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 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, July 10, 2024
 18
 19
 20
 21
 22
 23
 24 Reported by: Brandi Ann Vianney Smith
 25 Job Number: IVGID 47

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 - 6/26/2024 - 6:00 P.M. 4

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5 CHAIR SCHMITZ: It's 6:00 p.m. I'd like

6 the call to order the Incline Village General

7 Improvement District Board of Trustees meeting,

8 located here at 893 Southwood Boulevard, in Incline

9 Village, Nevada. Today is July the 10th.

10 We will begin the meeting with the Pledge

11 of Allegiance.

12 A. ROLL CALL OF TRUSTEES

13 (Pledge of Allegiance.)

14 CHAIR SCHMITZ: Moving on to the roll call

15 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 will be

24 joining us in about 45 minutes. We will let --

25 Trustee Dent, I guess you are there on Zoom. And

5

1 myself, Sara Schmitz, we have all trustees present.
 2 Beginning -- moving on to agenda item C
 3 initial public comment.
 4 C. INITIAL PUBLIC COMMENT
 5 CHAIR SCHMITZ: Your name will be called,
 6 you'll have the three-minute timer that is visible.
 7 MS. FOX: Hello. My name is Ryan Fox.
 8 I'm the granddaughter of Kathy and Barry Gursky.
 9 IVGID board members, written by Kathy
 10 Gursky, my grandmother, the recent changes to summer
 11 beach regulations have had a significant negative
 12 impact on our family. While we recognize IVGID's
 13 efforts to address misuse of beach passes, we want
 14 to emphasize that we are not among the abusers.
 15 Nonetheless, we find ourselves unfairly penalized
 16 because of the abuser's actions.
 17 In 2006, we purchased our home in Incline
 18 Village on Pinecone Road with Chuck and Alona
 19 Linder, establishing a place where our entire family
 20 could create lasting memories. At the time, we had
 21 three grandchildren under the age of two, we now
 22 have six grandchildren, five of whom are currently
 23 attending college. Despite our family ownership, we
 24 rarely gather here simultaneously. We do not rent
 25 or loan the house out. We do, however, invite

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1 guest, friends, occasionally to stay with us.
 2 Over the past 18 years, we've actively
 3 supported the community by donating to local causes
 4 such as the fireworks display, Keep Tahoe Blue, and
 5 the Boy's and Girl's Club. We have been members of
 6 Incliners and attended Rotary meetings. Our
 7 commitment is evident, with a purchase of a plaque
 8 and a fish for the trail to Sand Harbor. Our
 9 grandchildren participated in many 4th of July
 10 parades with decorated wagons and bicycles, and they
 11 also volunteered at Pet Network.
 12 Our family of 14, the four owners, the
 13 four children and spouses, and our six grandchildren
 14 evidently requires more flexibility than the current
 15 system allows. We were issued five full-access
 16 picture cards and three no-beach guests picture
 17 cards along with the option to purchase two,
 18 non-renewable punch cards, providing a total of ten
 19 beach entries for the entire summer.
 20 The restrictions on bringing guests or
 21 grandchildren to the beach, especially when none of
 22 the five full-access card holders are present, poses
 23 a significant hardship. Our own grandchildren who
 24 have grown up and enjoying this community alongside
 25 us are detrimentally impacted.

7

1 Although punch cards are available, they
 2 provide only a limited number of total summer beach
 3 entries, ten, and are not renewable, leading to
 4 frustrations and a general disappointment with IVGID
 5 rules.
 6 We have a total of ten beach entries for
 7 the whole summer at the same time that a full-access
 8 card could admit 15 guests in a single day. The
 9 system is unfair and, frankly, erroneous. These
 10 restrictions have led to numerous awkward and
 11 inconvenient situations for our family when our
 12 grandchildren cannot access the beaches.
 13 Given the complexity of our situation, we
 14 kindly request an opportunity to discuss these
 15 concerns with board members in person, allowing for
 16 more nuanced exploration of potential solutions
 17 beyond the constraints of a brief public comment.
 18 We hope for a fair resolution that aligns with our
 19 longstanding commitment to this community and
 20 enables us to continue enjoying our home in Incline
 21 Village with both our family and guests.
 22 Respectfully submitted by Kathy Gursky, my
 23 grandparents. Thank you.
 24 MR. TABANO: Hi.
 25 I don't go to the beach, but I want to

8

1 represent the four owners of our building at 603
 2 Lariat Circle, which you all know has acknowledged
 3 the fact that this happened from our emails and the
 4 last time I presented here, which is really
 5 disappointing to us.
 6 I was a student of government, and the
 7 government for the people is something that sticks
 8 with me. And I think when things like this happen
 9 and your insurance company finds some obscure Nevada
 10 law that says that you are immune from any sort of
 11 damages when something you own damages someone
 12 else's property, there is a point where things are
 13 -- it's just what is right, it's the right thing to
 14 do.
 15 Probably the most insulting thing that
 16 really bothered us and the reason why I'm here is
 17 when I saw, last month, you had expended \$149,000 in
 18 emergency fund of our money, the people's money, to
 19 fix the water main break, the street, the curb, and
 20 all that, and you basically said, sorry, we're not
 21 going to do anything with your property.
 22 We got three bids. We're currently
 23 repairing it right, about 18,000 bucks in damage it
 24 was, and we eliminated a lot of other stuff because
 25 the other bids were in the 40,000 range.

9

1 So we tried to do this ourselves. We
 2 actually have a property, a yard that we can use
 3 this summer for our grandchildren and things like
 4 that. That was pretty frustrating to us.
 5 Yeah, there may be this law. I actually
 6 looked it up and found it, it was case in Elko,
 7 Nevada, where a sewer backed up and people's
 8 basements were flooded, and a local judge out there
 9 made this call. It happened to be a friend of a
 10 friend of somebody.
 11 So, we -- again, we don't expect anything
 12 different from you because you've known about this,
 13 and no one has actually said anything to us about
 14 this. However, that morning when this all occurred
 15 and the Public Works people were there and said,
 16 hey, we're really sorry. We had to divert the water
 17 and it came down this other way and kind of really
 18 destroyed your property. We'll make this right.
 19 We'll take care of it. Don't worry, we'll
 20 take care of it.
 21 Well, you know where that went. I just
 22 want to tell you again, we are extremely
 23 disappointed in you people, and that's about it.
 24 I have no other comments to you other than
 25 that. We all split up the damages and writing

10

1 checks for thousands of dollars each to fix this.
 2 Thanks for your time.
 3 MR. SIMON: Golfers Pass Road. I've been
 4 a resident of Incline for about ten years.
 5 I'm currently a member of a golf club.
 6 I'm here tonight to give my personal opinions on the
 7 proposed policy on clubs.
 8 First, I want to talk about the policy in
 9 general, and then about golf clubs more
 10 specifically. Please go to the second page of the
 11 July 10th memo, third paragraph. This paragraph is
 12 extremely important and unfortunately the draft
 13 policy does not follow this guidance. It reads, and
 14 I quote:
 15 "In terms of developing a policy governing
 16 clubs, the District is a governmental agency and is
 17 limited by the First Amendment from adopting
 18 programs or policies that infringe on the right of
 19 free association. Accordingly, the District has no
 20 reason to regulate how individuals form clubs or who
 21 can be a member of any particular club. However,
 22 the District can determine what sort of benefits it
 23 provides to clubs, including discounts, preferential
 24 reservation times, et cetera, and on what terms."
 25 So if I want to form a chess club in

11

1 Incline Village, it has nothing to do with IVGID. I
 2 don't need approval to form or dissolve the club,
 3 nor do I need approval on club membership, or how it
 4 operates. Providing bylaws or membership lists
 5 would be total overreach and flies in the face of
 6 the stated policy that I just read.
 7 At the point a club wants to use an IVGID
 8 facility, the overall residency of members becomes
 9 relevant and club should attest accordingly. It is
 10 up to the management of The Chateau to document the
 11 policy on providing club's access and pricing.
 12 Clubs that meet the residency requirements,
 13 75 percent in your memo, should have preferential
 14 access and more favorable room rental fees.
 15 As to golf clubs, I agree with the stated
 16 policy of allocating tee times to each club based on
 17 past usage and additional revenues from catering and
 18 other income streams. I believe all golf clubs
 19 should attest at the beginning of each golf season
 20 to the percentage of Picture Pass holders in the
 21 club. I believe that percentage should be a hundred
 22 percent, not 75.
 23 Anyone is free to form a new golf club,
 24 just as I can form a new chess club. The sole
 25 question becomes: What is the policy on providing

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1 advanced tee times to new golf clubs?
 2 As with The Chateau, it would be up to the
 3 Director of Golf Operations to provide that policy.
 4 Personally, I believe new golf clubs should only be
 5 granted advanced tee times if they commit to filling
 6 at least 500 rounds of golf and a minimum number of
 7 catering events over the golf season.
 8 I would be happy to help facilitate this
 9 policy. Thank you.
 10 MR. HOMAN: Mick Homan, I'm an Incline
 11 resident and candidate for trustee.
 12 I also want to comment on tonight's agenda
 13 on club policies. The proposal should just be
 14 rejected. I don't see any solution that doesn't
 15 result in significant revenue reductions or legal
 16 exposure for IVGID. I'm not a lawyer, my analysis
 17 may not be a hundred percent accurate, but I do have
 18 experience developing policies that have to pass
 19 legal muster, so let's take a look.
 20 This policy would apply to all
 21 associations or organizations dedicated to any
 22 particular interest or activity that want to use any
 23 IVGID facility. That is extremely broad, and
 24 rightfully so. We're a quasi-governmental
 25 organization, and to avoid discrimination issues,

13

1 our facility policy needs to apply very broadly. So
 2 what's in scope? Golf is called out in the policy,
 3 so let's start there.
 4 In addition to the main golf clubs, this
 5 policy is placed to all other organizations or
 6 groups that use our golf facilities: all charities,
 7 business groups, conventions, school, or other team
 8 play participants that hold events at our courses.
 9 If 75 percent of these organizations
 10 aren't Picture Pass holders, they won't get
 11 preferential tee times for their events. Even if
 12 they could reach the threshold, they would be forced
 13 to provide bylaws and full membership rosters for
 14 the public record in order to book the facility; a
 15 likely nonstarter for many of these groups. And if
 16 they can't meet the requirements and book early,
 17 golf will lose a critical revenue stream.
 18 Ironically, the name "golf clubs" can easily meet
 19 that threshold.
 20 Let's look beyond golf. This would apply
 21 to adult and new ski teams at Diamond Peak. The
 22 school teams, adult, and other youth groups at our
 23 Rec Center and fields, so adult and youth baseball,
 24 softball, soccer, lacrosse, racket, and other
 25 leagues, and many of the adult and senior and youth

14

1 programs promoted and jointly sponsored by IVGID.
 2 If these groups don't meet the 75 percent use
 3 threshold, their use of facilities gets restricted,
 4 which will be the case for some particularly since
 5 they host visiting teams. This involves ski races,
 6 baseball, softball, lacrosse, soccer, and other
 7 competitive competitions involving other area teams.
 8 Even if some of these groups could meet the 75
 9 percent rule, they would be forced to disclose on
 10 the public record the names of every individual in
 11 their organization.
 12 What about the legalities of forcing all
 13 private clubs to publish members' names in the
 14 public record? What about the legal and safety
 15 issues when our youth are involved?
 16 As written, the 75 percent threshold and
 17 disclosure requirements would also apply to private
 18 reception and other events at The Chateau and Aspen
 19 Grove. This will drive revenue losses when these
 20 groups balk at publishing the address lists.
 21 Drafting policy exceptions to scope out many of
 22 these groups won't work. It would just create a
 23 different exposure, a significant discrimination
 24 risk from IVGID resident groups that remain in
 25 scope.

15

1 Let's do the right thing and kill this
 2 effort. It's a bad solution in search of an
 3 imaginary problem.
 4 Regarding the forensic audit, quickly, I
 5 read it, I read the executive summary, the takeaway.
 6 There's no fraud, there's a large number of control
 7 outages that we already knew about from previous
 8 consultants and audit reports, so thanks for
 9 spending \$400,000 of our money on something that we
 10 learned nothing on.
 11 Thank you.
 12 MS. WELLS: Kristy Wells, Incline Village
 13 resident.
 14 Today marks a significant moment for our
 15 community as we receive the results of the forensic
 16 due diligence audit. The report from RubinBrown
 17 reveals a six-month endeavor, costing over \$300,000,
 18 -- but Mick's probably right, it's \$400,000 --
 19 ultimately confirming the absence of fraud. Again,
 20 this outcome, while providing clarity, confirmed no
 21 fraud was found.
 22 The audit has highlighted the issue of
 23 sloppy accounting, a concern previously identified
 24 by Moss Adams and even Raftelis. Sara ran that.
 25 Your insistence on this audit redirected staff from

16

1 their essential duties, exasperating the issues
 2 identified earlier. Our finance department, already
 3 stretched thin, needed support for the Tyler Munis
 4 implementation and bank reconciliations.
 5 The community expected resources to be
 6 focused on those critical tasks rather than being
 7 diverting attention to yet another audit. An
 8 apology to the community for this costly and
 9 redundant project seems warranted.
 10 Moving on, Chair Schmitz deferred the wild
 11 fire mitigation and forced management work from a
 12 previous meeting that was currently under reports,
 13 and she's moved it to general business tonight. The
 14 North Lake Tahoe Fire Protection District's work on
 15 IVGID land is valuable, providing a crucial service
 16 and approximate cost of \$42 per year per parcel.
 17 What needs to be discussed? They are keeping our
 18 community safe.
 19 If you're truly committed to making a
 20 positive impact, you should focus your efforts on
 21 collaborating with the U.S. Forest Service to
 22 improve the management of their lands within our
 23 community, as many of their lots have yet to undergo
 24 necessary defensible space work.
 25 I also have concerns about the proposed

17

1 revisions to District Policy and Procedure 142,
 2 Resolution 1898, which suggests that trustee's
 3 involvement is to be made in senior-level
 4 interviews. The General Manager, as the sole
 5 employee of the Board, should maintain autonomy in
 6 building their team. Past criticisms from some
 7 trustees towards staff underscore the risk of
 8 complications and conflicts if trustees are now
 9 involved in these hiring processes. A
 10 reconsideration and removal of this proposal from
 11 the agenda would align with maintaining effective
 12 governance boundaries.

13 Finally, I observed a gap in the reports
 14 to the Board. While each director has submitted a
 15 status report, ski and golf have not, and, notably,
 16 there is no report from General Manager Magee. As,
 17 again, the Board's only employee, transparency
 18 regarding the General Manager's recent activities
 19 and priorities is crucial. The absence of this
 20 information represents a significant oversight. I
 21 would like to know how he spends his time,
 22 especially when working remotely.

