Financial statement fraud: Overstatement of assets. Possible misappropriation of assets by employees.

9. Massive increase in employees (graph) – both full-time and part-time, without justification. (over a million a year). Some employees, such as FLEET, may be paid year-round but only work full-time during April – October (golf season). The "Supervisor" works from his home in the Reno/Storey County area – not how can he supervise employees?



For years 1991 – 2008, the data is from the municipal bond OFFICIAL STATEMENT filed by IVGID with the Municipal Bond Rules organization msrb.org. For years 2013-2016, IVGID refused to provide part-time and seasonal employee numbers, except for Trustees. Both Transparent Nevada and residents were provided with only full-time employees and Trustees.

The data that IVGID provided for payroll is suspect. For 10 high level salaried employees, their “base pay” went DOWN sometime between 2014 and 2018. This likely means the “base pay” was not being reported accurately in the public records request. Or, it could mean that base pay excludes tax-deferred income. But then the definition of base pay is being manipulated, doesn’t it?

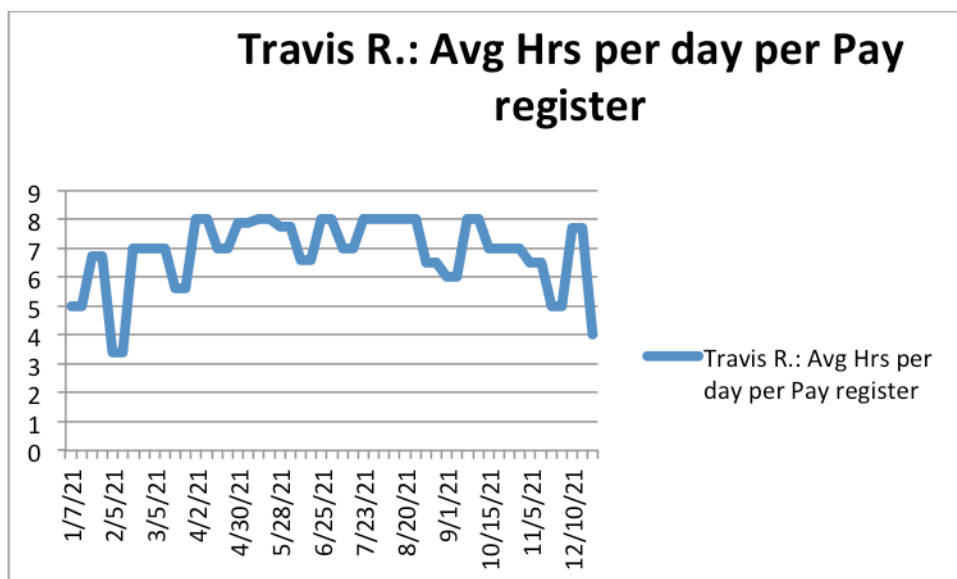
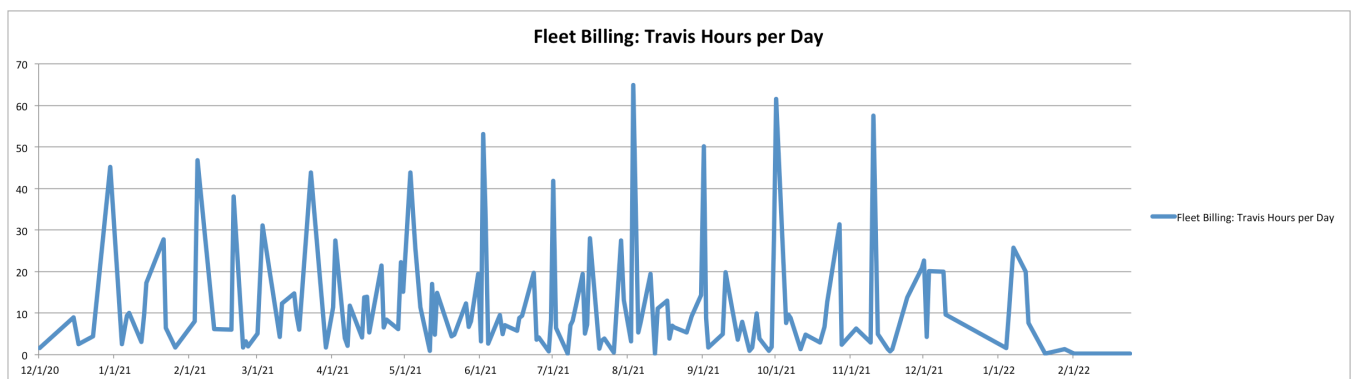
The increase in full-time employees in 1993 is because of the Recreation Center opening. No new venues requiring staffing have been added since 1993. The creation of patronage jobs, regardless of labor needs to staff venues and run operations, has substantially increased the payroll costs of IVGID.

Labor Distribution Reports (LDR) with hours and wages/salary/benefits have not been provided although public records requests have been made, with the exception of Calendar Year 2021. That year, it was accidentally included as it was part of the Excel file provided. IVGID Trustees time is recorded for them by some unknown employee – per the LDR 2021, Trustees worked 80 hours every two weeks. But the Trustees are part-time. An analysis of the 2021 LDR performed in November 2023 by a resident brought multiple questionable practices to light. The LDR was obtained in response to a PRR for ALL payroll, benefits, and emoluments of employees. **a) Vacation and “Comp time” pay was not included in the report. This means public records regarding vacation time costs were concealed, as the payroll was understated substantially.** b) For salaried staff, 8 hours appears to be recorded – even though more – or less – than 8 hours is actually worked. For example, Tim Kelly, a recreation programs supervisor, consistently had 80 hours every pay period. But he coaches for both the Lake Tahoe School and Incline High School. These teaching activities would conflict with being a supervisor, as he would be away from IVGID during business hours of 8 am – 5 pm., in particular 3 – 5 pm. How can he supervise staff if he is not there? Who is recording the time for which an individual is paid – human resources? OR the person who is working? c) Is IVGID receiving value for money? 6 employees consistently worked below 80 hours a week, including HR staff. Is IVGID over-staffed? Twelve

employees were in seasonal roles, but paid year-round. They did not have an alternate seasonal role. What duties did they perform in the 5 to 7 months that their venue was not open? Four seasonal employees were paid well beyond the season end of their venue. d) How are comp time and vacation time tracked?

A payroll earnings report was obtained on November 20, 2023 after a second request for a LDR. The report showed the District paid \$220,012 in overtime, but the payroll data reported to Transparent Nevada showed 0 overtime. The report showed the District paid \$1,272,434.78 in “other earnings” (acct 5020) and \$228,478.24 in “Other earnings” (account 5013) but the Transparent Nevada report showed 0 in “other earnings”. Only the categories of base pay and benefits were reported to the Transparent Nevada. The Earnings report did not include any data on benefits cost.

The request for “Attendance / timekeeping records for all employees for calendar year 2022” was not provided. Only a time-card summary report for one employee was provided: Travis Riley. But the billing log report for Travis often exceed 8 hours per day as shown by the graph below. The billing records should be a accurate and reliable record of work performed – and they are not. In 2021, for Travis time, Fleet billed the 2 golf courses & Chateau 1,647 hours Labor \$: \$154,246.2 at a rate that included overhead: \$86.865 per hr. the Labor Distribution Report showed he was paid for 1,747 hours. A year has 2,000 hours with 2 weeks vacation (80 hours).



This analysis was done because of a public records request for equipment records for 6 mowers showed

Internal Billing by Fleet staff exceeds 8 hours a day, and sometimes as much as 34 hours per day. The billing charges affect golf rates, and should be accurate and verifiable. These billing records contain falsified dates – do they also contain falsified hours? Are replacement parts cost accurate – using a specific markup - or falsified?

\$22,567.34	Repair parts purchased by Rich Allen in 2021 with p-card. Wes & Travis have no p-card)
\$57,314.12	Repair Parts\$ for just Travis for 2021 per Equip Work log

Based on Travis Riley’s data, Fleet mechanics are full-time employees receiving benefits – but Travis Railey’s 2021 shows he worked 75 to 80 hours prepay period only 10 of 26 pay periods of the year. CFE Fraud Tree: Potential ghost employees. Why is he not assigned to work on Ski Dept equipment during the “off-season” of golf?

The MUNIS payroll system appears to be mis-configured. Salaried employee pay for vacation hours is being debited to account 5012: “Hourly payroll”. A separate account should be used for vacation pay, sick pay and leave pay. In 2022, Over \$500,000 was debited to account 5012 for salaried employes This setup issue was brought to the attention of Director of Finance Bobby Magee and Trustee Sara Schmitz, who wrote by email Nov 30, 2023, “I have discussed this with Mr. Magee. This is how the system works and IVGID will not be spending \$ to have this customized.” Ms. Schmitz is confused; This is a configuration issue – NOT how a payroll system “works”.

Since 1979, gold and silver cards for lifetime recreational privileges have been awarded to a variety of people. One of the first recipients was Arthur Wood, owner of the developer of Incline Village, Crystal Bay Development Co. Ten cards were awarded to Boise Cascade in 1976. Over 130 current and past employees, including Trustees prior to 1994, have been given cards. These cards buy loyalty and omerta. No statute allows GIDs to give lifetime privileges to anyone, so this appears to violate Dillon’s Rule. No budget is set for the use of public funds for these cards. No reporting is done on their cost to the public.

10. Procurement of rolling stock, regardless of condition. (likely \$100,000 of more a year). IVGID procures vehicles, service equipment for golf, ski, parks generally on a 5-year replacement schedule REGARDLESS of CONDITION or USE of the fixed asset. These “early replacements” are costly, especially with high inflation. WHY is Rich Allen of FLEET doing these early replacements? It has likely always been done that way. Vendors may be happy – but IVGID taxpayers are footing the bill. No disposal forms are completed even though signed forms are an Accounting Manual requirement. And are there any kickbacks involved? <https://ourivcbvoice.com/ivgids-financial-meltdown-part-1/> CFE Fraud Tree: potential kickbacks. CFE Fraud Tree: Asset Transfer.

11. Bonus payments are made that are NOT approved by the Board of Trustees. (over \$290,000 a year). CFE Fraud Tree: payroll schemes. For example, some catering employees receive the 15% service charge that IVGID includes in its catering contract. In fact, these payments were NOT “tips”. The government of California has a FAQ on tips and gratuities, including this relevant question/answer:

Q. Is a mandatory service charge considered to be the same as a tip or gratuity?

A. No, a tip is a voluntary amount left by a patron for an employee. A mandatory service charge is an amount that a patron is required to pay based on a contractual agreement or a specified

required service amount listed on the menu of an establishment. An example of a mandatory service charge that is a contractual agreement would be a 10 or 15 percent charge added to the cost of a banquet. [emphasis added] Such charges are considered as amounts owed by the patron to the establishment and are not gratuities voluntarily left for the employees. Therefore, when an employer distributes all or part of a service charge to its employees, the distribution may be at the discretion of the employer and the service charge, which would be in the nature of a bonus, would be included in the regular rate of pay when calculating overtime payments.

https://www.dir.ca.gov/dlse/faq_tipsandgratuities.html

Over \$290,000 of the \$448,000 were service charges for banquets at IVGID facilities. IVGID then paid the 19 employees who worked at the banquets these service charges. [General Ledger fiscal year 2020 and fiscal year 2021]. The general ledger clearly shows “SERVICE CHARGE” in the transaction description when banquet transactions were processed. These were discretionary payments, and not a tip or gratuity left by a patron. The payments were “in the nature of a bonus” – **a bonus not approved by the IVGID Board of Trustees**. The Nevada Commission on Ethics stated in Opinion No.93-34, “*The IVGID Board of Trustees, who approve the pay levels for management and employees as well as bonuses and perquisites for those employees, is the only authority that has jurisdiction to develop and follow criteria based upon merit and performance, for determining which employee should be awarded gifts or other special recognition for excellent employee performance.*”

Another example of bonuses not approved by the Board of Trustees is the payment of \$1.47 million bonuses to employees for 2013 and 2014. These bonuses were not approved by the Board of Trustees. CFE Fraud Tree: Payroll schemes.

12. Propaganda Magazine published at taxpayer expense. IVGID publishes a magazine 5 times a year and MAILED it to all owners plus distributes this with the local newspaper. (including labor hours of IVGID staff: \$60,000+). CFE Fraud Tree: Misuse. This magazine has advertising and is a puff public relations magazine, for which owners foot the bill. The vendor CC MEDIA receives ALL the advertising revenue. The many reasons why this magazine should be stopped are described here:

https://ourivcbvoice.com/trashing-the-ivgid_quarterly/

13. About half of IVGID’s full-time staff have p-cards, and controls are extremely lax. (Misuse may range from \$7,000+ to over \$100,000, depending on how the forensic auditor evaluates questionable transactions). CFE Fraud Tree: Personal Purchases. There are thousands of dollars in questionable payments. Some payments are not approved. Some appear to be personal benefit, not public benefit. Amazon is a frequent vendor. There is no separation of duties – the purchaser is the receiver of the goods. Descriptions of purchases are often the name of the General Ledger account used, such as Operating. Some p-card purchases have no GL account assigned when purchase is made. This means the purchaser likely did not verify there were budgeted funds available.

14. Golf Fees (GHIN Fees) paid for by IVGID – this is potential vote buying. Payments have no public purpose. There is no statute authorizing such expenditures. <https://ourivcbvoice.com/why-does-ivgid-pay-golf-fees-for-some-voters/> CFE Fraud Tree: Misuse.

15. There is no statute allowing DONATIONS by a GID- another mechanism for vote buying. *But*

IVGID makes donations disguised as “marketing” and in-kind use of its facilities for less than the rack rate. CFE Fraud Tree: Misuse.

16. Uniforms, meals and other cash payments to employees are made with no withholding. *(estimated \$30,000 per year) CFE Fraud Tree: Personal Purchases.*

17. Public funds and resources are being used for employee parties, meals for staff and management, holiday gifts for public works employees and other improper uses for PUBLIC FUNDS and RESOURCES (see attached pages for EXAMPLES: over \$20,000). CFE Fraud Tree: Mischaracterized expenses. There is no statute authorizing such expenditures.

Employee EVENTS were organized using public resources, and were likely usually held at IVGID-owned property: the Chateau at 955 Fairway Blvd in Incline Village, NV. These events included going-away parties for former General Manager Steven Pinkerton, former Director of Finance Gerald Eick. An employee EVENT was held at RENO ACES – entertainment for employees is an improper use of public funds. The all employee barbeque may have been held at Burnt Cedar Beach – which is a violation of the Beach Deed, as it is to only be used by Incline Village residents and their guests. See the transaction list, including other IVGID parties for employees.

18. There is no statute authorizing payment for travel by GID employees. (\$35,000+ annually). *There are over 70 statutes authorizing travel for employees of other government entities. IVGID pays lobbyists – but never has sought to get a travel statute passed by the legislature. These travel payments have amounted to tens of thousands of dollars a year in the past. COVID reduced them, but they have been on the rise again. CFE Fraud Tree: Mischaracterized expenses.*

19. Lease of public land to IVCBVCB for \$1 per year. (Over \$25,000 annually) – this benefits tourists, and certain local businesses – but not the inhabitants who are overwhelmed by tourists in summer and parts of the rest of the year. CFE Fraud Tree: Misuse.

20. Lease of public land to Parasol Foundation for \$1 a year. (Over \$25,000 annually) When the sale by Boise Cascade to IVGID placed a restrictive covenant on the land, stating it was to be used only for recreational use. CFE Fraud Tree: Misuse.

21. Petty cash accounts –*these accounts hold thousands of dollars – not \$200. Are expenditures for a public purpose? Or personal use? Are receipts reviewed and approved? There are NO PROCEDURES for petty cash in the accounting manual (2014) as pointed out by Moss Adams Aug 2023 report. CFE Fraud Tree: Expense Reimbursements.*

22. There is no statute authorizing GID to join associations, e.g. TWSA or Cities organization. *Without an authorizing statute, all its expenditures are unauthorized. In contrast, cities can join associations. NRS 270A.010 Power of cities and towns to join organization. It shall be lawful for the governing body of any city or town in this state, whether organized under the general laws or a special or home rule charter, to join with the governing body of any other city or town, or cities or towns, in the formation of an organization of municipalities for the purpose of securing concerted action among such municipalities in behalf of such measures as the organization shall determine to be in the common interest of the municipalities.*