23 Thank you for your attention to these
 24 matters. As always, the goal is to ensure our
 25 community's best interest are at the forefront of

18

1 our governments.

2 MR. DOBLER: Cliff Dobler, 995 Fairway.
 3 According to the five-year capital plan
 4 under general business G 5, the District intends to
 5 spend 45.4 million over the next five years on
 6 community service and beach projects. Assuming
 7 their rec fee remains constant at 6.6 million per
 8 year and after adjusting for 1.8 million expected in
 9 annual operating losses, only 4.8 million per year,
 10 or 23.3 million over the five years will be
 11 available for capital projects. That's a shortage
 12 21.1 million.

13 Some will say that the two funds will have
 14 15.7 million in excess cash at the end of 2024, but
 15 after reductions for the 3.1 million in carryovers,
 16 projects, and board policy reserves of 9.2 million,
 17 only 3.3 million will be left. Those big reserves
 18 have suddenly vanished.

19 To make matters worse, the spending is
 20 only a half-baked pie. Certain large projects were
 21 removed or have been pushed off the past five years.
 22 There is a staggering 21.1 million more needed as
 23 follows:

24 A million dollars for a dog park. That
 25 was a number one priority. 2 million to replace a

19

1 grill at Village Green, 3.3 acres, a true disgrace.
 2 \$550,000 shortage for the Rec Center parking and
 3 paving. 2.2 million shortage for the Champ Golf
 4 Course cart paths, which is near death. 3.2 million
 5 shortage for paving Ski Way and Diamond Peak
 6 parking. This is a massive project with over
 7 538,000 square feet of paving. The total cost will
 8 be at least 10 million. Slope stabilization will be
 9 a major issue. Two trustees have the desire to
 10 spend 16 million dollars on the Incline Beach
 11 building. The shortage is 8.2 million, and will
 12 probably be approved by the new board. Snowflake
 13 Lodge is estimated at 10 million, which would be 4
 14 million short. In 2015, the Diamond Peak master
 15 plan estimates costs were 6.2 million. That was
 16 nine years ago.

17 The combined five-year capital plan should
 18 really be 66.5 million. With only 24.3 million for
 19 rec fees, a shortage of a mere 42.2 million over the
 20 next five years.

21 The fees would have to increase by \$1,821
 22 per year, per parcel, or 233 percent. I am sure the
 23 residents will be overjoyed to pay the hefty sum of
 24 \$26 million for two restaurants that will not make
 25 one thin dime. The poor workers will always get

20

1 soaked when blind spenders take the --
 2 (Expiration of three minutes.)

3 CHAIR SCHMITZ: Any other comments here in
 4 the room? Seeing none, we'll go online.

5 MR. KATZ: Good evening. This is Aaron
 6 Katz.

7 Again, I asked the Board, what don't you
 8 understand? Again, we see financial
 9 irresponsibility. We won't have the financial base
 10 to continue to run the District the way we're doing,
 11 nor the population in comparison to the size of
 12 facilities.

13 The due diligence report is scathing.
 14 Maybe it doesn't talk about fraud, but that does not
 15 mean it's not scathing. I'm sure Michaela is going
 16 to say it's water under the bridge. Well, no isn't.
 17 When do we learn? When do we change our behavior?
 18 It never happens, and that's why we're in the mess
 19 we're in.

20 I say it's gross incompetence for
 21 many years, and now there's no remedy other than to
 22 spend hundreds of thousands of dollars more on new
 23 recommended personnel and new modules to our Tyler
 24 Munis Enterprise resource planning system. Plus
 25 hundreds of thousands more for new servers, which

21

1 are on the agenda. Plus \$500,000 more for a new GM.
2 You can't keep using the rec fee to cover your
3 irresponsible overspending when they have nothing to
4 do with making our facilities available.
5 I again say it's time to close shop. And
6 to Mr. Homan and Ms. Jezycki, you have no clue what
7 you're getting into. I just heard Mr. Homan say
8 we're a quasi public agency. No we're not,
9 Mr. Homan. Understand what we are. It's
10 irresponsible statements like that that make people
11 think we're not government. That's what we are.
12 And then what about all our increased,
13 massive personnel costs? Start the process to turn
14 back this district to the county. They are far more
15 equipped to deal with the issues we're trying to
16 deal with.
17 Thank you.
18 MR. WRIGHT: Frank Wright, Crystal Bay.
19 Tonight on the agenda, we're going to talk
20 about golf clubs. And, Mr. Homan, we now understand
21 why you're running for the board. You want to
22 protect your golf clubs. You want to protect
23 stealing from the people who live here, and I mean
24 stealing. You're making the people who live here
25 subsidize your golf club's tee times, your low

23

1 people like Mr. Homan on the board who is going to
2 go after just what he wants and could care less
3 about the rest of the stuff around.
4 Let's look at the next policy we're going
5 to change, and that is the general manager hiring,
6 unilaterally without any oversight, directors and
7 managers of the District. That's incredible. Who
8 gave away that power from the Board? The Board has
9 no ability to look at who is being promoted and how
10 they are being promoted and if they even should be
11 promoted. That's just insane. It's gone on for so
12 long that no one's done anything about it.
13 Well, it's time to change. It's time for
14 the people in this community to realize our money is
15 going out the window, big time, and there's nobody
16 looking at the finances that's going to fix all this
17 stuff, we just keep pushing down the road, we don't
18 do anything. I think Mr. Dobler pretty much said it
19 all. You can't finance it all. Mr. Katz just
20 backed it up, you can't finance it.
21 And crap like Mr. Homan wants to put out
22 is ridiculous. But then if you vote him in, have at
23 it. By the way, I'm a trustee candidate for this
24 next election. I will fix this place.
25 Thank you.

22

1 rates, your whole involvement, and you're worried
2 about giving and having the names and the members of
3 these golf clubs exposed. And we know who they are,
4 well, 52 percent of the golf clubs members, before I
5 raised the issue, didn't live here. They were using
6 our tee times and manipulating the system so they
7 could get on our golf courses early in the morning
8 when we couldn't, and now you want to keep that
9 gravy train rolling.
10 Well, people in the community, if you like
11 that kind of crap, go ahead and vote Mr. Homan in.
12 Let's go to the audit. \$400,000 was paid
13 to this agency to come in here and to uncover things
14 that are wrong here. How long is it going to be to
15 collect \$400,000 from the lack of oversight of all
16 the money that is being wasted in this community?
17 Whether it's fraud or not fraud, it's money that is
18 being wasted, and we can recover that money now that
19 we understand how it's being wasted. So was it a
20 good investment? I'm afraid so. So get off that
21 kick.
22 Somehow, somewhere, sometime, someplace
23 the people in this community are going to understand
24 that the golf clubs and special interests are
25 running or community. That's how we end up getting

24

1 MEMBER SWENSON: Good evening. My name is
2 Harry Swenson, and I'm a candidate for trustee of
3 Incline Village and Crystal Bay.
4 I'm a 10-year, full-time resident on lower
5 Tyner, and I've been coming to the community since I
6 was in grade school in the late 60s. I feel very
7 fortunate to be able to wake up every morning in
8 this wonderful place.
9 I come before the Board due to seeing
10 Ordinance 7 is on the agenda. While being at the
11 Veteran's Day pancake breakfast last week, clearing
12 and cleaning tables, I met with several individuals,
13 some of which expressed similar difficulties with
14 the current pass/punch card policy. They told me
15 how difficult it was to have a large extended family
16 up here for our wonderful 4th of July activities.
17 The problem was the complexity these grandparents
18 face when trying to get their families on the beach.
19 I believe that I too will face these difficulties in
20 a few years once we have grandchildren if we're
21 lucky enough. I also am facing it now with a visit
22 from my extended family at the end of July.
23 I know that Ordinance 7 was modified to
24 possibly reduce congestion on the beaches, but had
25 the unintended result of making it overly complex

25

1 for members of our community that have large
2 extended families, especially when the grandparents
3 cannot join them here. I think you may be able to
4 elevate this challenge by simply specifying that
5 each parcel is allowed eight, unrestricted Picture
6 Passes, which will mitigate the issue and possibly
7 add to an economic benefit by some of the extended
8 family members buying more guest passes and enabling
9 them to use our beaches and not going to Sand Harbor
10 and elsewhere, like I once did when we used my
11 wife's stepmother's condo in the 90s.

12 Now on a completely different subject, it
13 has come to my attention there are lies being spread
14 from the community regarding my candidacy. I am
15 currently a self-funded candidate, I do not have a
16 PAC asking for contributions. I do not have any
17 fundraisers or requesting anybody to raise funds for
18 me. I do not have any STRs to support me. I am
19 simply a retired engineer and the executive manager
20 from NASA that saved his money to be able to live in
21 this community. I am running for trustee simply
22 because I love this community, and I believe I could
23 use my extensive management expertise to assist in
24 its continued growth.

25 Thank you for your time. Good evening.

27

1 look ahead to the month of July that we will
2 continue to do in the following reports.

3 As noted in public comments, staff has
4 noted -- or staff will note that the golf operations
5 status report was left out of the packet materials,
6 and staff will make plans to make that report
7 available as soon as possible.

8 Also in the report this evening is your
9 public records log, beginning on page 25 of the
10 packet.

11 Happy to answer any questions the Board
12 may have. Thank you.

13 CHAIR SCHMITZ: Thank you. I would just
14 like to thank staff for putting the time and the
15 effort into these reports. Hopefully my fellow
16 trustees find them informative, not only in
17 reflecting back, but looking forward as what is the
18 accomplishments that is we can expect to see.

19 Are there any questions or comments for
20 Mr. Bandelin or any members of staff at this time?

21 Seeing none, we will move on.

22 I have one question for legal counsel on
23 the public records log. Is it acceptable to ask for
24 people's names? Because it seems like sometimes
25 we're just getting, perhaps, an email address as

26

1 MR. BELOTE: Chair, that was our last
2 public comment.

3 CHAIR SCHMITZ: Moving on to approval of
4 the agenda.

5 D. APPROVAL OF AGENDA

6 CHAIR SCHMITZ: Are there any requests for
7 modifications to the agenda?

8 Seeing and hearing none, we will move on
9 and accept the agenda as published, move on to item
10 E.

11 E. REPORTS TO THE BOARD

12 E 1. General Manager's Monthly Status Report

13 CHAIR SCHMITZ: I believe that
14 Mr. Bandelin may be online. Oh, he is.

15 Mr. Bandelin, we hope that you are feeling much
16 better very quickly.

17 MR. BANDELIN: Chair, member of the Board,
18 as stated, Mike Bandelin in for the absent District
19 General Manager Magee.

20 The report that you have this evening
21 contains venue the department reports for the month
22 of June. And staff will note that we have also
23 included additional reports from the past, including
24 administrative services, marketing, and IT. In some
25 instances, the venue staff's report reflect on a

28

1 opposed to a person's name who is submitting a
2 request. Is that -- I thought that was part of what
3 was required with public records request is to
4 identify who is requesting it.

5 MR. RUDIN: Yeah, I don't know that
6 there's a requirement that we disclose or categorize
7 or publicize what public records we receive. I
8 think this log already does list the requester by
9 name.

10 CHAIR SCHMITZ: It doesn't on page 33.
11 There's two public records requests from "Kat at the
12 lake."

13 MR. RUDIN: Yeah, and if those are
14 received by email, staff may not have that
15 information.

16 CHAIR SCHMITZ: And it is not a
17 requirement to identify yourself when you commit --
18 when you submit a public records request?

19 MR. RUDIN: Not that I'm aware of, no.

20 CHAIR SCHMITZ: Moving on to to E 2.

21 E 2. Ordinance 7 Report

22 CHAIR SCHMITZ: The report that was
23 produced on pages 34 to 52 of the board packet, the
24 Ordinance 7 punch card report.

25 We did -- up here at the table, we did

29

1 receive an updated spreadsheet with columns that are
 2 a little bit more explicit as far as what the passes
 3 are. And the material that is in here is from the
 4 past.

5 One thing that I think is important for
 6 all of us trustees to understand is that these
 7 numbers are not the total numbers outstanding, for
 8 example, of Picture Passes. This is only a record
 9 of what was issued in that calendar year. It's
 10 not -- this is total number. I think there's
 11 something like 19,000 Picture Passes.

12 So I will ask do we have any questions
 13 relative this report?

14 TRUSTEE TULLOCH: I think there's lots of
 15 information about what's going. I don't see any
 16 financials whatsoever for the beach here.

17 MS. BAHLMAN: Pandora Bahlman, I'm the
 18 manager at the Recreation Center.

19 On the request for different reports, they
 20 came in kind of at different times. The bigger bulk
 21 of this was back in December when Adia presented.
 22 And issuance, I guess, that was just the way the
 23 question was requested.

24 However, I was told today that any
 25 information or any reports you want or even if you

30

1 want that monthly, if we could sit down, probably
 2 the Chair, Sara, and you show us what reports, and
 3 they will form them for you, create them for you, so
 4 that it can be an automatic monthly report that
 5 you'll get, whether it's a revenue, a past issuance,
 6 purchase report, whether it's the visitation at the
 7 beach. Because of these statistics are really
 8 important and they're great, but what are they
 9 leading to, what is the goal, and what solution are
 10 we trying to find?

11 When you go into revenue, is that going to
 12 make a difference in the demand at the beach?

13 CHAIR SCHMITZ: What the prompted this
 14 report to be on the agenda -- and I'm going from
 15 memory -- is that Ordinance 7 states that in
 16 March of every year, the Board is supposed to be
 17 getting a report on the number of cards issued, what
 18 have you, and part of the reason for doing that is
 19 to evaluate the changes that we made a couple
 20 of years ago, which was limiting the number of punch
 21 cards that could be purchased, that sort of thing.

22 This request has been on the to-do list
 23 since March. This is what staff had produced for us
 24 to review. It is not a comprehensive beach update,
 25 season update. It was purely the report so that we

31

1 could see how many of the various types of cards
 2 have been issued, and had for us, as a board, to
 3 determine whether the changes that we had made to
 4 the Picture Passes, punch cards in the combination
 5 thereof, if it was working for the community for
 6 reducing crowding at the beaches and working for
 7 staff. That is sort of the reason behind this
 8 particular report.

9 Going forward, we would need to get
 10 financial reports from the beaches.

11 MS. BAHLMAN: We would tailor make those
 12 for you. If we can figure out a day, which right
 13 now during prime season is hard, or even just a
 14 couple hours, carve it out. After you all talk to
 15 each other about what information you really want,
 16 we'll create templates, and then you could get a
 17 monthly report and it might be a lot easier than
 18 just sorting through so much information.

19 Then when we're comparing -- these are
 20 just observations I made -- visitation, the years
 21 are so different because of being in COVID, the
 22 purchase of passes, or prior to COVID how many
 23 passes were allowed to be purchased, the products --
 24 we had 11 products in the years prior to '22, and
 25 now we only have four. Since Adia has taken over

32

1 the reporting and the products, it's been
 2 simplified, and it's much easier to read and much
 3 easier to understand.