23. In furtherance of the conspiracy and to effect the objects of the conspiracy, the Director of Finance

EICK changed the type of fund used for “business-type activities” from Enterprise Fund to Government Fund effective fiscal year 2015. These changes affected the two golf courses, the beaches, the recreation center and the Diamond Peak ski resort. The purpose was to manipulate the financial statements to avoid showing depreciation and asset renewal costs and to avoid setting user charges at rates sufficient to cover all costs including capital assets and debt service. The district charges each residential parcel owner an annual standby and service charge fee (“recreation facility fee”) to subsidize its operations with monetary losses totaling several million annually. The standby and service charge fee was originally intended for sewer and water districts to have a mechanism to charge for vacant parcels with no sewer / water billing yet in place. The standby and service charge was also used as a fee to be charged for non-payment as a one-time disconnect or reconnect fee. Such a charge might range from \$50 to \$75. From FY 2010 – 2020, the “recreation facility fee” was \$830 per parcel annually for Incline Village residents with beach access, generating nearly \$7 million dollars. For FY 2021, the fee was decreased to \$780. For FY 2023, the fee was decreased to \$455, with all money directed to the Beach Fund. Crystal Bay residents paid \$0. In May 25, 2023 Board minutes, Trustee Tulloch said, *“I think I made clear, I'm against collecting in anticipation of something we may or may not do. I think we've been going that far too long. When we talked with the capital budget spend earlier, we've spent 5 million in the first three quarters of a 29 million budget. Yeah, it's obvious we're over-collecting.”* Trustee Schmitz said, *“We have been over-collecting, we have been intending to do projects and spend down the fund balance, and we don't deliver on that. And from an NRS perspective, an enterprise fund cannot collect more than what it needs. It can be on an annual basis, it can be in a longer-term perspective, but you have a plan. And our plans, we have haven't executed on, and that's been demonstrated by our continued growth of the fund balance. So, as we look at this budget also, community services does not need a facility fee in order to over its cash flow. It does not. And it hasn't for a few years, which is why we keep building up this fund balance.”*

In a 12/7/2020 report, CPA Firm Moss Adams recommended changing financial reporting methods back to using an Enterprise Fund, stating, *“These activities generally meet the GAAP definition of ‘business-type’ activities and are better suited for reporting within enterprise funds.”*

Trustee Wong was Chair in 2015 when the change from an Enterprise Fund took place. As a licensed CPA in California, and since her CPA credential helped get her elected, she should be held to a higher standard. As a CPA, she KNEW that the change from an Enterprise Fund was improper – and allowed it to happen. As a CPA, she knew the change was a cover-up. Residents had complained about questionable activities and improper accounting, requesting a forensic audit. As Chair, she set the Board agenda. There is a federal law to address cover-up of a felony: it is called misprision of a felony.

24. THREE Unauthorized sales of land by Director of Finance Gerald Eick. Eick sold 3 parcels for which Washoe County has transferred ownership to IVGID. CFE Fraud Tree: Asset transfer. These parcels were included in 87 parcels that were transferred in 2013 under the condition that the parcels remain open space. Instead, Eick spent \$11,000 in district funds to obtain an appraisal for 9 of the lots which were placed in the General Fund. He capitalized this amount in the LAND account. The 2017 CAFR stated the other parcels were placed in the Community Services Fund – but the detail Fixed Asset Ledger did not contain ANY of the parcels acquired from Washoe County. The LAND account for the Community Services Fund did not contain the land. In 2020, more stream restoration costs were capitalized in the LAND account. Three parcels (shown below) from the Community Services Fund were sold without public knowledge and without Board approval to private parties known to EICK. EICK signed the deed of sale documents even though he was not the legal owner, and was not authorized to

sell the parcels. SUSAN HERRON notarized the real estate sales documents, even though she knew Eick was not authorized to make the sales. The parcels were sold without an appraisal to the following buyers:

Date	Buyer	Parcel ID	Purchase Price
3/3/2014	Sabin Living Trust (Jonathan Robert Sabin)	126-294-28	\$14,095
7/18/2014	Randolph-Wall Living Trust	126-294-29	\$14,095
12/10/2015	JDG Trust (James Robert Gately)	126-294-18	\$19,000

The District denied wrong-doing and no one was held accountable.

25. Kickback payment by Waste Management to IVGID. (estimated 325,000 per year). There is no statute authorizing such a payment to General Improvement Districts. Nevada statutes allow such a payment only to a city or a county. <https://ourivcbvoice.com/why-were-the-mark-smith-emails-kept-secret/> CFE Fraud Tree: Kickbacks.

26. Concealment of public records. According to ACFE, destroying or withholding physical documents is one of the five concealment methods used by fraudsters. The fraud of false financial statements and misuse of public funds was aided through concealment of public records. Evidence is available from the emails released from the Mark Smith lawsuit. The District Clerk, Susan Herron has conspired with legal Counsel to hide public records from the residents who request them. In 2017, multiple residents requested the General Ledger for various fiscal years, including Ray Tulloch, Kevin Lyons and Judith Miller. All requests were refused. Ms. Herron said in an email, *"I don't have a public record entitled General Ledger."* The General Ledger is a PERMANENT public record per the 1994 Retention Schedule IVGID filed with the state of Nevada. <https://www.projectauditors.com/Private/iv-app/readpdf.php?file=b.pdf&page=63> Trustee Matthew Dent requested a Chart of Accounts; General Manager Pinkerton responded that the Chart of Accounts could not be provided. <https://www.projectauditors.com/Private/iv-app/readpdf.php?file=b.pdf&page=2131> The District paid Mark Smith's attorney about \$77,000, basically admitting they had concealed public records. Kendra Wong was originally charged, as was Jason Guinasso, but Mark Smith elected to drop them from the lawsuit. <https://ourivcbvoice.com/nevada-globe-reports-on-ivgid-public-records-concealment-allegations/>

Not until a reporter from the Nevada Globe, Megan Barth, requested the FY2020 and FY2021 General Ledgers was a PRR for a General Ledger provided. District Clerk Susan Herron conspired with Steven Pinkerton, IVGID attorney Jason Guinasso to conceal these public records.

Susan Herron conspired with Josh Nelson, IVGID attorney from BB&K, to conceal public records. Picture pass holder (PPH) records and punch card records were denied, citing a statute of Nevada law regarding reservations for recreation classes being confidential. Punch cards and PPH cards are mechanisms to allow beach entry – for which there is NO reservation system. The cards allow for DISCOUNTS at Diamond Peak – for which there are no reservations. There are over 85,000 picture pass cards according to a Board packet on the PPH system. As IVGID has demonstrated a lack of internal controls across all departments, it is clear an examination is needed of these cards.

A detail fixed asset list (ledger) was requested in 2023. The list that was provided was 10 pages, with a

font type so small it required reverse engineering to read. Diana C. Robb, former IVGID accountant, and current Public Works employee conspired with Susan Herron to conceal the data by making it unreadable to the naked eye. However, using software the list was able to be readable and it was analyzed, revealing the financial statement fraud regarding the LAND account that has been going on for over 30 years, since at least 1991.

Public records requests for payroll records for part-time and seasonal employees were refused by Susan Herron in 2020. Transparent Nevada requested the employee payroll records beginning in 2013. However, records for 2013-2016 did not provide part-time and seasonal employees; only the Trustee records and full-time employees were provided to Transparent Nevada. Were there ghost employees in these records? Why were these records Nevada provided when multiple requests were made?

General Manager Indra Winquest promoted Susan Herron to a position that was not authorized in the budget. <https://ourivcbvoice.com/public-records-concealed-promotion/> Was this a thank you for concealing public records?

27. Concealment and potential destruction of records by implementing a new payroll and accounting system. According to ACFE, destroying or withholding physical documents is one of the five concealment methods used by fraudsters. In November, 2020, Director of Human Resources, Dee Carey, Dir of Finance Paul Navazio and Director of Information Technology Michael Gove requested the Board spend \$\$\$\$ to replace the hr/payroll and accounting systems. No specifics were provided regarding why the current systems needed replaced. The Board approved the project 5-0, over protests by residents.

As of November 12, 2023, the books had not been closed for AN ENTIRE YEAR, in part because the data conversion was out of balance by \$3.9 million and all accounts had not been converted, e.g. Land, Vehicles, and other accounts were missing from the OOB general Ledger obtained by a resident through a public records request.

The old system are no longer available for inquiry or reporting. This will make the activities of the forensic auditor much more difficult.

<https://ourivcbvoice.com/ivgids-financial-meltdown-part-2/>

<https://ourivcbvoice.com/audit-chair-nolet-ivgid-gross-mismanagement/>

28. Misrepresentation regarding effluent pipeline reserve. Public Works began accumulating \$2,000,000 per year in savings for the construction of the Effluent Export Project. *“We expect to have accumulated a total of \$8,000,000 by the construction project start date in spring 2016 while also continuing to collect \$2 million annually for this critical project.”* Source: New homeowner packet.

The Chair of the Board, Kendra Wong, did not agendaize reservation of the funds for a Board vote, as she should have. Instead, the district diverted millions of those funds for other purposes and delayed replacement of the compromised pipeline. They erected a cold storage building which cost over \$2,500,000. Hired a Canadian contractor PICA; their work was not completed per scope, but they were paid anyway (over \$100,000). Paid unapproved bonuses in 2013 and 2014 to District staff of \$1.4 million dollars.