4 CHAIR SCHMITZ: One of concerns, if you
 5 look at the very first column that we have, I'm only
 6 going to be using the '23 and the '24 because the
 7 top line of our spreadsheet is just one month of
 8 data, but notice how it goes from 5,500 Picture Pass
 9 issued to 7,300 Picture Pass issued, I might say,
 10 wow, that's a big change.

11 However, without knowing how many cards
 12 are total outstanding, it might not really tell the
 13 right picture. I think that we should have the
 14 total number outstanding of, specifically, the
 15 Picture Passes so that we can understand where we've
 16 had a 2,000 increase or whether it just so happened
 17 that you had lot of them expire that year.

18 MS. BAHLMAN: That's what it is, the
 19 difference between issued and active.

20 TRUSTEE TONKING: Follow-up on that. If
 21 you're passes issued, is that also if it was expired
 22 in that year?

23 MS. BAHLMAN: It could be like new
 24 property owners or expired. And then we have
 25 different expirations, so sometimes it's six months,

33

1 sometimes it's five years.
 2 It never can be -- any given day, there
 3 can be, the active passes, could be a different
 4 number and so could the issued passes depending on
 5 how many we have to issue at that particular moment
 6 in time.
 7 It's just a -- when you talking, Sara, I
 8 think you were saying, yeah, all of you guys want to
 9 know how we can help with the demand at the beach
 10 when it's really packed. My personal opinion, and I
 11 have been here 45 years, we have about ten days
 12 a year where we are impacted, usually on Saturdays
 13 or holiday. And maybe we could do a workshop just
 14 to figure out an operational function to fix those
 15 demands, rather than changing the ordinance every
 16 time, because I think you found a pretty solution at
 17 this point with restricting how many you can buy.
 18 But when I hear the other people talking
 19 about their families and visitors and the need to
 20 get them on the beach, I totally feel empathetic.
 21 We all live here to enjoy this property with our
 22 family and friends, not just as a single person or a
 23 loaner.
 24 CHAIR SCHMITZ: Thank you for putting this
 25 together.

35

1 complaints that staff is hearing about the issue,
 2 that would be really helpful.
 3 CHAIR SCHMITZ: That will be on August
 4 14th.
 5 MS. BAHLMAN: Sometimes it's anecdotal
 6 rather than data. Some of our other staff got to go
 7 down and experience 4th of July and different
 8 things, and it was really eyeopening to them. But
 9 in most cases, it was actually kind of fun and
 10 exciting to have that many people at the beach, as
 11 long as we don't have it every day.
 12 TRUSTEE TULLOCH: A question and a
 13 suggestion on your reporting.
 14 I think what would be helpful if we see
 15 the total active numbers, the numbers that have just
 16 been reissued and the numbers that are completely
 17 new issues, that will give us a much better feel for
 18 what's actually happening. And also --
 19 MS. BAHLMAN: Total active and new issued
 20 during that period?
 21 TRUSTEE TULLOCH: Issued and reissues,
 22 renewed, basically, since -- I got turned away at
 23 the beach a few weeks ago when it's -- I never -- I
 24 was told.
 25 MS. BAHLMAN: You didn't know about the

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1 TRUSTEE TONKING: I have more of a
 2 suggestion for the Board. I really appreciate the
 3 proposed operational improvements. I think we, as a
 4 board, have also heard a bunch about the family tree
 5 issue, trying to figure out how to get the correct
 6 number of passes.
 7 And so I'm suggesting that on the August
 8 14th meeting when we talk about Ordinance 7, maybe
 9 we can have a deeper conversation about what's going
 10 on in terms of the passes and all that, that we are
 11 not restricting people.
 12 MS. BAHLMAN: I think that would be an
 13 excellent idea. Or even do a workshop separate from
 14 the meeting because I think you're limited in time,
 15 you have many subjects you want to talk about. We
 16 don't even really have some of the data that you
 17 want, and by the time we get here with the data,
 18 then you met, a lot of time to think about the data
 19 going, oh, I wish you had this.
 20 CHAIR SCHMITZ: We will add that. I made
 21 a notation for our long range calendar to just recap
 22 on these numbers.
 23 And give us, also, the total issued so
 24 that we can really understand the fluctuations.
 25 TRUSTEE TONKING: And then any caveats or

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1 five-year thing?
 2 TRUSTEE TULLOCH: There was no email sent.
 3 But, yeah, the other question, on page 45,
 4 remote access? What's the remote access visits?
 5 Clarify that one.
 6 MS. BAHLMAN: That was an interesting
 7 thing. That was -- 45? Oh, 55. 45. It had to do
 8 a lot with picnic reservations where they paid for
 9 them up at the Rec Center rather than accessing it
 10 down at the booth, for the host booth. Yeah.
 11 TRUSTEE TULLOCH: Ten percent of visits?
 12 MS. BAHLMAN: Right. Yeah, I would say
 13 most of those are all just reservations or picnic
 14 reservations.
 15 CHAIR SCHMITZ: Any other questions?
 16 Moving on E 3.
 17 E 3. Research of Management Firms
 18 CHAIR SCHMITZ: Verbal report and update
 19 regarding the research on management firms.
 20 Requesting member is Director of Human Resources
 21 Ms. Feore.
 22 MS. FEORE: Following the directive
 23 received at the June 26th meeting, I reached out
 24 to -- I did a lot of research. This is unique so it
 25 took me a minute, but I did find ten separate

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1 companies ranging from management companies to
 2 executive recruiters, temp placement, things like
 3 that.
 4 To date, three have notified me that they
 5 don't provide those services or are ill equipped to
 6 work -- and I think part of the turnoff is that we
 7 are a government entity, and I think that's, maybe,
 8 putting some folks off, even though I have stressed
 9 the need for business acumen. Four have not yet
 10 responded. One provided me a contact name today, so
 11 I'm going to be reaching out to them in the next
 12 couple of days. And then I have two meetings
 13 scheduled.
 14 And so what -- in speaking with the two
 15 that had replied back and said, yes, I think we have
 16 services that would meet your needs, I was
 17 struggling to articulate what it was that we were
 18 looking for. My recommendation would be -- it's the
 19 Board's discretion -- that, perhaps, Chair Schmitz
 20 -- I'm volunteering/holding you -- perhaps join me
 21 in some of those meetings so that we can ensure that
 22 the messaging is clear and accurate and articulate
 23 and they know -- they have a good idea of what it is
 24 that we're looking for.
 25 My plan is with all this, barring

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1 all of these companies. I'd been given some
 2 information by our general counsel, and I haven't
 3 had a chance to review all of that. That will be
 4 added to the list as well.
 5 Then I had one person, actually, just
 6 today just in the last half hour reach out to me
 7 randomly and say, hey, listen to the last board
 8 meeting, and I think can help. That's also going on
 9 the list as well.
 10 CHAIR SCHMITZ: I'm happy to assist with
 11 this. We need to move quickly here. We have
 12 limited time and we want to have some sort of an
 13 overlap with Mr. Magee. Really, time is of the
 14 essence. If I'm able to help in any way, I'm happy
 15 to do so. But I will be representing what the Board
 16 is trying to accomplish.
 17 MS. FEORE: Yes.
 18 CHAIR SCHMITZ: And I think that some of
 19 the materials that we have tonight in this forensic
 20 due diligence audit will be instructive for people
 21 as well.
 22 MS. FEORE: I look forward to your
 23 schedule, then.
 24 CHAIR SCHMITZ: Moving on to consent
 25 calendar.

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1 emergencies beyond my control, is to have some more
 2 detailed information to provide or perhaps even
 3 proposals to provide to the Board at our next board
 4 meeting.
 5 CHAIR SCHMITZ: Thank you.
 6 Questions?
 7 TRUSTEE TULLOCH: Do you think you can get
 8 together with Chair Schmitz before the next board
 9 meeting to actually do some more analysis of those
 10 responses you've had?
 11 MS. FEORE: I will make myself available.
 12 This is -- I have two high priorities and this is
 13 one of them. I will make myself available.
 14 TRUSTEE TONKING: You said you also
 15 reached out to recruitment firms as well?
 16 MS. FEORE: Yes. It was three recruitment
 17 firms, and of those three, specifically was C Suite
 18 temp placement.
 19 CHAIR SCHMITZ: Did you also have some
 20 names that had been provided and how did that
 21 follow-up go?
 22 MS. FEORE: I have not yet followed up. I
 23 am still working my way through the list.
 24 When I started this process, I was working
 25 at home, and so with my notes I started researching

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1 F. CONSENT CALENDAR
 2 F 1. Meeting Minutes 5/31/2024
 3 F 2. Server Equipment Upgrade
 4 CHAIR SCHMITZ: Pages 53 through 106 of
 5 the packet, meeting minutes and purchase order
 6 agreement.
 7 TRUSTEE TONKING: I move that the Board
 8 approve the calendar.
 9 TRUSTEE NOBLE: Second.
 10 CHAIR SCHMITZ: Motion's made and
 11 seconded. All those in favor?
 12 TRUSTEE TONKING: Aye.
 13 TRUSTEE TULLOCH: Aye.
 14 TRUSTEE NOBLE: Aye.
 15 CHAIR SCHMITZ: Motion passes, 4/0.
 16 Consent calendar is approved.
 17 Moving on to general business.
 18 G. GENERAL BUSINESS
 19 G 1. Forensic Due Diligence Audit
 20 CHAIR SCHMITZ: Item Number 1, update on
 21 the due diligence audit provided by RubinBrown.
 22 Requesting trustee, Mr. Tulloch. And there was
 23 supplemental material posted on the District's
 24 website today, and we have the materials as well, as
 25 a board.
 I'll hand the floor over to you, Trustee

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1 Tulloch.

2 TRUSTEE TULLOCH: Tom, thank you, first,

3 to your team for the work that you've put into this,

4 and thank you for this report. It's hot off the

5 presses, so I understand not all the Board has not

6 had probably time to go through it in depth. You

7 have got a brief presentation for us, then you will

8 be taking some questions.

9 MR. ZETLEMSL: My name's Tom Zetleml, I'm

10 a partner in the consulting group at RubinBrown

11 specializing in forensic accounting.

12 I believe I've met each of you either in

13 person or via Teams at some point during this

14 engagement, and I want to thank each of you on

15 behalf of our team. And all the other folks that we

16 interviewed and/or who provided us with information

17 throughout this process. We appreciate everybody's

18 input throughout the process.

19 Joining me from RubinBrown are other

20 members of the team that worked extensively on this

21 engagement. Those are Nathan Krull, who is also a

22 partner in our consulting practice, specializing in

23 risk services, Keith Oxman, who is a manager in our

24 consulting practice, specializing in risk services,

25 and Kent Roth, who is a consultant specialized in

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1 forensic accounting in our team.

2 For purposes of this evening, our plan,

3 based on discussions with Trustee Tulloch, is to

4 present our high-level findings and allow the Board

5 to digest those findings, and if needed to come back

6 at a later date to answer any follow-up questions

7 that you have.

8 We have quite a number of objectives and

9 recommendations based on our work, so we thought

10 doing a high-level walk-through on the highest risk

11 issues would be the most productive way to proceed

12 this evening.

13 Before we get into those findings, we just

14 wanted to refresh on the scope which covered the

15 period July 1st of 2020 to June 30th of 2023, and

16 that also scope included the following:

17 Interviews of the Board of Trustees as

18 well as several others in various positions within

19 IVGID, analysis of vendor disbursement, review of

20 vendor award process, analysis of credit card

21 transactions, review of certain aspects around

22 financial reporting including capital expenditures,

23 financial statement analysis, cash handling

24 procedures, review of certain whistleblower and

25 other complaints, email review and a fraud risk

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1 assessment.

2 So there's a pretty expansive scope. With

3 that overview, I'm going to hand it over to Nathan

4 to start walking through our findings at a high

5 level, and then we will go through some of the

6 specific higher risk findings. Before I hand it

7 over to Nathan, any questions from the Board or

8 things you wanted to chime in on before we get

9 started?

10 TRUSTEE TONKING: Quick procedural

11 question. I do hope that you will be coming back

12 because having less than 24 hours to read this was a

13 little short.

14 With that also being said, is this a

15 draft? Because I do have comments on things that I

16 feel explanations were not there, and so I was

17 wondering if this was your final product or things

18 that you're willing to take suggestions?

19 MR. ZETLEMSL: It's a preliminary and

20 draft for a reason. To the extent that you have

21 points of clarification or you have questions, we're

22 certainly willing to take those into consideration

23 before we finalize things.

24 CHAIR SCHMITZ: Could you email us, as a

25 board, with the contact information so that we have

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1 information of how to contact you with questions and

2 who the right person is to reach out to relative to

3 this? That would be helpful because I too had a

4 couple things that I wanted to inquire about just

5 offline.

6 If you could give us the contact

7 information, that would help.

8 MR. ZETLEMSL: We will circulate that

9 through Trustee Tulloch, but Keith Oxman has sort of

10 been the main point of contact from a liaison

11 standpoint. We will get you his contact

12 information. We welcome any questions and

13 observations and thoughts from this group.

14 MR. KRULL: Overall, as it says in the

15 (inaudible), everything in this presentation this

16 evening is pretty reflective of that report and

17 items in there. And overall status, basically, we

18 concluded there was a high risk of fraud and abuse,

19 given basically a lack or loose internal control in

20 the structure and culture, that's in design and the

21 operation both.

22 We did not see any outright fraud,

23 however, as we get into some of the particular

24 findings, as it says in the second bullets, there

25 was lack of following of written policies and

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1 procedures, lack of internal controls in general,
 2 and just, in a sense, mismanagement of district
 3 funds.
 4 At the executive level, the first priority
 5 is basically working to, again, enforce basic rules
 6 and regulations that are there, establish a good
 7 internal control structure, have the Board with the
 8 GM, the GM with senior management, so on so forth,
 9 to establish the tone at the top and that message
 10 down and establish a good internal control and
 11 reporting structure.
 12 There are a lot of recommendations
 13 throughout the report that you, no doubt, have at
 14 least had a chance to glance at this point that talk
 15 about specifics to some those, and you, again, we'll
 16 open up following answering any questions on that.
 17 CHAIR SCHMITZ: I want to make a comment
 18 on that, if I may, if you will back up.
 19 We've had a lot of discussion about
 20 internal controls as it relates to our financial
 21 reporting, but when I read this report, you're
 22 talking about a lack of internal controls sort
 23 systemically across the District from our point of
 24 sales systems on.
 25 So when you're talking about that, it is

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1 much more of a broad statement; is that correct?
 2 MR. OXMAN: That is correct. There are,
 3 certainly, some systemic issues. We'll talk about
 4 Tyler Munis in just a minute. No doubt, you've
 5 probably seen some of the sale comments in there,
 6 how the point of sales system ties into or doesn't
 7 tie in with Tyler Munis use of manual -- basically,
 8 manual spreadsheets as opposed to the system,
 9 different things like that. All of those, in a
 10 sense, aggregate to -- basically it creates an
 11 internal control structure that is ineffective,
 12 along with, I guess, without having the right manual
 13 processes in place.
 14 CHAIR SCHMITZ: Thank you.
 15 MR. ZETLEMSL: It's not to say -- what we
 16 didn't want to say is that there are no internal,
 17 like, that there are no controls at all in place.
 18 Taken in their aggregate, all of these
 19 issues that we've identified and that are
 20 delineated, they sort of collectively have created
 21 in internal control environment that is ineffective.
 22 It's sort of, through all of these issues, it has
 23 become systemic because of the additive nature of
 24 the issues (Zoom audio drop).
 25 MR. KRULL: Second slide here, we want to

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1 present there were 41 observations in the report
 2 that were noted. Tonight, we're talking about those
 3 high-risk items, which represent 16 of those in
 4 moderate categories 12, and then low fraud risk is
 5 13.
 6 Other high items we wanted to talk about,
 7 we grouped those into six different categories to
 8 try to consolidate down some of the items and the
 9 comments here this evening.
 10 As you see, Tyler Munis in and of itself,
 11 couple vendor disbursements, handling cash, cash
 12 reconciliations and some different things along
 13 those lines, capitalization of assets, procurement
 14 cards, and then basically created another category
 15 which captures a few other items in that bucket. We
 16 will get into specifics of those. Keith and
 17 Mackenzie will be discussing some of those in a
 18 little more detail.
 19 MR. OXMAN: We will move into some of the
 20 other key, high-risk areas that we wanted to
 21 highlight for you in Tyler Munis. As you've heard,
 22 the first and very key are for improvement.
 23 I, myself, am familiar with system. I
 24 have worked with other clients that utilized Tyler
 25 Munis successfully. During this review, I was able

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1 to do a little bit of comparing of my experience
 2 with your experience.
 3 During or interviews and during the work
 4 we did, we learned, starting with the conversion in
 5 2022, we went through -- today it's been
 6 unsuccessful due to the execution of the
 7 implementation. You're having trouble getting
 8 reporting, consistent reporting, and even looking at
 9 subsidiary reporting on your POS systems, they are
 10 not always reconciled, they don't agree with Tyler
 11 Munis. And when we have requested some extracts of
 12 Tyler Munis, we were not able to receive that data.
 13 Another example is IVGID staff could not
 14 figure out how to make payments out of the Tyler
 15 Munis system until January of 2023, and continued to
 16 make payments out of the Enterprise system
 17 simultaneously entering invoices to both accounting
 18 systems, which I've never seen before in my career.
 19 Finally, there are certain IVGID
 20 departments that are tracking activity out of the
 21 Tyler Munis system in Excel instead of utilizing the
 22 system. During our interviews with Public Works and
 23 discussions that team, we found that is very common
 24 for that area. We're not sure about the reliability
 25 of updating Tyler Munis from outside source such as

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1 Excel that don't interface and have to be updated
2 through manual journal entries.
3 That would summarize our take on Tyler
4 Munis. Any questions?
5 CHAIR SCHMITZ: I have a question. This
6 goes back many years, if I'm correct, I did not vote
7 for this to be implemented because staff was going
8 to take on and do it themselves. And being a former
9 IT executive, I know that those usually result in a
10 failure. Is it -- this is not because of staff's
11 fault, it's that you can't do one job and work on
12 converting a system, it's just too much work.
13 So if we reflect back and look at the
14 lessons learned with this, should our takeaway on
15 the lessons learned be that when we have a major
16 system conversation, we should hire external
17 resources to actually implement the system and not
18 assume staff is going to do this while they are
19 trying to do their jobs at the same time? Is that
20 one of the biggest takeaways?
21 MR. ROTH: I think that's reasonable.
22 That's a fair statement, yes.
23 CHAIR SCHMITZ: And where are we now? I
24 know we've put so much emphasis -- are we finally on
25 solid ground with Tyler Munis? Is there still more

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1 But I do, actually, on the Tyler Munis
2 question, I went back and looked as well into the
3 notes because I was not part of the board at the
4 time of this decision, and staff did say -- both
5 former trustee Wong and Schmitz both asked if the
6 staff had the time in which to do it and if it was
7 feasible.
8 But my question is do you think there was
9 any issues converting with our systems because we
10 had such old systems and a lot of them didn't talk
11 to each other, or is that something you normally see
12 when people convert these, that that's not an
13 outlier?
14 MR. OXMAN: In my experience, the age of
15 the previous systems would have been comprehended in
16 the implementation plan as far as any procedures
17 necessary to convert data. So I'm not sure that is
18 a huge factor.
19 MR. KRULL: If there was an effective
20 pre-implementation checklist and sensible approach,
21 they would have looked at data migration, looked at
22 how that's coming over. Part of the
23 pre-implementation is how it counts math from the
24 old system to the new system, what additional
25 functionalities does the new system have that the

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1 we need to do, and, as a board, do we need to
2 authorize additional resources, what have you, so
3 that we can get these issues taken care of?
4 MR. OXMAN: We're not aware of any.
5 MR. ZETLEMSL: I was going to say
6 throughout this process, we sort of had
7 conversations, primarily with Bobby, about, you
8 know, where do things stand, and it was our
9 understanding that he, and I believe Adam, were
10 working very diligently in sort of rectifying the
11 issues with Tyler Munis. Where that stands exactly
12 as we sit here today, we don't know, but it was
13 certainly a very high priority for Bobby and Adam.
14 I'm sure it's in a better spot than it was
15 as of our scope period, but whether it's exactly
16 where needs to be, we don't know.
17 CHAIR SCHMITZ: Thank you.
18 TRUSTEE TONKING: Building off that, Chair
19 Schmitz, I do hope we can have staff review this and
20 have a deep-dive conversation. I think that -- I
21 have a lot of questions that are more staff related
22 since this scope is very much many of the findings
23 that we've found in the past because it's based off
24 the past, things that we've already known, in some
25 ways.

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1 old system does not.
2 Typically, the data migration issues are
3 not as large as basically having all of the other
4 pieces set up and testing to make sure they will
5 function as intended. There's a lot to goes into
6 it.
7 And to Trustee Schmitz' point, I think,
8 you know, you can do it with employees, you can do
9 it completely outsourced. Probably the best
10 combination is a team of both, basically, that are
11 solely dedicated to that, somebody that knows the
12 business, knows the operations of IVGID, along with
13 somebody that knows the systems.
14 So, I can't say that it was entirely a
15 data migration issue. I don't know too much
16 specifically about the implementation,
17 pre-implementation steps that were taken, but that's
18 just a little bit of background from our experience.
19
20 CHAIR SCHMITZ: I don't see any other
21 questions, so please keep going.
22 MACKENZIE: Moving into our next section,
23 we had two different observations over vendors
24 disbursements.
25 Throughout our review, we notice there is

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1 a lack of segregation of duties within the vendors
2 disbursement process. If we look at the chart
3 above, the first row of (inaudible) of approver,
4 there were three percent of the disbursements, or
5 \$2 million of disbursements that had no approver
6 where the disbursement was sent to the vendor.
7 Looking at the second row, again, there was 3
8 percent of the disbursements, or \$2 million where
9 the creator and the approver of the disbursement was
10 one individual at IVGID.
11 Additionally, as Keith mentioned in the
12 last slide, the Tyler Munis system has caused
13 difficulties at exporting data. Given the last row
14 of our chart, you can see there that there is \$10.6
15 million or 16 percent of the disbursements where we
16 were not able to obtain who the initiator or the
17 approver was, given the lack of data from within the
18 Tyler Munis system.
19 Additionally within our disbursement
20 testing, we made selections for disbursements to
21 ensure the validity of the vendor and the amount was
22 appropriately paid to the vendor. In doing so, we
23 found selections where there was no disbursement
24 support tied to the disbursement, and we also found
25 selections where there was no third-party support,

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1 know who paid we, just don't know what the approval
2 workflow is.
3 CHAIR SCHMITZ: How do you research things
4 like this? With this information, what is it -- how
5 do you dig into this to say this is okay or not?
6 MR. ZETLEMSL: Well, this was area, as you
7 can imagine, where we followed up repeatedly to try
8 to get additional information to shore up as much of
9 this as we possibly could. And with back and forth,
10 we did get some additional information, but this
11 reflects where we were when we were kind of maxed in
12 terms of what was available.
13 So to the extent that the data doesn't
14 exist or if there were a team that didn't know how
15 to extract it, we're kind of at the mercy of what's
16 available for us to analyze.
17 But, yeah, this is area of concern for
18 sure.
19 TRUSTEE TULLOCH: Typically this -- the
20 separation and segregation would be programmed into
21 the workflow in Tyler Munis. Would I be correct in
22 assuming that there is a lack of workflow and
23 allocation?
24 MR. OXMAN: Correct. That's not
25 programmed into current use of Tyler Munis. No.

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1 such as a vendor invoice or a bill of lading.
2 The risk with no third-party purport is
3 there is no confirmation that the vendor is real and
4 that the amount paid to the vendor was accurate.
5 This can cause fraud schemes of being overpaid and
6 collusion.
7 Given the last bullet point, we also note
8 since the Tyler Munis implementation in July of
9 2022, there has been no comprehensive review of who
10 has access to the accounting system. Additionally,
11 there has been no review to ensure appropriate
12 access is granted based on the individuals who are
13 at Incline Village.
14 Any questions over vendor disbursements?
15 CHAIR SCHMITZ: Well, it seems like
16 there's lots of opportunities here that you're
17 talking about relative to fraud. I think one of my
18 questions is going to be how do we know and what do
19 we do with all of this?
20 This is seeming like it's -- \$10 million
21 where you have no data available, that's not
22 comforting at all.
23 MR. OXMAN: Agreed.
24 MR. ZETLEMSL: Yeah, we don't -- we just
25 don't know what happened with that template. We

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1 MR. ZETLEMSL: Keep in mind, a lot of
2 these disbursements would have happened in the old
3 system as well.
4 MR. ROTH: You had a mix. Right.
5 TRUSTEE TULLOCH: So long as it didn't
6 happen at the same time.
7 MR. KRULL: I think one thing to keep in
8 mind, as mentioned, reviewing user access. First
9 and foremost, who has access to the system to do
10 what? Can someone initiate and approve
11 transactions, can that person be the same
12 individual?
13 I think you know, in a sense, going
14 through and access review is certainly prudent,
15 revisiting delegation of authority to say, okay,
16 what are approval limits, what -- are those
17 basically the same -- is the one in the system the
18 same was what should be per policy?
19 Again, establishing or adjusting a
20 delegation of authority based off of revisiting
21 that, looking for, again, separation of those
22 duties, potential secondary approval for
23 transactions over a certain amount, different things
24 along those lines.
25 Through the report, basically we did also

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1 some data analytics around the master file, so
 2 basically there were observations and things related
 3 to the master file that tied into disbursements.
 4 You'll be looking for duplicates and vendor names,
 5 addresses, fuzzy logic matches between common
 6 information. Certainly there's some follow-up and
 7 some scrubbing of the vendor master file to do,
 8 which ties into the overall disbursements process.
 9 There are a number of things and recommendations in
 10 the report that basically will help shore up your
 11 cash outflow from a disbursement standpoint.
 12 MR. OXMAN: What is programmed or plugged
 13 into Tyler Munis, without a comprehensive user
 14 access review, that is the first thing has to be
 15 done. It's never been done, according to inquiries
 16 we did.
 17 TRUSTEE TULLOCH: That kind of leads on to
 18 my question. Is there any approval levels
 19 programmed into Tyler Munis or is it just access,
 20 open user access basically?
 21 MR. KRULL: In terms of the scope
 22 period -- I'll go back to the stats up on the page,
 23 during the scope period --
 24 MR. ZETLEMSL: I think his question is
 25 does Tyler Munis have the functionality?

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1 fell by year, and we could probably assess what was
 2 Tyler Munis versus Enterprise.
 3 CHAIR SCHMITZ: If you're able to do that,
 4 I think that would be very helpful, because we would
 5 be able to see whether things are improving or not.
 6 MR. OXMAN: We could run that analytic.
 7 Next area is cash. The most significant
 8 account in this area is the operating account. And
 9 as I'm sure you're all aware, there's been a lack of
 10 reconciliation over time that Baker Tilly was hired
 11 to catch up on. So they have actually completed
 12 their assistance on reconciliation through November
 13 of 2023. They've told us they have passed on the
 14 results to IVGID with some open unreconciled items
 15 for specific areas, which we are not aware of the
 16 detailed specifics around that. They are still
 17 present and unreconciled.
 18 So at the beginning of the scope period
 19 through June 2022, bank recs were performed for the
 20 operating account sporadically and untimely, and
 21 specific reconciled items and reconciliations were
 22 present going back through '21 and '22 fiscal years.
 23 So one key thing we want to point out that
 24 contributed to this that should change, and
 25 hopefully has changed already since the scope

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1 MR. KRULL: It does have the
 2 functionality.
 3 TRUSTEE TULLOCH: It was whether the
 4 functionality is actually being used or not.
 5 MR. KRULL: During the scope period, the
 6 second line in the charts, created and approved by
 7 the same individual, that's 3 percent of the
 8 transactions. Clearly, right now, to say that
 9 access is not restricted to at least require an
 10 independent approver from the initiator.
 11 The short answer to your question is no,
 12 it's not currently set up appropriately or it was
 13 not during our scope period.
 14 TRUSTEE TONKING: You're saying, for
 15 example, no approver, 3 percent. But we don't know
 16 if Tyler Munis was being used at that time because
 17 you didn't segregate it by year; is that correct?
 18 MR. KRULL: You're right. It could be a
 19 mix of systems.
 20 MR. ZETLEMSL: Could we create this table
 21 by year?
 22 MACKENZIE: Yeah, we have the data to do
 23 it by year.
 24 MR. ZETLEMSL: So we would know where
 25 these different, sort of, categories of approval

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1 period, is when cash transacts are input into the
 2 GL, they were done in bulk rather than individual,
 3 making that very cumbersome, and some nearly
 4 impossible to reconcile as far as a trail.
 5 The chart that we've included shows the
 6 differences between the bank balances and bank
 7 statements and GL. And one example we want to point
 8 out on the magnitude of this is in June of 2023, the
 9 bank balance was 18 million, and the GL balance was
 10 25 million, a difference of 7 million. With a lack
 11 of history of reconciliation, that is a tremendous
 12 difference.
 13 There were also four other bank accounts
 14 during this scope period: payroll, health
 15 reimbursement, flexible spending, and a holdings
 16 bank account.
 17 Payroll, HR, and flexible were nearly in
 18 zero sweep accounts, and a holdings bank account was
 19 used and at one point had a balance of over 200,000
 20 that was basically unapplied cash on the GL.
 21 Eventually, the former controller said that that was
 22 allocated out.
 23 This is area of a need for significant
 24 discipline and improvement moving forward.
 25 CHAIR SCHMITZ: May I ask a question in

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1 your report, this graph is on page 14, but on 13,
 2 it's got figure 8, which is consolidated payroll,
 3 HRS FSA holdings, and it dropped from like \$300,000
 4 to \$50,000 in May of '22. What was the reason for
 5 that?