As a result of the delay, cost of that replacement has soared from \$23 million to over \$78 million and the current board has been forced to a) obtain financing from the State Revolving Fund, that will be tens of millions of dollars to fund the project and b) dramatically increase the Water/sewer rates in coming years. <https://ourivcbvoice.com/opinion-effluent-projects-costs-balloon-to-78-million>

This is what IVGID said in its “New Homeowner Packet”: *Phase II will replace the remaining six miles of aging pipeline within the Lake Tahoe basin. The six miles of pipeline is comprised of approximately 17,300 lineal feet of welded, cement mortar lined, high pressure pipe and 13,700 lineal feet of bell and spigot, cement mortar lined, low pressure steel pipe. This pipeline experienced a significant leak in 2009. Subsequent investigations confirmed progressive corrosion of this pipeline that necessitates replacement. Design of this project is underway with construction estimated to start in 2014.*

29. Audit Committee was a sham when Kendra Wong was on it.

30. IVGID’s legal counsel has acted as a fixer for the District, rather than providing honest legal advice. The lawyer provides counsel that what the Board or General Manager wants to do is ok – even when it is not. Example: employee access of Beaches in 1988, when Beach Deed does not authorize such access. Attorney Geno Menchetti, deceased 2019. This practice was finally stopped in 2022. Obtaining a WRITTEN legal opinion, rather than a verbal opinion, took MONTHS because the lawyer, the Thorndal firm, was taking direction from the General Manager, and not the Board. Josh Nelson of BB&K and Jason Guinasso both facilitated IVGID’s management’s practice, aided and abetted concealment of public records, and were not independent advisors reporting to the Board.

Chair – IVGID Board of Trustees

Chair: Kendra Wong, 2015 – 2018, elected 2014

Chair: Tim Callicrate, 2019-2022, elected 2014

Chair: Matthew Dent, 2023-present, appointed 2015

Note: All individuals accused of allegations are assumed innocent until proven guilty in a court of law. This is why a law enforcement investigation is a necessity.

Statute of Limitations

As this matter is a conspiracy, federal law, 18 USC Section 371 Conspiracy states that until the conspiracy is uncovered, the clock for the statute of limitations does not begin to run. No federal law enforcement has investigated – or Nevada law enforcement. So the clock has not yet started.

My Comments are regarding Agenda item H.3, the forensic audit service agreement.

The contract form is improper and does use the clauses expected in a forensic audit engagement. First, Language requiring IVGID to promptly provide **the information, resources and assistance (including access to records, systems, premises and people)** is not in the contract. Second, Language requiring the auditor to contact law enforcement if it spotted potential crimes — generally a standard practice in audit contracts. — is not included. Third, there is no mention of an opinion — often part of the report delivered in a forensic audit. The contract form is the same as used by Public Works for a engineering consulting contract with Farr West. Contrast that with 2020, when IVGID used the CPA firm Moss Adams contract form.

And the scope of work appear inadequate. First, At least 59 employees have procurement cards — these are credit cards that have been used at local restaurants and other questionable purchases. But only 8 employee's cards are being examined? Second, the requirement to examine emails is a waste of time — but maybe that is what IVGID wants. Third, the scope does not address many of the 30 points that were given to Trustee Tulloch and Chair Nolet in November 2023, which are attached to this comment and become public record.

It is shocking that Audit Committee Chair Nolet would agree to use an agreement that lacked expected clauses — and for Rubin Brown to agree to this. It is more shocking that the scope is inadequate.

Financial statement fraud has already been discovered — by residents who held CPAs before they retired. Over \$13 million dollars in improper expenses has been hidden in the land account on the IVGID balance sheet. This is what was done at Worldcom, in 2002, and part of the financial scandals in the Enron era.

After these scandals, I spent years auditing with the Institute of Internal Auditors, the certifying body for internal auditors. The engagements on which I worked improved and enhanced audit practices and internal controls at major corporations. So I know of what I speak.

One other key point - Regarding the Statute of Limitations

The financial statement fraud has been covered up for decades by IVGID management. Watergate taught us — the cover-up is worse than the crime. As the financial statement fraud appears a conspiracy, federal law, 18 USC Section 371 Conspiracy states that until the conspiracy is uncovered, the clock for the statute of limitations does not begin to run. No federal law enforcement has investigated — or Nevada law enforcement. So the clock has not yet started.

**WRITTEN STATEMENT TO BE ATTACHED TO AND MADE A PART OF THE WRITTEN
MINUTES OF THE IVGID BOARD’S SPECIAL JANUARY 31, 2024 MEETING –
AGENDA ITEM H(1) – PUBLIC COMMENT – ANATOMY OF ADDITIONAL
LIES BY THE BOARD AND STAFF – PUBLIC HEARING ON NEARLY
\$5.5 MILLION OF PROPOSED BUDGET AUGMENTATIONS**

Introduction: Well here’s yet “another one” as my friend DJ Kahled would say¹. More evidence of now Board and staff incompetence, lies, a lack of transparency, and a flagrant disregard for the truth and financial sustainability of the District. The proposed augmentation to the 2023-24 budget, and “appropriating General Fund Reserves in the amount of \$1,512,949 and Recreational Services Reserves, Beach Utility Reserves, (and) Internal Services Reserves in the cumulative amount of \$3,956,700” (for a total of \$5,469,649). And that’s the purpose of this written statement.

The Board’s December 13, 2023 Meeting, Agenda Item I(1) – Long Range Calendar: At the Board’s December 13, 2023 meeting members set forth its intended long rate calendar². Marked by asterisks are public hearings for budget augmentation, at the Board’s February 14 and 28, 2024, and March 13 and 27, 2024 meetings. Anyone attending the Board’s December 13, 2023 meeting or listening to the livestream of that meeting would have advance notice thereof.

The District’s First Notice to the Public of Its January 31, 2024 Public Hearing to Augment Its Budget: Rather than waiting until mid-February or beyond, yesterday (January 24, 2024) staff published notice of a January 31, 2024 public hearing to consider an increase in the District’s total current budget by \$5,469,649. For those of you who didn’t see the notice, it is attached as Exhibit “B” to this written statement.

My Request For The Proposed Documents in Support of The January 31, 2024 Public Hearing on Budget Augmentation: Take a look at the rear page of Exhibit “B” where I’ve placed an asterisk next to the following language: “copies of the proposed documents (in support of staff’s proposed current budget augmentation) are available at 893 Southwood Blvd., Incline Village, NV. 89451.”

So in response, at about 10:30 A.M. on January 25, 2024, I sent our District Clerk an e-mail requesting those documents allegedly “available” in support of this public hearing. A copy of this e-mail is attached as Exhibit “C” to this written statement.

¹ Go to <https://medium.com/cuepoint/the-old-people-s-guide-to-dj-khaled-5618a5aa52b1#:~:text=Another%20One%20%E2%80%94%20One%20of%20the,of%20shoes%2C%20or%20something%20else.>

² Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/2023-12-13_Item_I.pdf (“the 12/13/2023 Board packet”). A copy is attached as Exhibit “A” to this written statement.

Our Chair's E-Mail Chastism That "If (I) Am Unable to Refrain From Derogatory E-Mail (Criticisms, My) E-Mails Will Not Be Routed to Staff, But" Rather Censored³: Can anyone actually believe Trustee Schmitz would do something like this? And then to demonstrate she's really a "team player," she chose to send copies of her e-mail to me to staff and fellow Board members. Why? Because she wants to let all know that rather than supporting a member of the alleged "angry eight," she's really a kool-aid drinker of staff propaganda! In other words, members of the public are free to criticize staff or members of the Board ONLY if that criticism is constructive.

My E-Mail Response to Chair Schmitz Outlining How Staff Lied to The Public When it Represented Staff Documents in Support of Their Request The Board Augment Its Budget Were Available For Examination at District Offices³: When Heidi hadn't responded to my request for documents in support of the January 31, 2024 Public Hearing, I informed her I would be coming to District Offices at 1:30 P.M. to pick up those documents. And at about 1:40 P.M. when I arrived, I learned there were no such documents. That contrary to Exhibit "B," they had not yet been prepared. In other words, more lies and more propaganda intended to paint a façade of untruths in the staff name for transparency.