6 MR. OXMAN: That was when the holdings
 7 account was cleared out, according to Heather, and
 8 cash entries were made to catch up and apply that
 9 cash. That is the explanation we received.

10 TRUSTEE TONKING: Looking at 6 -- I've
 11 just tried to read these very quickly -- in your
 12 presentation, you just said there was large
 13 differences also in the years -- in the sample you
 14 took in 2020 and in '21, and in '22, is there any
 15 way you can break this out? It's just hard to see
 16 those differences on the chart.

17 And so I would just like to know --
 18 because our auditors definitely pointed out the
 19 issue in '23, but this was not something that was
 20 talked about before, so I was hoping you could break
 21 that out better for us to see and understand.

22 MR. OXMAN: Sure. We could go back to the
 23 detail we received and do a breakout.

24 MACKENZIE: Moving into the section,
 25 during our review, we looked into the District's

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1 expensed according to policy.

2 Additionally, similar to the Moss Adams
 3 report, we identified three project studies that
 4 were also capitalized rather than being expensed,
 5 which should also be in the capitalization policy as
 6 well.

7 Any questions?

8 CHAIR SCHMITZ: I don't see any, so you
 9 can keep going.

10 MR. OXMAN: The next area is procurement
 11 cards. We did specific testing over procurement
 12 card usage.

13 First of all, we noticed there were some
 14 cases where the cards were used for personal
 15 expenses unrelated to district business.

16 We also found there are instances when
 17 expense reports were submitted without appropriate
 18 support. One example would be an expense report
 19 that had a general ledger transaction report
 20 provided as support. And GL reporting is not
 21 acceptable support for expense disbursement.

22 There were also some expense reports where
 23 no support was submitted at all for procurement card
 24 expenses.

25 Additionally, we had expense reports that

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1 capitalization policies and spreadsheets. In doing
 2 so, we reviewed each year's capital expenditure
 3 spreadsheet and tried to tie to the audited
 4 financial statements.

5 Given the numerous turnover at Incline
 6 Village during the scope period, we were unable to
 7 reconcile year 1 and year 2 to audited financial
 8 statements given the lack of historical knowledge.
 9 We were also unable to reconcile year 3 capital
 10 expenditure spreadsheet given that the fiscal year
 11 '23 financials had not been audited yet at that
 12 time.

13 Additionally, we note beginning in year 3,
 14 IVGID had a highly manual process to compile the
 15 financial statement footnote for capital
 16 expenditures. Rather than utilizing the Tyler Munis
 17 system, as we mentioned before, staff utilized Excel
 18 to create the footnote. The risk in utilizing Excel
 19 is that there can be manual errors, and also Tyler
 20 Munis is not being fully utilized to the
 21 capabilities that the system has.

22 In conjunction with our review of the
 23 vendor procurement process, we identified a project
 24 that was capitalized that related to repairs and
 25 maintenance for a parking lot rather than being

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1 had support provided that did not tie to the
 2 transaction amount, and there was also support that
 3 was provided that was not broken out by the line
 4 item for us to verify transactions for valid
 5 business purposes.

6 We also want to make you aware there are
 7 93 active procurement cards for the scope period,
 8 and about 1.5 million of expenses spent on those
 9 procurement cards.

10 Overall, we would not find that the
 11 approval and monitoring of the program to be
 12 adequate.

13 TRUSTEE TONKING: This is a related
 14 concern through all of these, and I will highlight
 15 each of them when I submit my notes.

16 Here, it's really helpful when you told us
 17 how many active procurement cards, what the total
 18 expenses, and a better understand of what the sample
 19 was and all that information.

20 In a lot your objections, you do a really
 21 good job on a few of them with that information, and
 22 this it seems to dwindle. I'm just flagging that as
 23 something to start including so that we can
 24 understand the magnitude, that would be really
 25 helpful, and I will flag them throughout.

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1 TRUSTEE TULLOCH: You noted that we don't
 2 make any use of SIC codes to restrict the purpose of
 3 what these cards are to be used for. That seems
 4 quite unusual in my experience. Does that align
 5 with your experience?
 6 MR. OXMAN: I would agree. I've done
 7 other reviews of procurement cards programs, and I
 8 have not seen this before.
 9 CHAIR SCHMITZ: I have a question on
 10 page 10 of your report. You have two employees,
 11 employee A and employee B, who, between two of them,
 12 have had no -- if I'm understanding this is
 13 correctly, no one approved this, and it's like, each
 14 of them, are for \$900,000. Then the other one is
 15 created and approved by the same individual for 520
 16 and 900,000.
 17 Am I understanding that correct?
 18 MR. ZETLEMSL: Yes.
 19 CHAIR SCHMITZ: And are things being
 20 followed up with HR on these particular situations?
 21 I mean, has this information been given to
 22 management to take corrective action?
 23 MR. ZETLEMSL: Have we shared the specific
 24 names of these individuals with Bobby.
 25 CHAIR SCHMITZ: Please don't share any

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1 fiscal year '21 for the replacement of ski
 2 equipment. However, the vendor was awarded
 3 \$264,000.
 4 Going down to the next bullet point, we
 5 also observed that there was a lack of physical
 6 inventory observations in inventory reconciliations
 7 performed across IVGID locations during our scope
 8 period.
 9 We also noted that we did testing over
 10 user access in the Vermont point of sales system.
 11 In doing so, we noticed that IVGID employees do not
 12 always have a unique user name, rather they will
 13 have shared user accounts. The risk given with
 14 shared user accounts is that they do not allow for
 15 individual tracking of what employees do, and
 16 there's also no documentation on which individuals
 17 are given access to the shared user accounts.
 18 Additionally, we found user names that
 19 were unlocked and active for employees who no longer
 20 worked at IVGID. This would allow these
 21 non-employees to still have access to the point of
 22 sales systems.
 23 Lastly on the last bullet point, we
 24 identified various instances where green fee pricing
 25 schedules are not followed. Within our testing, we

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1 names here on the record.
 2 MR. ZETLEMSL: No. I know.
 3 CHAIR SCHMITZ: No names.
 4 But my question is you've found some
 5 things that are quite remarkable, and my question is
 6 is this information being shared with HR or with the
 7 General Manager? It seems like there's,
 8 potentially, some follow up that needs to be done.
 9 MR. KRULL: We shared nothing with HR
 10 directly during our project. We have talked to
 11 Mr. Magee throughout the project on an ongoing
 12 basis. Certain aspects of some of the information
 13 here and some of the data we've parsed through and
 14 done analysis on, specifically on the individuals,
 15 we have to follow up and find out.
 16 CHAIR SCHMITZ: Okay. I just think that
 17 if there's issues that need to be followed up on,
 18 management needs to be made aware.
 19 Continue please.
 20 MACKENZIE: We had four other types of
 21 high-risk observations that we just lumped into one
 22 slide.
 23 The first one is that (inaudible) Board of
 24 Trustees funding approval. For example in our
 25 report, we noted that the Board approved \$200,000 in

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1 obtained green fee pricing sheets for both golf
 2 courses based on a specific time of day, a month,
 3 and whether the golfer was a resident, non-resident,
 4 or guest of a resident. We would make selections
 5 and obtain the amount that the resident paid and
 6 compare it to the green fee sheet. We had noted
 7 several exceptions where they paid an amount that
 8 was less than what the green fee sheet said.
 9 So for example, the pricing schedule may
 10 have said \$75, and the resident paid \$60. When we
 11 followed up on the exceptions noted, we were told
 12 there that is no documentation for the rationale for
 13 the discount given.
 14 Any questions?
 15 TRUSTEE TULLOCH: I think -- I read in the
 16 report, for food and beverage, we don't do any --
 17 there's no control whatsoever of inventory, there's
 18 no recording of inventory, it's not entered into the
 19 general ledger, there's no cycle counts; is that
 20 correct?
 21 MACKENZIE: Correct. Yes, that is what we
 22 observed during the scope period that they don't
 23 keep track of food and beverage.
 24 MR. KRULL: On top of that, just not cycle
 25 counts, which are daily, I think cycle counts, but

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1 in many cases, not a periodic count, you know,
 2 yearly, biannually, anything along those lines
 3 either.
 4 I would say, above and beyond food and
 5 beverage, basically that was pretty consistent as we
 6 kind of had interviews and discussed across the --
 7 certainly there's going to be other employees
 8 outside of food and beverage, but that's obviously
 9 ones who have high turnover rates and things along
 10 those lines.
 11 So certainly looking at implementing some
 12 inventory controls, performing inventories, I think
 13 is important. Looking at, basically, what is your
 14 risk within each of those areas, slowly implementing
 15 some of those, step by step, would be wise.
 16 TRUSTEE TULLOCH: My limited experience
 17 with food and beverage, normally inventory control
 18 is kind of critical because of the relatively low
 19 margin business to start, so it seems pretty unusual
 20 to find there's absolutely no controls over it.
 21 MR. OXMAN: Agreed.
 22 MR. KRULL: There's factors, shrinkage,
 23 meaning things are walking away, and the spoilage.
 24 Are you running out of amounts of food, using those
 25 on a timely basis, are we having to throw food away,

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1 and/or are things walking out?
 2 Inventory in a food and beverage-type of
 3 environment is very critical.
 4 TRUSTEE TONKING: Question on the green
 5 fees, did you perform the same analysis on the other
 6 venues that also do this, or why did you just choose
 7 green? Because this also occurs at tennis, I
 8 believe there's also different prices at the rec, so
 9 I'm just curious why you just did the golf course or
 10 if you didn't and this was the only find?
 11 MR. ROTH: This was a concern that was
 12 expressed.
 13 TRUSTEE TONKING: I guess why was it an
 14 expressed concern and you weren't worried about it
 15 at other venues, why did you not analyze them?
 16 MR. ROTH: We followed up on the concern
 17 expressed to green fees.
 18 TRUSTEE TONKING: Where did this concern
 19 come from?
 20 MR. OXMAN: It was funneled to us through
 21 the GM.
 22 TRUSTEE TONKING: Okay. I'll save that
 23 question for staff, then.
 24 I think it's a disservice if you found
 25 this at one venue to not see if there is an issue

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1 across venues.
 2 MR. KRULL: Throughout the report, looking
 3 at an analysis of discounts included in the
 4 appendix, basically retail locations, discounts in
 5 general are in the report itself. There are
 6 obviously other areas that are going to need further
 7 controls around. Basically the use of, the approval
 8 of, the monitoring of said discounts, regardless of
 9 where it is.
 10 I don't know that I would say that the
 11 golf greens fees have only been touched on in the
 12 report; that was the only thing in this
 13 presentation.
 14 TRUSTEE TONKING: I read all of them and I
 15 found golf to be highlighted a lot, and I just had
 16 that curiosity of why isn't it done on other venues.
 17 And I can flag all the other areas where I saw that
 18 when I send you --
 19 CHAIR SCHMITZ: My understanding from Mr.
 20 Magee is that you had spent time at the other
 21 venues. That's basically -- I mean, I don't know
 22 what all was going on, but I had heard that you had
 23 done some sort of a walk-through at the Recreation
 24 Center.
 25 I concur with Trustee Tonking is that if

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1 we have a concern at one venue, why wouldn't we have
 2 that same concern at other venues?
 3 MR. KRULL: The walking around was
 4 probably cash collection. We were looking at cash
 5 collection procedures, the cash till, cash countdown
 6 procedures. That's the majority of getting around
 7 to some of the other vendors.
 8 MR. ZETLEMSL: That really summaries the
 9 key high-risk areas. To briefly reiterate, we see a
 10 high risk of fraud and abuse until there can be an
 11 effective tone at the top and development of
 12 maintenance and monitoring of appropriate internal
 13 control and documents.
 14 I think this was really a great
 15 opportunity to transition the District from a loose
 16 control structure and culture to an efficient and
 17 effective finance and accounting department that
 18 provides transparency and clear communications to
 19 you all and to the public. And that controlled
 20 environment should include preventative and
 21 detective controls within Tyler Munis, as well as
 22 the implementation of a standardized monthly and
 23 quarterly and annually financial close process.
 24 I note that this probably comes -- this
 25 process is a little bit harsh, but it's what we saw

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1 in our work. And we're here to help, it may not
 2 feel like that, but we hope (inaudible) for you all
 3 to (inaudible).
 4 CHAIR SCHMITZ: Well, thank you for the
 5 report and thank you for your work. Someone, could
 6 you please mute your mic? The RubinBrown people,
 7 could you please mute your mic? We're getting
 8 feedback. Thank you.
 9 This report is very detailed and there's a
 10 lot here and there some things that, perhaps, we
 11 have questions on. I would ask if you would be
 12 willing to come back at meeting in the future to be
 13 determined to potentially address some of the
 14 follow-up questions that we might like to have
 15 reviewed after we've had more time to take a look at
 16 the document. Is that acceptable to to you?
 17 MR. ZETLEMSL: Yeah. To the extent that
 18 you all could provide your questions in advance of a
 19 meeting, I think we could be prepared to go through
 20 them and be as efficient as possible.
 21 We're absolutely happy to come back and go
 22 through your questions and make sure that you fully
 23 understand what we did and that that we've
 24 appropriately addressed any concerns that you have.
 25 CHAIR SCHMITZ: Okay. That sounds fine.