Let's Understand What Staff Are Really Asking: At pages 147-148 of the packet of materials prepared by staff in anticipation of this meeting⁴ ("the 1/31/2024 Board packet"), staff tell us that as a result of a "recently conducted...budgetary check based on previous Board direction to (and)... review(ing staff's)...ongoing needs in completing all accounting and financial reporting duties, both past and present," their "list of "estimated cost(s assigned to the General Fund) for...enhanced staffing levels and other items previously approved by the Board (for the)...remainder of FY 2023/24" was \$749,800. Then there was another \$763,149 of costs for a: forensic due diligence audit (\$350,000), Baker Tilly contract (\$265,000), additional Tyler-Munis support (\$16,000), additional support for preparation of the 2022-23 Comprehensive Annual Financial Report ("CAFR") (\$10,000), IT CIP carry forward⁵ (\$89,387) which had been previously funded (so why fund a second time?), and carry forward IT operational expenses (\$32,762). All told, **staff is asking for an additional \$1,512,949 for more overspending!**

In addition, at page 148 of the 1/31/2024 Board packet staff is asking for \$3 million to complete a tennis court reconstruction project, and another \$290,000 for an update to the District's point of sale system. All told, **an additional \$3,290,000 of overspending!**

³ This e-mail is part of a string of January 25, 2024 e-mails between Chairperson Schmitz and me which are attached as Exhibit "D" to this written statement.

⁴ Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/2024-01-31_BOT_Special_Agenda_Packet.pdf.

⁵ Carry forward of what? I have gone back to the 2022-23 CIP and find no project which was budgeted to cost \$89,387. How exactly is the public supposed to follow staff's logic?

But wait. There's more. At page 148 of the 1/31/2024 Board packet staff is asking for an additional \$666,700 for added overspending assigned to our enterprise funds. Namely, \$208,800 to the Utility Fund; \$364,000 to the Community Services Fund; \$41,200 to the Beach Fund; and, \$52,700 to the Internal Services Fund.

Add all these numbers together, and we get a combined \$5,469,649 of new overspending!

Where The Money is Going to Come From: At page 149 of the 1/31/2024 Board packet staff tell the Board and the public that "the(se) recommended actions (i.e., overspending) will increase appropriations (i.e., expenses assigned) to the (following) identified funds:"

- General Fund - \$1,512,949;
- Recreational Services Fund - \$3,654,000;
- Beach Fund - \$41,200;
- Utility Fund - \$208,800; and,
- Internal Services Funds (ISF) – \$52,700.

And on the same page we are told that "the(se) appropriated amounts will be funded through a reduction of \$1,512,949 in (alleged) General Fund Reserves, \$3,904,000 in (alleged) Recreation Services Reserves, and \$52,700 from the (alleged) ISF Reserves."

But We Have No Reserves in The General Fund: First of all, *nowhere* have we budgeted for reserves in the General Fund, let alone nearly \$1,513M of them. Disagree? **Show me where!**

Furthermore, the tax and interest revenues we assign to the General Fund aren't sufficient to cover personnel costs. So where possibly can excess funds come from to create a reserve we can transfer to cover the enhanced appropriations necessitated by this proposed action? The answer is twofold. First, phony excess central services cost revenues billed to other IVGID departments. They're phony because staff refuses to comply with the requirements of NAC 354.865, et seq.

And second, the monies appropriated for previous year capital improvement projects ("CIPs") which miraculously are never prosecuted. A good example of this is the \$89,387 in carry forward IT CIPs referenced above. Weren't these CIP costs previously funded? So why fund them a second time?

And since central services cost transfers are the product of Recreation ("RFF") and Beach ("BFF") Facility Fees, and water/sewer utility rates, tolls and charges, that's exactly where the subject proposed appropriations will come from. Just so everyone knows!

We Have No Reserves in The Community Services Fund Where “Recreation Services” is a Sub-Fund: In fact we have a deficit. That deficit is covered by the RFF. Which staff propose now “repurposing” and using for purposes other than those represented (the alleged availability to access and use public recreation facilities other than the beaches).

We Have No Reserves in The Beach Fund: Like the Community Services Fund, we have a deficit in the Beach Fund. That deficit is covered by the BFF. Which staff propose now “repurposing” and using for purposes other than those represented (the alleged availability to access and use the beaches).

We Have No Reserves in The Internal Services Fund: We budget no revenues to the Internal Services Fund. Rather, this Fund must bill other District Divisions for the allegedly necessary and reasonable cost for the services it furnishes. If there are any excess funds in this fund, it means that the employees assigned to this fund must be charging other District Divisions more than the allegedly necessary and reasonable costs it bills for the services it furnishes. I call that theft.

Although We Do Have Reserves in The Utility Fund, They Are Required to Be Spent on The Reasonable And Necessary Costs Incurred to Furnish Public Water And Sewer Services: And here it’s not. In fact, it is likely that the funds staff propose transferring from this fund are restricted for use on the replacement of our export effluent pipeline project.

NRS 354.613(1): Makes it unlawful⁶ for “the governing body of a local government (to)...transfer money from an enterprise fund (unless)...(a) In accordance with a medium-term obligation issued...in compliance with the provisions of chapter 350 of NRS...(b) To pay the expenses related to the purpose for which the enterprise fund was created; or, (c) 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.”

Page 149 of the 1/31/2024 Board packet tells us that \$3,904,000 in (alleged) Recreation Services Reserves, And on the same page we are told that “the(se) appropriated amounts will be funded through a reduction of \$1,512,949 in (alleged) General Fund Reserves, \$3,904,000 in (alleged) Recreation Services Reserves and \$52,700 of (alleged) Internal Services Reserves will be used to fund the proposed \$5,469,649 of new overspending. Therefore, staff propose transferring \$3,904,000 of enterprise funds.

So the questions: what is the \$3,904,000 being spent on; and, is the expenditure in compliance with NRS 354.613(1). According to page 148 of the 1.31/2024 Board packet: \$3,000,000 is assigned to

⁶ NRS 354.626(1) makes it unlawful for “any officer or employee of a local government (to) willfully violate...NRS 354.470 to 354.626, inclusive.”

the costs of the Tennis Court Reconstruction Project; \$290,000 is assigned to the costs of Point-of-Sale software upgrades; and, \$666,700 is assigned to the costs of additional allocated central services. But what additional allocated central services? Especially given the fact that page 152 of the 1/31/2024 Board packet discloses the \$1,512,949 of alleged additional central services.

Moreover, look at the costs identified on page 152 of the 1/31/2024 Board packet. Not all of them can be characterized as central services costs, let alone those central services costs included in the District's 2023-24 allocated central services cost plan. For instance, \$350,000 for a forensic due diligence audit; \$265,000 for the Baker-Tilly contract; \$16,000 for additional support associated with integrating Tyler-Munis; \$10,000 for additional costs associated with the District's CAFR; and, \$122,149 for previously budgeted (and previously funded) IT expenses, Since these costs are not associated with the District's allocated central services cost plan, how can they be authorized by NRS 354.613(1)?

My Warning to Anyone Who Relies Upon The Lies of Staff And Now The Board: Fool me once, shame on you. Fool me twice, shame on me!

Conclusion: So you see the more things change, the more they remain the same. The District is just as dirty as it has always been. It's theft, smoothing and re-purposing all over again. Yes the faces may have changed. And their attitudes may have improved. But at the end of the day, this place is as dirty as ever! And this is really the definition of a criminal syndicate⁷. Dirty players may come or go. But in the end, the organization survives to engage in racketeering activities!

And now you the reader may have a better idea of what the District's RFF and BFF really pay for which you can see for yourself have nothing to do with making public recreational and beach facilities available for local parcel owners' access and use.

Respectfully submitted, Aaron Katz (Your Community Watchdog Because Nearly No One Else Seems to be Watching).

⁷ See NRS 207.370 which defines criminal syndicate as a "combination of persons, so structured that the organization will continue its operation even if individual members enter or leave the organization, which engages in or has the purpose of engaging in racketeering activit(ies)."

EXHIBIT "A"

BOARD OF TRUSTEES LONG RANGE CALENDAR

JANUARY 10, 2024	
SCHEDULE	<i>1st draft agenda to Board Chairman on 12/29; all memos materials due in by 01/02; Packet out on 01/04; agenda posted no later than 8:45 a.m. on 01/05</i>
Finance	Approval of Tentative Budget Calendar
PW	Waste Management
Marketing	Report: IVGID Magazine – survey results
PW	Report: Utility Master Plan Update
IT	Contract Award: Point-of-Sale System?
P&R	Ordinance 7 modifications/recommendations (may include a discussion about the family tree, punch card recommendations, and Policy 16.1.0)
BOT	Liaisons assignment with Washoe County, Venues, etc.
PW	Agreement: HDR Utility Rate Study Update

JANUARY 31, 2024	
SCHEDULE	<i>1st draft agenda to Board Chairman on 01/19; all memos materials due in by 01/22; Packet out on 01/24; agenda posted no later than 8:45 a.m. on 01/26</i>
HR	Agreement: First Non-Profit 2024
PW	Agreement: Professional Services Jacobs Construction Services for Effluent Storage Tank – Approve & Award
PW	Procurement: Lab Equipment
GM	Pricing Pyramid and Policy?