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1 TRUSTEE NOBLE: Aye.
 2 TRUSTEE DENT: Aye.
 3 CHAIR SCHMITZ: Aye.
 4 Unanimous. We're opening the public
 5 hearing. And we are doing this public hearing as
 6 required by Nevada Revised Statutes. I'll ask our
 7 Director of Public Works, Ms. Nelson, has the
 8 District complied with all the required notices?
 9 MS. NELSON: Yes.
 10 CHAIR SCHMITZ: We will allow Ms. Nelson
 11 to provide an overview and then take public comment
 12 after that.
 13 MS. NELSON: Tonight is the formal
 14 adoption of the proposed water and sewer rate
 15 increase for the fiscal year '25. We've presented
 16 the information in the packet based on the majority
 17 board direction at the last meeting.
 18 As you can see, we've also revised some of
 19 the fees based on board discussion and direction at
 20 that meeting, and we've included the alternate two
 21 rates as requested by the Board.
 22 If there's any other information I can
 23 provide, I would be happy to do it.
 24 CHAIR SCHMITZ: Any questions?
 25 TRUSTEE TULLOCH: The 136, or whatever it

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1 I'll just ask that each of the trustees
 2 address what your questions are and review the
 3 document and keep this moving forward. It's
 4 important to all of us.
 5 Thank you very much for your efforts and
 6 for being here and doing your presentation tonight.
 7 Are there any other questions before we
 8 close out that item?
 9 Seeing none, thank you, gentlemen.
 10 Close out that item, and let's take a
 11 10-minute break and come back at 7:50. Thank you.
 12 (Recess from 7:39 p.m. to 7:49 p.m.)
 13 CHAIR SCHMITZ: We'll call the meeting
 14 back to order. Moving on to general business G 2,
 15 the public hearing.
 16 G 2. Public Hearing
 17 CHAIR SCHMITZ: I'll ask for a motion to
 18 open the public hearing.
 19 TRUSTEE DENT: Move to open public
 20 hearing.
 21 CHAIR SCHMITZ: Second?
 22 TRUSTEE TONKING: Second.
 23 CHAIR SCHMITZ: All those in favor?
 24 TRUSTEE TONKING: Aye.
 25 TRUSTEE TULLOCH: Aye.

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1 is, charged for the hazardous waste shed, can you
 2 explain to me how this suddenly appears as a charge
 3 and it wasn't in the budget? I mean, does this mean
 4 that we go through a budget process and we go
 5 through some hard decisions in the budget process
 6 and things get taken things out and moved? Is this
 7 a normal practice, just put something back in and
 8 stick a charge on it that just gets added then to
 9 the bill?
 10 MS. NELSON: No. What we've done in this
 11 budget process, we've come in front of the Board
 12 beginning back in April with the capital improvement
 13 plan, projects, which it was under solid waste. And
 14 we've also brought the proposed rate schedule to the
 15 Board, and that has been on that schedule as a
 16 proposed fee. And that was the proposed funding
 17 mechanism for that facility.
 18 We do not have a funding mechanism other
 19 than that currently to be able to afford to pay for
 20 this infrastructure. However, at this time the
 21 infrastructure is structurally unsound, so that's
 22 why we needed to come up with a way to pay for the
 23 infrastructure to be able to provide a safe
 24 container for the hazardous storage.
 25 TRUSTEE TULLOCH: For instance, the Rec

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1 Center's received emails saying that the diving
 2 board replacement is not in the budget, so the Rec
 3 Center could just do the same thing, add three bucks
 4 to every swimming pool visit to pay for the diving
 5 board?
 6 MS. NELSON: In utilities, we have to come
 7 in front of you for all approvals of our rates and
 8 associated fees. And that's why we are here
 9 tonight.
 10 TRUSTEE TULLOCH: Understood. But you
 11 don't have a very good track record. We were
 12 collecting two million bucks a year for, supposedly,
 13 the effluent pipeline project, much of which then
 14 disappeared and nothing was ever done.
 15 I am fundamentally opposed to this,
 16 something that's not been added to the budget. I'm
 17 not sure why we go through a budget process if this
 18 suddenly then appears as another 100-, 120,000.
 19 Has money actually been appropriated?
 20 MS. NELSON: Yes, it has. Because it was
 21 approved in the capital plan.
 22 TRUSTEE TULLOCH: Was it approved in the
 23 budget?
 24 MS. NELSON: Under the capital plan.
 25 TRUSTEE TULLOCH: I don't believe --

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1 and I think it is doing a disservice to actually
 2 getting rates accurate that are going to get us to
 3 where we need to be.
 4 I apologize for not being physically or
 5 remotely present when this discussion happened on
 6 June 26th. I lost connection and it just was gone.
 7 But I did listen to the Board discussion afterwards,
 8 and I understand and appreciate why the majority is
 9 going -- or had suggested alternative 2.
 10 My concerns with that, though, are that
 11 you raising the commodity rates which are -- is the
 12 only thing that residents actually have control of,
 13 and by raising it the degree that you are, you have
 14 a high likelihood that it will drive conservation by
 15 rate payers and will not achieve the \$532,000 that
 16 you're hoping to cover in that. And so I would just
 17 strongly suggest that you do that as part of the
 18 basic service charge. You set an amount you want to
 19 collect and collect that through that fee versus
 20 trying to do it through the commodity charge that
 21 will be variable and mostly likely will not come in
 22 at that \$532,000 figure that has been provided in
 23 the column for alternative 2.
 24 TRUSTEE TONKING: I'm not going to ask my
 25 other question and just move on.

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1 MS. NELSON: If we don't have the funds,
 2 we can't purchase the infrastructure.
 3 TRUSTEE TULLOCH: Understood. I'm sure
 4 there's lots of other venues of things that during
 5 the budget process come out of the budget. That's
 6 what I am wondering if this is just and end run
 7 around it?
 8 TRUSTEE NOBLE: First off, I want to say I
 9 think it's patently unfair to accuse Ms. Nelson of
 10 having a poor track record since she wasn't even
 11 here with regards to those \$2 million annually
 12 appropriated for the effluent pipeline that you're
 13 discussing. I think -- again, you're focused on
 14 something that happened in the past, and nobody on
 15 staff is here that had any input on those decisions.
 16 And, to me, it's also on the board, past boards,
 17 that allowed that had to happen or were kept unaware
 18 that that was on.
 19 With regards to that, I think it's -- you
 20 need to look forward. And I think this board and
 21 future boards and I think staff currently now very
 22 much understands the concerns that you're raising
 23 that happened in the past with regards to certain
 24 fees that were earmarked for certain things. And I
 25 just don't think -- you seem to be hung up on that,

80

1 But my question off of this new area, to
 2 Trustee Noble's point, have we seen usage decrease
 3 when we've been increasing our rates?
 4 MS. NELSON: Not drastically, no.
 5 TRUSTEE TULLOCH: A response to Trustee
 6 Noble: Those that ignore history are doomed to
 7 repeat the same mistakes.
 8 And you if you check, I was not
 9 specifically talking about Director Nelson; I was
 10 talking about the track record of Public Works here.
 11 You are representing Public Works in terms of that.
 12 If it was taken personally, you have my apologies.
 13 That was not the way it was intended, and I've
 14 discussed with Director Nelson, so she's well aware
 15 this wasn't a gotcha question.
 16 I still think it's wrong. This charge
 17 would be removed after this year?
 18 MS. NELSON: That's correct.
 19 TRUSTEE TULLOCH: Because the 2 million --
 20 again, at the risk of quoting history, the 2 million
 21 was never removed afterwards, be that as it may.
 22 If we're trying to encourage
 23 conservation -- thank you for the numbers you
 24 provided me -- between the golf courses and Diamond
 25 Peak, they use 14.7 percent of our total water

81

1 production, yet they pay 7 percent of the total
2 revenues.
3 Maybe it would be good conservation there
4 by increasing the charges there for a future rate
5 study.
6 CHAIR SCHMITZ: My question, and I had
7 asked this and I don't believe we have the
8 information, but when we look at whether it's sewer
9 or whether it's water, there are fees that are being
10 assessed for, specifically, capital improvement
11 projects. What I had asked for was the aggregate
12 number that we are collecting with this rate
13 structure for capital improvements for sewer and
14 capital improvements for water, and how does that
15 compare to what we have budgeted for capital
16 improvements because it might be too high, it might
17 be too low if we aren't analyzing it at the
18 aggregate level and looking at it compared to our
19 budget.
20 So that was the question that I had asked,
21 and I know Ms. Nelson doesn't have that information
22 this evening.
23 TRUSTEE DENT: Director Nelson, the \$1.34
24 Trustee Tulloch brought up, is there a way to have a
25 one-time charge on the bill? So one month, the

83

1 that's why either of those options is preferred.
2 Keep in mind that this is a moving target
3 because it relies on how much people are actually
4 using and that kind of thing, but at least it would
5 get us to at least a better starting point as
6 opposed to slowly ripping the Band-Aid off, we're
7 just getting it done.
8 If might just answer Trustee Schmitz'
9 question real quick about the capital improvement,
10 that fee. That fee actually does not just cover
11 like the capital improvement plan for that year.
12 It's actually trying to put money away for capital
13 improvements in the future.
14 You have people that are buying into the
15 system. You have a house that somebody buys, and
16 they're going to remodel the house and knock it
17 down, they have an original one-inch meter. They
18 come in and now the house size is a two-inch meter.
19 So they have to, essentially, buy back into the
20 system and make up for that difference, and that
21 goes -- that comes in in plan check fees and during
22 the initial permitting process. But then you're
23 also charging them monthly for basically the
24 convenience of having that infrastructure ready and
25 available.

82

1 users are charged that \$16.08 instead of \$1.34
2 twelve times?
3 MS. NELSON: Yeah, we can do it any way to
4 set it up as a flat, one time, or each month.
5 TRUSTEE DENT: I do feel like if it does
6 run for a year, you forget about it, and then it
7 just stays there like we had seen with other bonds
8 and stuff. I feel like that might be the way to
9 address Trustee Tulloch's concerns, and it could be
10 a one-time hazardous waste fee that is charged and
11 then it disappears off the bill and not there again
12 and we don't have to worry about this.
13 CHAIR SCHMITZ: On top of that, then you
14 have the capital to actually procure the shed.
15 That's a good idea.
16 TRUSTEE TONKING: I know we've talked
17 about rate alternative 2, but can you speak to me
18 again, you mentioned there was some concerns and
19 pushed toward 3 or 4. Can you speak to those again?
20 MS. NELSON: What alternative 2
21 essentially does at the end of the year is reduce
22 the amount that we're running in the negative by the
23 \$532,000, approximately. Alternative 3 and
24 alternative 4 essentially allow the fund to end up
25 at an approximate zero at the end of the year, so

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1 But I don't have the total -- I'm sorry I
2 didn't understand your question.
3 CHAIR SCHMITZ: My question is is with
4 this capital improvement fee, when you had the other
5 options for having the flat fee, what was
6 specifically to cover capital, or was that to cover
7 for operations? Because I think that we should be
8 looking at it differently because we have different
9 line items here. And we have never asked the
10 question about what does this come to as an
11 aggregate for sewer and water, and what is our
12 capital plan and is this sufficient or do we need to
13 make an adjustment so it's a little bit of both?
14 But I think that by just going and doing it
15 one year, you're having everyone pay for something
16 that has many years of build up, so to speak.
17 From my perspective, I think before we do
18 this, we need to understand where are we with the
19 capital fee and our capital budget.
20 TRUSTEE DENT: I feel like delaying this
21 further, the hole gets bigger.
22 MS. NELSON: Correct.
23 TRUSTEE DENT: We could cancel projects to
24 help that divide, it doesn't help with our
25 infrastructure, but delaying a month of collection,

85

1 it adds up at the end of the year.
2 I feel like we've pushed this off awhile,
3 and I would like to move forward and make a
4 decision.
5 CHAIR SCHMITZ: I would as well. I guess
6 what I'm going to ask is that can that information
7 be provided to the Board so that, perhaps, midyear
8 we take a look at it and say, gosh, we've learned
9 more about where we are with our capital and our
10 capital fees, and we would have the opportunity to
11 make an adjustment.
12 I mean, there's nothing to say that we
13 can't, is there?
14 MR. RUDIN: No, no, there isn't. But it
15 does seem like you guys are entering into
16 deliberations about whether or not to move forward,
17 and I would suggest we take the public comment on
18 this item.
19 CHAIR SCHMITZ: Thank you.
20 TRUSTEE TONKING: Just on that, a quick
21 question.
22 If we change fees -- when you get that
23 report about the capital, can you also tell us what
24 you said just looking like and that kind of stuff,
25 so we can make sure this isn't -- because of the way

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1 is just to fund it, it's not related to user pay
2 fees?
3 MS. NELSON: Correct.
4 CHAIR SCHMITZ: Any other questions or
5 comments?
6 G 2. Public Hearing - Sewer and Water Rates
7 CHAIR SCHMITZ: Then we will open it up to
8 public comment, if there are any here in the room.
9 Seeing none, any online?
10 MR. KATZ: Good evening. This is Aaron
11 Katz.
12 You know, it's been over two hours this
13 meeting has gone on, and you know this, the public
14 hearing is six o'clock. This is totally wrong.
15 When you have a public hearing, it should be the
16 start of the meeting.
17 Your problem, like the (inaudible) isn't
18 the rates; it's unfair preferential classifications,
19 which I've told you many times about before, you
20 just don't care. There's intended discriminatory
21 rates for the District businesses to hide the
22 losses, like Mr. Homan's beloved golf. There's over
23 a million dollars-worth of subsidies, and what the
24 rates should be for water at the golf courses that
25 the rest are paying, and he doesn't give a damn.

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1 that Trustee Noble meant, I want to make sure we
2 even get that \$500,000. So, just to assess midyear
3 anyway.
4 MS. NELSON: Do you want this brought back
5 prior to end of the year, after four months,
6 two months?
7 CHAIR SCHMITZ: Yeah. Sooner rather than
8 later.
9 MS. NELSON: Okay. CIP for sure. And
10 then usage, we will do a monthly -- yeah.
11 CHAIR SCHMITZ: If we could have the
12 CIP -- I don't think it will be an inordinate amount
13 of effort to do. If we can at least bring this back
14 as a report to the Board so that we can see where
15 things are, that would be informative. Then the
16 Board can decide whether they want to take any
17 action on that information or not. That would be
18 great.
19 I'll put it down on our long range.
20 TRUSTEE TULLOCH: What is the anticipated
21 life of the hazardous waste shed?
22 MS. NELSON: Ten years, I believe, it's
23 warranted for. The one that we have currently is
24 pushing 25.
25 TRUSTEE TULLOCH: Okay. The charge for it

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1 And where are the rates for wastewater?
2 Never do you come before the Board and present that.
3 And the people that are getting that wastewater have
4 locked-in rates for many years, whereas local
5 residents have nothing.
6 Two years ago, HDR recommended 70 percent
7 increase in water rates for the golf courses and 30
8 percent for snowmaking. But staff interfered with
9 HDR and said no, and look where we are today. That
10 is the cause of the problem, all designed to hide
11 our money-losing businesses, which if you'd wake up
12 and get out of business, we wouldn't be dealing with
13 these issues.
14 Then you have the capacity adjustment
15 factor. It's a fraud. It's based upon the size of
16 a water meter, and it's based upon a hundred percent
17 of the capacity of the size of that meter. When
18 you're running millions of gallons of water for
19 snowmaking, you're using a hundred percent of the
20 diameter of your water meter. When I'm at home, and
21 I'm only here part time, I'm not even using the
22 water, and yet I'm being calculated as if I was
23 doing a hundred percent capacity. It's totally
24 unfair.
25 So, Diamond Peak uses 1,500 percent of the

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1 water that a normal resident does, and yet it pays
2 only 73 times the amount that the residents pay.
3 It's totally unfair, you refuse to address this,
4 you, as the board, are causing the problem. It's
5 just not fair.
6 Then we got 200 vacant lots. They're
7 paying zero for defensible space because they don't
8 get a water bill, and yet the rest of us are paying
9 defensible space. And you think that's fair?
10 How about the condo associations? They
11 pay one administrative fee for hundreds of units in
12 the association, the same fee that we and the
13 residents pay, and that's terribly unfair because
14 every one of those users has the ability to go to
15 admin and ask any questions, any concerns, whatever.
16 What about fees excess water fees?
17 (Expiration of three minutes.)
18 MR. DOBLER: This is Cliff Dobler.
19 I have a few comments on this agenda item.
20 I guess my biggest problem is is everything that is
21 presented to the Board is piecemeal. Here we are
22 approving rates and fee schedules, but you wouldn't
23 know where were we last year and where are we
24 this year so the average guy might know: What are
25 my rates going up by?

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1 MR. WRIGHT: Frank Wright, Crystal Bay.
2 Mirroring those two comments and the two
3 speakers before me, I'm going to add something. The
4 state has laws about utilities not making a profit
5 and to cubby hold future expenditures. You can't do
6 that. It's illegal. You can only charge what it
7 costs to provide the service.
8 And to start collecting money for future
9 capital improvement projects is basically illegal
10 and a state law. But no one's asking that question,
11 no one is even addressing that issue.
12 Let's just go to the rates and the
13 unfairness of how rates are distributed. I think we
14 got a pretty good lesson tonight from the auditors.
15 They have explained things are going on here that
16 are uncontrolled. They're just out of whack, and
17 the utilities is one of those areas that is out of
18 whack.
19 I don't quite understand what the Board is
20 here for if they're not going to take control of
21 what's going on. And to put somebody in charge
22 utilities who really doesn't understand what the job
23 function is, and that is to provide services for the
24 people in this community at a cost that is the same
25 cost that is coming from them.

90

1 Instead we're talking about \$100 minimums
2 for this and \$50 for that, and \$30 for this.
3 Then, number two, I don't think you ever
4 even did a rate study with all the changes we have.
5 The big item would be the pipeline, and then we had
6 a huge grant on the storage tank. The DOWL report
7 came in, and I think we're short like \$30 million
8 over the next five years on water lines. And also,
9 we never have met the Board policy for required
10 reserves.
11 So all you have is this jumbled up mess,
12 and nobody knows exactly what are you really doing
13 because there's nothing here that anybody could put
14 their foot on and say, yeah, I understand why our
15 utility rates were this year and why they are this
16 much this year, what we're trying to do for the
17 reserves and all of these large items that have
18 occurred in the last four months, and we're just
19 looking at fees of bulk water for construction,
20 \$2.02 per hundred gallons, return check fee, \$25.
21 This is crazy. I mean, what are you
22 people doing? Because I don't know that anybody
23 could get anything of this. Again, it just shows no
24 management whatsoever.
25 Thank you very much.

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1 To increase the cost based on a frivolous
2 number ideas is insane. And there should be a
3 universal cost for everybody using the water and the
4 services. It just seems weird to me, but nothing in
5 the District seems normal.
6 Thank you.
7 MR. BELOTE: That was the last public
8 comment in the queue.
9 CHAIR SCHMITZ: Thank you. Motion to
10 close the public hearing?
11 TRUSTEE DENT: Move to close the public
12 hearing.
13 TRUSTEE TONKING: I second.
14 CHAIR SCHMITZ: All those in favor?
15 TRUSTEE TONKING: Aye.
16 TRUSTEE TULLOCH: Aye.
17 TRUSTEE NOBLE: Aye.
18 TRUSTEE DENT: Aye.
19 CHAIR SCHMITZ: Aye.
20 Public hearing is closed, 5/0 vote.
21 Moving on, is there any further discussion on this
22 item?
23 TRUSTEE NOBLE: I would just -- my
24 understanding is that there is hesitation to
25 implement rates that would collect the \$2 million to

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1 make up the deficit in one year, and that the
2 proposal -- the alternative came from staff
3 demonstrated there was a potential to collect an
4 additional 532,000.

5 I would implore my fellow colleagues to at
6 least look to getting something more than that, up
7 to a million at least, so that we're not digging
8 ourselves deeper in the hole and saddling future
9 boards to make even more drastic decisions with
10 regards to collection rates for water.

11 So that would be my recommendation.

12 CHAIR SCHMITZ: I appreciate that.

13 One of things that I would like to have on
14 our agenda for July the 30th is to have that water
15 and sewer CIP analysis so that we can understand
16 where we are. We don't have that information.

17 So I just wanted to let people know that I
18 did jot it down for our July 31st meeting.

19 TRUSTEE TULLOCH: I would point out, we're
20 already increasing rates more than were recommended
21 in the rate study we did just 18 months ago. We've
22 already made major increases in the rates over the
23 last few years.

24 I think we've got to look at what is
25 actually doable for the community. Not everybody in

95

1 like we said.

2 That's why I support alternative number 2.

3 TRUSTEE TONKING: As I mentioned in our
4 last meeting, I have some concerns with alternative
5 number 2. Yes, the 40 percent increase now is a
6 lot, and I completely understand that, but I'm
7 really concerned in what it's going to look like
8 every year as we continue to grow in the distance we
9 get.

10 I'm favor of 3.

11 CHAIR SCHMITZ: Thank you for that.

12 I, too, understand that situation. And
13 with option 2, I think that there are some things
14 that need to be looked at in our budgets for cost
15 containment and cost cutting. And I think that we
16 can't sustain these types of increases in our
17 budgets, year over year.

18 I think that we need to hold steady, and I
19 think that our Director of Public Works needs to
20 really work to contain the spending and the budget
21 that was put forward this year and see if we can cut
22 some costs as we're operating the water and sewer.

23 I think that the option 2 that staff put
24 together is a greater increase than what had been
25 projected. And then I think we need to, at our

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1 the community here is multimillionaires or
2 billionaires or whatever. There's a lot of people
3 working three jobs to stay here.

4 I think we need to make sure that we keep
5 our rates at a reasonable level, consistent with
6 actually delivering, and that means looking at the
7 rate structures as well.

8 TRUSTEE DENT: I want to address a couple
9 comments I heard in public comment as far as the
10 changes and collecting money for future projects.

11 This budget actually -- the fees we're
12 charging are going to create a 1.5 million
13 shortfall, approximately, from what we need to pay
14 the bills, so we're dipping into fund balance
15 this year. We're seeing a water increase of nearly
16 16 percent and a sewer increase of 8 percent with
17 the proposed rates. And if we were to increase it
18 further, we're talking about another 18 percent
19 increase on top of what we're already doing just to
20 break even.

21 And the reason why I supported alternative
22 number 2 is because that is already a huge increase
23 and can't imagine passing a 40 percent rate increase
24 in one year along to the users and then another 15,
25 20 percent the next year. It's not sustainable,

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1 meeting at the end of July, take a look at what
2 these CIP fees are collecting, what it is bringing
3 in an aggregate compared to what we have in our
4 capital budget and evaluate that as a future date in
5 July.

6 TRUSTEE NOBLE: My concern that there's --
7 a lot of this out of the control of Public Works,
8 whether it's the massive increase in central
9 services allocations or the extremely delayed start
10 to the irrigation season last year with near-record
11 rain and snowfall.

12 I just think that we're putting ourselves
13 further and further behind by not being more
14 proactive right now.

15 TRUSTEE TULLOCH: I'm going to do
16 something unusual and agree with Trustee Noble on
17 his first point. I think it's correct.

18 Director Nelson supplied me with some
19 comparatives against that rate study, and one of the
20 major variances was obviously in the central
21 services costs. I think to echo Chair Schmitz's
22 words, yes, we need to be looking at efficiencies,
23 we need to be looking at improvements, where can we
24 make savings, and that includes the central services
25 costs recharged as well.

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1 Having worked in the UK water industry
2 where we were on a inflation-minus target
3 every year, you can make efficiencies. We all had
4 to make them in these companies. They can be done,
5 but we need to look for them. Not just assuming we
6 can pass everything through in an increase in
7 charge.

8 CHAIR SCHMITZ: Perhaps our report that we
9 had from RubinBrown is identifying some things that
10 can be better controlled.

11 So I'm wondering if anyone cares to make a
12 motion?

13 TRUSTEE DENT: I'll move that we accept
14 the motion on page 108, and direct our Director of
15 Public Works to have a one-time fee of the 16.08, I
16 believe is what the math worked out to.

17 CHAIR SCHMITZ: There's a motion. Is
18 there a second?

19 MR. RUDIN: For clarity, that would be a
20 motion to adopt the resolution with the fee
21 schedules as attached to the resolution, and
22 modifying the fee schedule for the household
23 hazardous waste fee to be -- it's 134 times 11,
24 rather than 12 -- 14.74 as a one-time fee.

25 TRUSTEE DENT: I will say I agree with

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1 your comments.

2 CHAIR SCHMITZ: Is there a second? Did
3 you hear what the motion was? I want to make sure.

4 MS. NELSON: Can I get a clarification on
5 it? We're okay to charge that one-time fee for the
6 first bill that goes into action with these new
7 rates. Thank you.

8 CHAIR SCHMITZ: Any objection to having it
9 be the first -- in the first bill? Seeing none.

10 TRUSTEE TULLOCH: My objection is to
11 having it in the bill at all. But I'm conflicted
12 here. I'm inclined to second Trustee Dent's motion.
13 It goes against my principles, because I do strongly
14 object to this one-off collection and just adding
15 these one-off items. I think it sets a horrible
16 precedent. But I'll bite the bullet here since it
17 seems two trustees want to jack the costs up even
18 more without even looking at deficiencies.

19 I'll second Trustee Dent's motion.

20 CHAIR SCHMITZ: Motion's been made and
21 seconded. Any further discussion?

22 All those in favor?

23 TRUSTEE TULLOCH: Aye.

24 TRUSTEE DENT: Aye.

25 CHAIR SCHMITZ: Aye.

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1 Opposed?

2 TRUSTEE TONKING: No.

3 TRUSTEE NOBLE: No.

4 CHAIR SCHMITZ: Motion passes three to
5 two.

6 Moving on to general business G 3.
7 G 3. Water Resource Recovery Facility Roof
8 Replacement

9 CHAIR SCHMITZ: Review, discuss, and
10 approve a construction contract for the water
11 reserve recovery facility roof replacement, pages
12 117 to 351 of the board packet.

13 MS. NELSON: This item is to replace the
14 wharf roof that's over 25 years old. The asphalt
15 shingles and tar are deteriorating with visible
16 signs of failure and detachment.

17 We bid this project earlier this year and
18 the bids came in over budget, so staff broke the bid
19 up into a base bid with alternates hoping that we
20 could at least award a portion of it. Our
21 recommendation is to award the base bid alternate 1
22 and alternate 3.

23 Bid alternate 2 was not recommended to
24 move forward since that work was basically to add
25 gutters where there is not gutters currently. We

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1 will work with the building staff to do that after
2 the roof is installed.

3 CHAIR SCHMITZ: Any questions?

4 TRUSTEE TULLOCH: Was it just 250 we
5 budgeted for this?

6 MS. NELSON: I believe it was 350 that was
7 budgeted.

8 TRUSTEE TULLOCH: I'm reading the
9 engineer's estimate. It was 250.

10 MS. NELSON: Yeah, the engineer's estimate
11 was 250. We actually had budgeted 350, so we're
12 requesting that the contract be awarded at 306 and
13 change, and then we have a 10 percent contingency of
14 30,000.

15 TRUSTEE DENT: Didn't you just say that
16 number 3, we wouldn't be doing that right now?

17 MS. NELSON: Bid alternate 2.

18 CHAIR SCHMITZ: Any other questions?
19 Seeing none --

20 TRUSTEE TONKING: I move that the Board
21 approve item as written.

22 CHAIR SCHMITZ: Second?

23 TRUSTEE DENT: Second.

24 CHAIR SCHMITZ: Motion's been made and
25 seconded. All those in favor?

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1 TRUSTEE TONKING: Aye.
2 TRUSTEE TULLOCH: Aye.
3 TRUSTEE NOBLE: Aye.
4 TRUSTEE DENT: Aye.
5 CHAIR SCHMITZ: Aye.
6 Motion passes 5/0. Moving on to item G 4.
7 G 4. North Lake Tahoe Fire Protection District
8 Report
9 CHAIR SCHMITZ: Review, discuss the
10 agreement with the North Lake Tahoe Fire Protection
11 District and their report delivered to the Director
12 of Public Works in April, pages 352 to 363.
13 MS. NELSON: Chief Summers and Division
14 Chief Isaac Powning are here tonight to provide the
15 annual update for the wildfire mitigation and forest
16 management services provided to IVGID for the 2024
17 season.
18 And I will turn the microphone over to
19 them.
20 CHAIR SCHMITZ: As he's coming up, I just
21 want to explain why this is on our agenda. The
22 reason why this is on our agenda is because we have
23 a number of agreements in the District. We have
24 contracts, MOUs, agreements, and we don't have a
25 schedule for actively monitoring them. This just

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1 wasn't in agreement, that they were not in alignment
2 with one another. But this is partially why we have
3 that long list that I've been talking about since
4 September of 2021, that we have all these agreements
5 and we're not actively managing them.
6 All this is really about is to say: This
7 is how the practice has been done the past few
8 years, and does the Board want to just modify the
9 agreement to align with the practice or do we want
10 from the North Lake Tahoe Fire Protection District
11 in April, the report that is -- with the information
12 that is outlined in the agreement?
13 So, that's really the gist of why this is
14 before the Board. It's not to challenge the
15 agreement, it's not to do away with the agreement.
16 It's just one of these examples of a contract that
17 the Board hasn't been actively managing. And so we
18 are just here to say how would we prefer -- I'm sure
19 that the North Lake Tahoe Fire Protection District
20 has a preference for one thing versus another.
21 With that long introduction, I'll hand it
22 over to you.
23 CHIEF SUMMERS: Ryan Summers, North Lake
24 Tahoe Fire, we are here to present on the fuels
25 program as a whole to begin with, just to give you

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1 happened to be one. We it pulled it up, and it has
2 some things that are to be delivered to the Director
3 of Public Works, according to the agreement.
4 There have been changes. As you can see,
5 there was a change in years past with this
6 memorandum to Mr. Underwood, who was then the
7 director of Public Works, and the request was to
8 just basically budget \$200,000 a year, and that was
9 how it was being handled. Yet the agreement, you
10 can see on page -- it's the second page of the
11 agreement, number 2, it's says, "In April of
12 each year, the North Lake Tahoe Fire Protection
13 District is to give to the Director of Public
14 Works," all these things, the type of work, the
15 acreage, the timetable, the man hour estimate, and
16 projected project total cost. We can see that there
17 has been sort of a change that was made.
18 And so the reason this is being brought to
19 the Board is to say do you want to change the
20 agreement to reflect the practice? And the practice
21 has been that this report has been provided and
22 bills sent and the documentation has been provided,
23 but the process of just budgeting the \$200,000 isn't
24 any longer in compliance with the agreement.
25 This is one that I didn't know that it

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1 an overview of how we operate at the fire
2 department, and then to go over more, in detail,
3 exactly what IVGID is responsible for per the MOU,
4 and what we have done in the past. We do have
5 examples of our invoices if there's any questions.
6 They are about 65 pages long and they're, in my
7 opinion, very detailed. Hopefully, we can address
8 any questions that may come up with those invoices.
9 With that, I am going to turn it over to
10 my division chief of fuels, Isaac Powning, he is the
11 one that knows this agreement like the back of his
12 hand, and is also responsible for that division of
13 the District as a whole.
14 DIVISION CHIEF POWNING: I just want to
15 kind of give you guys an overview of our program as
16 a whole and where we're at at the fire district. I
17 will be using a lot of acronyms, so I'll do my best
18 to try to explain those acronyms. If I miss one,
19 please let me know, and I'll try to spell that out
20 for you.
21 Starting off with the fuels program, our
22 number one priority is the community here, the
23 safety of the residents and as well as the visitors
24 and so forth. Part of that is forest health and
25 hazardous fuel reduction. Right now, our program is

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1 staffed with 21 full-time, year-round employees, and
2 through the summer, that's up to about 55 right now.
3 Can be higher, but it's 55 five right now. We staff
4 two type 2 hand crews on those, initial tack hand
5 crews. And on those hand crews, there's ten
6 full-time employees and 30 seasonal employees. We
7 also staff two type 6 engines, and that is currently
8 four-person staffs, and there's five full-time
9 employees and three seasonal employees in those
10 modules.