FEBRUARY 14 AND 28, 2024	
PW	Easement: SPS #5 Easement
PW	Agreement: Professional Services for Rec Center HVAC Replacement
Finance	Augmentation for the budget including a public hearing
PW	Agreement: Diamond Peak Electrical Entrance Construction Contract Approval and Award

MARCH 13 AND 27, 2024	
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BOARD OF TRUSTEES LONG RANGE CALENDAR

Finance	Augmentation for the budget including a public hearing
PW	Agreement: Incline Beach House Design/Build Award with a stop at 30%, and return to the BOT to select the preferred design option
PW	Agreement: Skate Park Design/Build Award with a stop at 30%, and return to the BOT, to review the two options (spend \$250K or spend \$500K)

EXHIBIT "B"

NOTICE OF PUBLIC HEARING

IVGID is proposing a budget augmentation including a General Fund appropriation increase.

The proposed augmentation would increase the total IVGID budget by \$5,469,649 which includes a General Fund increase of \$1,512,949.

The proposed budget increases are due to the following factors:

- Funding of the Tennis Court rehabilitation project
- Funding the Finance Department for additional accounting resources
- Carryforward of the Information Technology General Fund items from Fiscal Year 2022-23
- Funding of the recommended Forensic Due Diligence Audit contract
- Funding of the recommended Point of Sale system
- Funding of the Finance Department staffing additions

The unanticipated revenue sources are:

- General Fund Reserves in the amount of \$1,512,949
- Recreational Services Reserves, Beach Utility Reserves, Internal Services Reserves in the cumulative amount of \$3,956,700.

Copies of the proposed documents are available at 893
Southwood Blvd., Incline Village, NV 89451

The public hearing will be held:

**Wednesday, January 31, 2024 not earlier than 6:00 pm and as soon thereafter as practicable at
893 Southwood Blvd, Incline Village, Nevada**

Please check the posted Board of Trustees Notice of Meeting for any changes.

The 2023 Budget, which were presented to the Board of Trustees on May 25, 2023, is available on the website:

<https://www.yourtahoeplace.com/ivgid/board-of-trustees/archived-agendas-and-packets-2023-january-june>

If you have comments about the proposed changes to the budget augmentation, please contact the IVGID Clerk.

By mail: 893 Southwood Boulevard Incline
Village, Nevada 89451 Attn:
Department Of Finance

Phone: (775) 832-1100

Fax: (775) 832-1331

E-mail: info@ivgid.org



EXHIBIT "C"

Request For Proposed Jan 31, 2024 IVGID BOT Meeting Documents

From: <s4s@ix.netcom.com>
To: "White Heidi" <hhw@ivgid.org>
Cc: <info@ivgid.org>, <bma@ivgid.org>, "Bandelin Mike" <MLB@ivgid.org>, "Schmitz Sara" <schmitz_trustee@ivgid.org>, "Dent Matthew" <dent_trustee@ivgid.org>, "Tonking Michaela" <tonking_trustee@ivgid.org>, "Tulloch Ray" <tulloch_trustee@ivgid.org>, "Noble Dave" <noble_trustee@ivgid.org>
Subject: Request For Proposed Jan 31, 2024 IVGID BOT Meeting Documents
Date: Jan 25, 2024 10:34 AM

Hello Heidi -

According to the District's web site,

"IVGID is proposing a budget augmentation including a General Fund appropriation increase...(via a) NOTICE OF PUBLIC HEARING - JANUARY 31, 2024 (did anyone know there was going to be a public hearing for this purpose other than staff? When were you going to tell us? Tomorrow in the Tahoe Daily Tribune?)...The proposed augmentation would increase the total IVGID budget by \$5,469,649 which includes a General Fund increase of \$1,512,949.

The proposed budget increases are due to the following factors:

- Funding of the Tennis Court rehabilitation project
- Funding the Finance Department for additional accounting resources
- Carryforward of the Information Technology General Fund items from Fiscal Year 2022-23
- Funding of the recommended Forensic Due Diligence Audit contract
- Funding of the recommended Point of Sale system
- Funding of the Finance Department staffing additions

The unanticipated revenue sources are:

- General Fund Reserves in the amount of \$1,512,949 (even though WE HAVE NO RESERVES)!
- Recreational Services Reserves (even though WE HAVE NO RESERVES)!
- Beach Utility Reserves (even though WE HAVE NO RESERVES)!
- Internal Services Reserves (even though WE HAVE NO RESERVES)!

in the cumulative amount of \$3,956,700.

Copies of the proposed documents are available at 893 Southwood Blvd., Incline Village, NV 89451."

Heidi. I want those proposed documents. Please advise when I can pick them up. TODAY!

Hey Bobby Magee. Are you reading? WE HAVE NO RESERVES in any any of these funds! What you call "reserves" are really nothing more than excess fund balances created from prior years' misrepresentations of fact. In other words, we really didn't require the Rec Facility Fee to make our public recreational facilities available for those real properties' use which are assessed. Instead, we required them to create an excess fund balance in our Community Services Fund so the money could be stolen and re-purposed (i.e., "smoothed") on January 31, 2024. Right Bobby?

And we really didn't require the Beach Facility Fee to make our beach facilities available for those real properties' use which are assessed. Instead, we required them to create an excess fund balance in our Beach Fund so the money could be stolen and re-purposed (i.e., "smoothed") on January 31, 2024. Right Bobby?

And we really didn't require our water and sewer utility charges to be as high as they've been to pay the reasonable and necessary costs we've assigned to providing water and sewer utility services to those real properties' use which are assessed. Instead, we required them to create an excess fund balance in our Utility Fund so the money could be stolen and re-purposed (i.e., "smoothed") on January 31, 2024. Right Bobby?

What you're proposing is STEALING:

Excess involuntary Rec and Beach Fees unoeiowekt assessed in prior years;

Excess involuntary water and sewer rates improperly assessed in prior years;

Unspent previous capital improvement charges improperly collected in prior years.

That's right Bobby. STEALING. The same stealing former Finance Director Gerry Eick perfected, and former Finance Director Paul Navazio perpetuated. And now you're doing the same thing. Instead of sharing the truth with the public and putting an end to this wrongdoing. Because that's what an ethical Finance Director for IVGID would be doing.

All of this talk about your integrity and ethics. Come on Bobby. You fully understand the broken system we have here that a number of us have been telling you about for months. Welcome to the party! And now you're trying to come up with a fix NOT because it's the honest and ethical thing to do. But rather, because the ends justify the means. You've been dealt a hand of cards which is a loser unless you regress to the ways of the past!

But we're on to you Bobby. And now you know that we're on to you. And we won't be quiet in our criticism. Because the truth is more important than your job!

Hey Board members. I am sending each of you a copy of this e-mail. Because if you're not smart enough to figure out the truth, now I've laid it out to you. It's called "smoothing" and "re-purposing" all over again. And if any of you support this garbage you're no better than Kendra Wong. Or Peter Morris. Or Bruce Simonian. Or Gene Brockman. Or Steve Pinkerton. Or Bill Horn. Or Indra Winquest. ALL LOSERS! And deceivers.

You may think of yourselves differently. But at the end of the day, you're no better than the rest of these individuals. And we're on to you. Just like we're on to Bobby Magee.

Thank you for your cooperation. And I want my documents Heidi. Respectfully, Aaron Katz

EXHIBIT "D"

Re: Request For Proposed Jan 31, 2024 IVGID BOT Meeting Documents - SURPRISE - They Haven't Even Been Prepared

From: <s4s@ix.netcom.com>
To: "Sara Schmitz" <trustee_schmitz@ivgid.org>
Cc: "Bobby Magee" <bma@ivgid.org>, "Mike L. Bandelin" <MLB@ivgid.org>, "Matthew Dent" <dent_trustee@ivgid.org>, "Michaela Tonking" <tonking_trustee@ivgid.org>, "Ray Tulloch" <tulloch_trustee@ivgid.org>, "Dave Noble" <noble_trustee@ivgid.org>
Subject: Re: Request For Proposed Jan 31, 2024 IVGID BOT Meeting Documents - SURPRISE - They Haven't Even Been Prepared
Date: Jan 25, 2024 2:29 PM

Thank you Sara -

You're really a piece of work.

You know I've already requested to receive District communications. So why restate the below?

And then you have the gall to tell me "if (I am) unable to refrain from derogatory emails, (my) emails will not be routed to staff, but will be filtered."

How about if you and your staff are unable to publish the truth, no one should listen to you?

So let's deal with facts.

The District web site that unofficially announces a public hearing for next Wednesday (<https://www.yourtahoeplace.com/news/notice-of-public-hearing-january-31-2024>) clearly states that "Copies of the proposed documents are available at 893 Southwood Blvd., Incline Village, NV 89451."

So this morning at about 10:30 A.M. I e-mail Heidi and ask to review the proposed available documents as represented (see your replication of the e-mail below). Heidi does not respond.

Then at about 1:00 P.M. I follow up and inform Heidi that I will be coming to the Southwood Blvd. address noted at 1:30 P.M. to pick up those represented documents.

Then at about 1:40 P.M. I come to the Southwood Blvd. address noted to pick up those documents. I ask to speak to Heidi who tells me she has no documents. She states Bobby Magee is still working on them and once he's finished, she'll let me know and provide electronic copies.

I then ask Heidi why the web site states otherwise? Of course she has no response.

So now we see that not only are you and your fellow Board members untruthful, unethical and non-transparent, but so are your staff. Why would staff inform members of the public that documents related to a \$5M+ augmentation of the budget are available for pick up when in truth, they're not?

And you wonder why the public can't believe anything that comes out of your collective mouths?

And in the hope your vaunted staff is reading this e-mail, or better yet, our four proposed GM candidates, wake up and smell the roses. I'm tired of listening to staff like Erin Fiore who proclaim that their fellow workers are the most wonderful, competent and ethical people to work with. Bolderdash! The truth is they're generally incompetent, grossly overpaid and over benefited, and just as dirty and untruthful as our Board. These are the facts!

You know, the more things change, the more they remain the same.

Respectfully, Aaron Katz

-----Original Message-----

From: Sara Schmitz <trustee_schmitz@ivgid.org>

Sent: Jan 25, 2024 1:29 PM

To: s4s@ix.netcom.com <s4s@ix.netcom.com>, Heidi White <hhw@ivgid.org>

Cc: Info IVGID <info@ivgid.org>, Bobby Magee <bma@ivgid.org>, Mike L. Bandelin <MLB@ivgid.org>, Matthew Dent <dent_trustee@ivgid.org>, Michaela Tonking <tonking_trustee@ivgid.org>, Ray Tulloch <tulloch_trustee@ivgid.org>, Dave Noble <noble_trustee@ivgid.org>

Subject: Re: Request For Proposed Jan 31, 2024 IVGID BOT Meeting Documents

Mr. Katz,

If you have not, please subscribe to receive the emails related to board activities. You and the public will all be informed when they are available on the District's website. Here is the link to the page: <https://www.yourtahoeplace.com/email-subscribe>.

Subscribe to IVGID emails | Incline Village General Improvement District - IVGID - Incline Village, Crystal Bay, Lake Tahoe

www.yourtahoeplace.com

Subscribe to email newsletters for the Incline Village Golf Courses, Parks & Recreation Updates, Tennis & Pickleball Center, and general IVGID news.

All materials will be made available to the public and the board members.

If you are unable to refrain from derogatory emails, your emails will not be routed to staff, but will be filtered. Please be advised.

Sara

Sara Schmitz

Incline Village General Improvement District 2024 Board Chair

893 Southwood Blvd.

Incline Village, NV 89451

925-858-4384

[https://lh4.googleusercontent.com/4oZZCbA3zNbR4_gljv067kdrC1i457NxnXGrommed48vAbJZcmfJoU4-mA2cew-xeDtrhd8DQeWFTaPUDQA7nECs7RN2g3BQyuEq3SDIBaDSGsNn12OQSXdluJ-Bw_-hZ91TlqXZ]

From: s4s@ix.netcom.com

Sent: Thursday, January 25, 2024 10:34 AM

To: Heidi White

Cc: Info IVGID; Bobby Magee; Mike L. Bandelin; Sara Schmitz; Matthew Dent; Michaela Tonking; Ray Tulloch; Dave Noble

Subject: Request For Proposed Jan 31, 2024 IVGID BOT Meeting Documents

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hello Heidi -

According to the District's web site,

"IVGID is proposing a budget augmentation including a General Fund appropriation increase...(via a) NOTICE OF PUBLIC HEARING - JANUARY 31, 2024 (did anyone know there was going to be a public hearing for this purpose other than staff? When were you going to tell us? Tomorrow in the Tahoe Daily Tribune?)...The proposed augmentation would increase the total IVGID budget by \$5,469,649 which includes a General Fund increase of \$1,512,949.

The proposed budget increases are due to the following factors:

- Funding of the Tennis Court rehabilitation project
- Funding the Finance Department for additional accounting resources
- Carryforward of the Information Technology General Fund items from Fiscal Year 2022-23
- Funding of the recommended Forensic Due Diligence Audit contract
- Funding of the recommended Point of Sale system
- Funding of the Finance Department staffing additions

The unanticipated revenue sources are:

- General Fund Reserves in the amount of \$1,512,949 (even though WE HAVE NO RESERVES)!
- Recreational Services Reserves (even though WE HAVE NO RESERVES)!
- Beach Utility Reserves (even though WE HAVE NO RESERVES)!
- Internal Services Reserves (even though WE HAVE NO RESERVES)!

in the cumulative amount of \$3,956,700.

Copies of the proposed documents are available at 893 Southwood Blvd., Incline Village, NV 89451."

Heidi. I want those proposed documents. Please advise when I can pick them up. TODAY!

Hey Bobby Magee. Are you reading? WE HAVE NO RESERVES in any any of these funds! What you call "reserves" are really nothing more than excess fund balances created from prior years' misrepresentations of fact. In other words, we really didn't require the Rec Facility Fee to make our public recreational facilities available for those real properties' use which are assessed. Instead, we required them to create an excess fund balance in our Community Services Fund so the money could be stolen and re-purposed (i.e., "smoothed") on January 31, 2024. Right Bobby?

And we really didn't require the Beach Facility Fee to make our beach facilities available for those real properties' use which are assessed. Instead, we required them to create an excess fund balance in our Beach Fund so the money could be stolen and re-purposed (i.e., "smoothed") on January 31, 2024. Right Bobby?

And we really didn't require our water and sewer utility charges to be as high as they've been to pay the reasonable and necessary costs we've assigned to providing water and sewer utility services to those real properties' use which are assessed. Instead, we required them to create an excess fund balance in our Utility Fund so the money could be stolen and re-purposed (i.e., "smoothed") on January 31, 2024. Right Bobby?

What you're proposing is STEALING:

Excess involuntary Rec and Beach Fees unoeiowekt assessed in prior years;

Excess involuntary water and sewer rates improperly assessed in prior years;

Unspent previous capital improvement charges improperly collected in prior years.

That's right Bobby. STEALING. The same stealing former Finance Director Gerry Eick perfected, and former Finance Director Paul Navazio perpetuated. And now you're doing the same thing. Instead of sharing the truth with the public and putting an end to this wrongdoing. Because that's what an ethical Finance Director for IVGID would be doing.

All of this talk about your integrity and ethics. Come on Bobby. You fully understand the broken system we have here that a number of us have been telling you about for months. Welcome to the party! And now you're trying to come up with a fix NOT because it's the honest and ethical thing to do. But rather, because the ends justify the means. You've been dealt a hand of cards which is a loser unless you regress to the ways of the past!

But we're on to you Bobby. And now you know that we're on to you. And we won't be quiet in our criticism. Because the truth is more important than your job!

Hey Board members. I am sending each of you a copy of this e-mail. Because if you're not smart enough to figure out the truth, now I've laid it out to you. It's called "smoothing" and "re-purposing" all over again. And if any of you support this garbage you're no better than Kendra Wong. Or Peter Morris. Or Bruce Simonian. Or Gene Brockman. Or Steve Pinkerton. Or Bill Horn. Or Indra Winquest. ALL LOSERS! And deceivers.

You may think of yourselves differently. But at the end of the day, you're no better than the rest of these individuals. And we're on to you. Just like we're on to Bobby Magee.

Thank you for your cooperation. And I want my documents Heidi. Respectfully, Aaron Katz

1-21-2024

Good evening. My name is John Klein. I'm proud to be a full-time-resident homeowner here in Incline Village. While I've spent most of my career as an operations consultant, I am currently, among other things, the Incline High Boys and Girls Varsity Tennis Coach.

Though a joint usage agreement, IVGID hosts the home matches for Incline High at the Tennis Center. While there are courts at the high school, there are not enough to complete matches before dark. I also captain USTA tennis teams and we play our league matches at the Tennis Center. Additionally, I'm involved in the annual Incline Open which, I am proud to say, we filled to maximum capacity last year.

Tennis is a lifetime sport, and a great sport to learn at a young age. It builds character as it is the only non-officiated sport in high school where you call your opponents fouls. Furthermore, as non-contact sport, the incidents of life altering concussions is minimized. Our high school tennis team grew 100% from 2022 to 2023 and it will grow another 100% in 2024.

Now, our courts at the Tennis Center were a subject of a report commissioned by IVGID 8 years ago. That report determined the courts have now greatly exceeded their life span and suggested IVGID put aside money for their rehabilitation and rebuild them. This has not occurred.

While the courts may look fine to the naked eye anyone who plays on them regularly can tell you about the weak and dead spots on the courts, where the substrate has washed away, as well as the large cracks that pop up in the spring and hosts snakes and chipmunks - yes I said "snakes".

Therefore I am very pleased to see the board will be considering, tonight, taking the first step towards accepting bids to determine the cost, for consideration, it may take to save this valuable community asset.

Thank you.

John Klein

Kristie Wells, Incline Village Resident

Please include this comment in the official minutes for the January 31, 2024 meeting

January 31, 2024

Three of IVGID's Trustees (Dent, Schmitz, and Tulloch), the Chair of the Audit Committee (Nolet), and the Interim Director of Finance (Magee) insist we need a forensic audit of past IVGID financial reports and administrative financial activities. This is based on decisions related to past issues with IVGID's policies and procedures and other issues exacerbated by severe staffing shortages in the financial department.

They all have stated ***there has been no indication of fraud***, but they are moving forward with this audit in the hopes of justifying their effort to discredit the last IVGID administration, and/or justify their heavy-handed approach to dealing with IVGID staff.

This past November, the Board approved a budget for the forensic audit and a scope of work for the project.

- RubinBrown LLP provided the lowest bid. Baker Tilly was in second place. Moss Adams was a distant third (all based on price). Interesting thing here is that RubinBrown is a part of Baker Tilly International, so technically the same company provided two of the three bids.
- Magee was hired onto IVGID's payroll from Baker Tilly, and IVGID paid Baker Tilly a \$10,000 'finders' fee.
- At the November 8, 2023 public meeting, the Board authorized Trustee Tulloch to negotiate terms and conditions with Rubin Brown, as well as the final scope of work to be conducted on a forensic audit. The negotiated contract was then to be sent to the Board for their review and approval.
- The dollar amount budgeted by the Board for the contract was to be for a total fixed-price of \$110,000 for the three years' fiscal review or \$160,000 for five years' fiscal review.

Sometime between November 8, 2023 and January 10, 2024, the scope of work was increased that led to a contract amount "not-to-exceed \$350,000." Almost \$250,000 more than was approved by this Board. Seems like a bait and switch from Rubin Brown and mishandling of the negotiations by Tulloch and Magee. Also, Magee, placed by Baker Tilly and now on IVGID's payroll, probably should have recused himself from negotiating with Rubin Brown.

Tulloch and Magee revised the contract and presented it to Interim District Manager Bandelin for his signature without first informing the rest of the Board, sending it to the Board for their review and approval, or giving the community the opportunity to learn about or comment on this change in scope and contract pricing.

This community also needs to understand that the expense of this forensic audit is not just the cost of the Rubin Brown contract (which is now either \$110,000 or up to \$350,000), but the additional expense of the consultants like Pam Day, Baker Tilly, and other individuals Magee has hired that will need to stay on and assist IVGID staff during this audit. There are problematic reporting delays and real, hard costs, for a pet project to prove something that is likely going to turn up "no fraud found." Seems there are way better ways to spend our money.

official

Linda Kahrs, Public Comment Please include in the Board Minutes of Jan 31

Good evening Board of Trustees,

Shame on Trustee Schmitz for her demeaning, rude reprimand of Trustee Tonking at the 1/25 board during a flashvote discussion. We hope that Schmitz will publicly apologize to Trustee Tonking tonight!

We are here at 6pm instead of 4:30 pm because the candidates for GM interviews were canceled. There were 3 candidates listed in the packet. Why was THIS, the most important agenda item, removed? Trustees, please explain tonight why every interview was removed & by whom.

Regarding the new General Manager: Please heed our advice! We the residents need a General Manager who will not be a puppet at the whims of the current board majority but one who will reach out to learn about and understand the needs of the community and the staff, someone who can be a willing volunteer in youth and community activities and be an integral part of the community.

Again, we do not want a GM who will do whatever the current Board majority requests without regard to the District's policies and procedures and the community needs. We care because we care about our Staff who are trying their very best to keep this District running for our community in

the absence of the Senior Staff who have departed under the watch of Schmitz, Dent & Tulloch and have yet to be replaced.

Let's look at the FORENSIC AUDIT which follows on the heels of five, YES FIVE, CLEAN audits. This forensic audit is a desperate attempt by the trustees to distract from the recall effort, which is NOT dead and currently under recount by the Secretary of State.

The forensic audit, by Trustees Schmitz, Dent and Tulloch, appears to be a witch hunt designed to justify the attack on, and the heavy handed treatment of IVGID staff and management. This abuse has only exacerbated and precipitated the very accounting and other issues they say warrant this audit. As a result, the entire District has now been placed in an horrific situation of a multitude of unnecessary binds and risks with potential long-term negative consequences.

Let's look at the status of SUSAN HERRON who was placed on PAID ADMINISTRATIVE LEAVE over 11 weeks ago without being told why. How is this possible in today's world of employment laws designed to protect the employee? The entire community should be in an UPROAR mainly because no one knows why. Over 20 years of outstanding dedicated service and she is apparently rewarded with ADMINISTRATIVE leave and the hiring of a \$50,000 investigator to look for something. Will her

reputation remain intact? No one deserves this treatment. Any person in her situation deserves transparency.

Transparency is what Trustees Schmitz, Dent and Tulloch claim to espouse. Transparency is what the community DEMANDS, yet still awaits. We are grateful that we do have two transparent trustees, Trustees Tonking and Noble, who are unfortunately silenced by the current majority. This must change.

Mick Homan – Incline Village

I want to comment on the Board's hunt for fraud.

Just so we're clear, a Forensic audit is called for when you have specific indications of a fraudulent act. This requires intent. It's not called for when you have unintentional sloppy accounting.

So first some background

IVGID's annual audit costs \$50,000. That includes an internal control review – and the auditor's consideration of indicators of fraud.

The board also paid its auditors \$20,000 for 2 special reviews in 2022.

One covering purchasing policies and compliance.

The other tested capitalization accounting.

In addition, while I was on the audit committee, we spent hundreds of hours investigating Mr. Dobler's claims of fraudulent and bad accounting in capital spending.

The was no evidence of fraud in any of this work.

The Board's also spending \$265,000 with an independent accounting firm to help get the 2023 books in shape for the audit. That firm is helping complete bank and other account reconciliations. We should expect to be notified if they find any indications of fraud in their work areas. **To date, no mention of fraud.**

Finally, the district **just completed** the reconciliation of its old and new financial enterprise systems. Despite repeated comments by certain trustees and residents that early unreconciled differences indicated possible or even likely fraud, **they tied out exactly.**

So even with no evidence of fraud, the board approved the issuance of a forensic audit RFP.

In my 40-year finance, accounting and auditing career, I've worked on multiple fraud investigations. I'm well versed in how they're typically structured.

So when I read the initial RFP, I was at a loss. It's glaringly obvious the board had no idea what they were looking for. It was a shotgun approach with no focus. It looked more like a full audit, looking at everything and everybody.

So it's no surprise the preliminary bid was comparable to the audit fee - at \$110,000 for a 3 year lookback.

But it gets worse. Trustee Tulloch, working with our interim finance director and audit committee chair, increased that to up to \$350,000.

That's more than 3 times the initial 3-year bid, and 7 times the annual audit fee.

And then 2 weeks ago, Trustee Tulloch tried to force this cost increase through without board or community disclosure or discussion.

His actions raise serious concerns.

Thankfully, Trustees Tonking and Noble stopped him.

The revised scope in tonight's materials remains completely unfocused. Most items are fully redundant with normal annual audit tests and the other projects I just outlined. The rest are unfocused shots in the dark.

To many, this looks like a witch hunt – a desperate attempt to justify a reckless narrative by the majority board members, and to satisfy the rants of a vocal minority.

And you've unnecessarily harmed IVGID. You've scared our auditors and they won't complete the annual audit, which is already overdue, until your fraud hunt is done. So, we have no choice but to complete some level of work. I'd limit that to the Fraud Risk Assessment in item 9 of the revised scope. If that or any other findings to date reveal specific evidence of fraud, then design focused procedures to investigate the specific matter. This will dramatically reduce the time and costs to complete the process.

Your current proposal and scope, and its \$350,000 price, is both wasteful and irresponsible.