11 Additionally for the program, there's
12 eight administrative people, one being myself as the
13 division chief, we have a fuels management officer
14 who is responsible for all the operational oversight
15 and so forth out on the ground. I have a compliance
16 officer, which is an individual that keeps us in
17 line with financial stuff and following CFR
18 regulations and so forth. And then a forester is
19 also staffed. That individual keeps us out of
20 trouble when it comes to the environmental stuff and
21 does a lot of our project planning and project
22 layouts for us. We have a fuel's prevention
23 specialist, and that's kind of our Swiss army knife
24 for doing a lot of things for us. He really focuses
25 on the chipping program and the defensible space

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1 program for the most part, but also assists the to
2 foster with project layout and so forth. And then
3 two defensible space inspectors, which are seasonal.
4 And an administrative assistant that helps us out
5 with all the fun stuff.

6 All of our staff is highly qualified,
7 highly experienced. I would put our staff up with
8 any staff throughout the nation. Our program is, in
9 some cases, what people may call the godfather of
10 this type of program, especially at the local
11 government level. We do travel across the country
12 quite a bit assisting other local governments in
13 building programs like this, so this program is
14 highly recognized throughout the country.

15 As far as our grants go, and this is where
16 I'm going to get into the acronyms, little bit of
17 just kind of an idea of our grants, and I'm really
18 going to discuss over the past six years. That's
19 really the best data that I have right now because
20 we've had transition of foresters and so forth and
21 how we've got some of our recordkeeping with the IS
22 and so forth.

23 Right now over the past six years, we
24 dealt with a SNPLMA grant, Southern Nevada Public
25 Lands Management Act, that's through the BLM,

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1 basically, where they sell federal land down in
2 Southern Nevada, and then those funds, we get to
3 capture some of those funds. And then the WSFHM,
4 which is the Western States Fire Hazardous
5 Management fuels grant. The LSR, which is our
6 Landscape Scale Restoration grant. And then we do
7 occasionally get grants from the United States
8 Forest Service, which are called nonfederal land
9 grants. All of these grants have been utilized on
10 IVGID land over the six years.

11 One of the keys things that when were
12 nominating for these grants, we're outlining the
13 scope of work for those grants as we develop these
14 grants. And when we're doing the scope of work,
15 we're following what they call "BMPs," which are
16 best management practices, forestry best management
17 practices, and this is where the forester really
18 steps in.

19 When we do our grants, we actually --
20 because of our unique landscape, we have a pretty
21 wide scope. It allows us a lot of flexibility to
22 choose different strategies or tactics, if you will,
23 on how we're going to treat certain areas out here.
24 If I had my way, we would burn it all. I know that
25 doesn't seem right in a lot of people's mind, but,

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1 quite frankly, that is the best method out here.
2 Unfortunately, Incline Village isn't very weather
3 friendly when it comes to prescribed burning, so we
4 have to use other strategies such as mastication,
5 piling, which is what we mostly use out here
6 especially because of the type of slopes that we
7 have.

8 With these multiple types of strategies or
9 tactics, if you will, really that's the most
10 effective strategy to hazardous fuel reduction.
11 You'll see a lot of times, we're treating with a
12 masticator or piling, and if all things go right,
13 we're able to follow that up with understory
14 prescribed burning. Unfortunately, that's far and
15 few between because of a lot of scenarios.

16 All of our treatments or implementations
17 all do go through a hazardous analysis or a
18 environmental analysis or SHPO, which is the State
19 Historic Preservation Office, which is your
20 cultural-type of stuff. A lot of these grants, this
21 is a requirement to have all that in process, and
22 with the grants that I mentioned earlier, those
23 grants you can't even put a nomination for those
24 grants anymore without having those environmental
25 issues or SHPO issues covered or addressed.

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1 The other thing is a period of
 2 performance. You guys are probably savvy with
 3 grants, so I don't need to explain. But a lot of
 4 these grants, they do have different period of
 5 performances and they can range anywhere from two,
 6 three, I think SNPLMA is now eight years, if I
 7 remember right. Those require a lot of preplanning
 8 as those nominations in match requirements, that's
 9 really a competitive thing when it comes to a lot of
 10 these grants, and that's really where we're using
 11 that \$200,000 is using that into those matches.
 12 That's our ultimate goal is to take that \$200,000
 13 and expand that further, obviously.

14 But when we're doing those nominations,
 15 we're really evaluating the playing field, if you
 16 will, as far as trying to be competitive with other
 17 grant nominations being put in at that time. If
 18 we're going to be putting in grants, which we could
 19 that we say we're not going to get a match component
 20 to it, our score drops down a lot. I'm sure Chief
 21 Summers could probably speak to that because he does
 22 review of that stuff.

23 Landscape areas, so one of things that we
 24 have done over the past couple years with our grants
 25 is we've used the larger-scale landscapes. I know

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1 one of requirements in there was identifying where
 2 we're going to be going and what we're going to be
 3 doing. When we're looking like eight years out on a
 4 grant, that's tough to do because we want to put our
 5 efforts where the efforts need to be put.

6 What we do now with our grants is when we
 7 put in for a grant here, we're using all of our
 8 jurisdictional area in that landscape, which allows
 9 us the autonomy to be able to move to whatever
 10 landscape we feel that needs to be addressed. This
 11 is brand new on the last grant that we're currently
 12 in. Prior grants, they were very specific to an
 13 area where we could only work.

14 CHAIR SCHMITZ: So let me just -- what I
 15 hear you saying is by us, as a district, committing
 16 to \$200,000 a year, by doing it that way, it's
 17 helping you to go and obtain grants for the work, is
 18 that what you're saying?

19 I'm just trying to understand why we're
 20 changing the methodology, and if it's being changed
 21 because it's helping to have a plan for a grant --
 22 I'm kind of reading between the lines, but I'm
 23 hearing you say that; is that correct?

24 DIVISION CHIEF POWNING: We use that match
 25 to -- I haven't got to the financial stuff on this,

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1 but we use that match, the \$200,000, we have that in
 2 our mind to be using that to match those grants.

3 What we're trying to do is take your
 4 \$200,000 and turn that into a million dollars-worth
 5 of work being put out on the ground.

6 CHAIR SCHMITZ: As it relates to the
 7 agreement, -- I'm going back. I'm just trying to
 8 understand. All this is about is trying to
 9 understand what practice is compared to the
 10 agreement, and maybe we need to change the agreement
 11 to meet the practice.

12 Are you saying that if you're giving this
 13 information where it's the total project cost
 14 by year, I don't know, Kate, how much are we
 15 actually spending each year? Is it close to that
 16 \$200,000?

17 (Inaudible response.)

18 CHAIR SCHMITZ: Okay. I see you, Trustee
 19 Tonking.

20 Are you saying that you can't provide us
 21 the information as it's laid out in the agreement
 22 because you just need a commitment of a certain
 23 dollar amount? I'm trying to understand why we
 24 shifted from doing it like the agreement says to
 25 just stating that it is a flat \$200,000.

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1 DIVISION CHIEF POWNING: No. Annually we
 2 could give you a plan on what we're doing, as we
 3 did, I believe, it was provided to you guys a couple
 4 weeks ago for 2024.

5 CHAIR SCHMITZ: Actually, it was a plan,
 6 but it didn't include the manhour estimates and the
 7 project costs totals, it didn't include some of
 8 that.

9 So, I'm trying to understand, you did give
 10 us this long, detailed information, it just doesn't
 11 contain all of the information that's laid out in
 12 the agreement. I'm just trying to understand why
 13 and do we just need to make a change.

14 TRUSTEE TONKING: My question is are you
 15 saying that you're utilizing these grants on our
 16 land because our \$200,000 also doesn't cover the
 17 full cost of what it costs you guys to do the work
 18 that you do?

19 CHIEF SUMMERS: Yes.

20 TRUSTEE TONKING: We give you \$200,000,
 21 you're finding ways to subsidize for us through
 22 grants; is that correct?

23 CHIEF SUMMERS: Correct.

24 TRUSTEE TULLOCH: Thank you, gentlemen, I
 25 appreciate that. I'm sure you guys are more

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1 familiar than most people with issues around
 2 insurance for wildfire.
 3 Is there some way that we can better
 4 leverage this expenditure to help -- you know, a lot
 5 of people in the community are getting stuck now
 6 without insurance. I'll confess, I'm one.
 7 Can we actually better publicize, make
 8 better use of this to help persuade -- resolve some
 9 of the insurance issues? I know it's only a small
 10 component, but it would be very helpful because this
 11 community is getting to crisis stage with that now.
 12 CHIEF SUMMERS: Thank you for the
 13 question. I'm well aware of what this community is
 14 going through when it comes to insurance. Not to
 15 get off the agenda topic, however, we did have the
 16 Insurance Commissioner here two weeks ago to address
 17 these issues. This helps, for sure, in that
 18 scenario.
 19 The problem is is the insurance companies.
 20 And I believe it's a whole new agenda item and a
 21 whole new meeting that we would have to discuss in
 22 that. But this absolutely helps because, in a nut
 23 shell, if anybody's having these issues, please come
 24 to us, we will then bring forward the work they've
 25 done around their private property. And if they

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1 back up to IVGID lands, it helps immensely to show
 2 that that slope below their house that's on the
 3 ridge, the reduction of the fuels that we have
 4 completed, we've been fairly successful with getting
 5 renewals on those properties.
 6 TRUSTEE TULLOCH: What I'd like to see is
 7 in terms of your annual reporting, apart from the
 8 detail of this, which goes through the invoices and
 9 things as well, it's more a summary, an executive
 10 summary of what your work is doing and how that
 11 improves the situation for the community. I think
 12 we're in a better place than a lot of other
 13 communities in terms of that.
 14 I'd like to leverage our expenditures as
 15 much as we can.
 16 CHAIR SCHMITZ: Very good point. Thank
 17 you.
 18 TRUSTEE DENT: Thank you both for being
 19 here. This is the first time you guys have come and
 20 presented on this, unless I've -- over the last
 21 nine years. I do appreciate it.
 22 I keep hearing the 200,000 being thrown
 23 around, but in the report, the financial report we
 24 got yesterday, it said for '21, we spent 194,000,
 25 '22, 156,000, and '23, 179,000.

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1 Someone ask the question, I just want that
 2 on the record.
 3 CHAIR SCHMITZ: Thank you.
 4 So the question at hand is -- we do
 5 appreciate it, and I agree with Trustee Tulloch, if
 6 there's any way that between IVGID sponsoring this
 7 work and the grants and what have you, if there's
 8 some way that we can do collaborative communication
 9 and try to help our community, we should do that.
 10 There are a lot of people who are struggling, so I
 11 thought that was a great suggestion.
 12 My question is are we okay with the
 13 language in the agreement as is or do we want to
 14 change it to say it's a flat fee? Because I'm
 15 just -- what we're trying to do is better manage our
 16 contracts and our agreements.
 17 It's just something that the practice
 18 isn't matching the language in the agreement, and
 19 how does the Board want to handle it?
 20 TRUSTEE TULLOCH: I don't think we can
 21 easily go to a flat fee because a lot of the work
 22 done is basically call-off work by ski and by parks
 23 and things. It's doing general cleanup or doing
 24 work for them when it's required. I'm not sure how
 25 that would fit into flat fee unless we just had an

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1 on-call, basically, 200,000 agreement.
 2 CHAIR SCHMITZ: It would be a maximum. I
 3 think that's what's been done in the past, and we
 4 haven't touched that 200,000, but gotten close.
 5 TRUSTEE TONKING: My question is if you
 6 were to lose these grants what would happen to the
 7 amount of work that could be done? You're telling
 8 me that you're subsidizing some of our work with
 9 those grants.
 10 DIVISION CHIEF POWNING: If we were to
 11 lose the grants, would we still have work to do?
 12 Absolutely. How much would we get done? Not much.
 13 TRUSTEE TONKING: I guess it would be
 14 leaving up to \$200,000, but if for some reason there
 15 becomes a financial struggle, we should bring it
 16 back up.
 17 I think the last thing we would want is
 18 for this work to fall behind because of some grant
 19 loss.
 20 CHAIR SCHMITZ: Well, the way the
 21 agreement is written, there isn't a maximum. They
 22 are to bring a report -- and my reasoning, logic is
 23 that it's in April because that's prior to our
 24 budgeting time. The way that agreement is written,
 25 it says that they are to be providing us, basically,

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1 with an estimate for the work that they think that
2 they want to accomplish, so there is no maximum
3 there.
4 So if we actually did this, it addresses
5 your concern, is my point.
6 CHIEF SUMMERS: If I can add something to
7 that, absolutely we can provide plans to you such as
8 what you saw before.
9 I will tell you that this type of work is
10 very dynamic, there's a lot of factors that can
11 change. You know, I'll use, for example, the
12 insurance issue where we will get phone calls from
13 folks, and if their land is adjacent to IVGID land,
14 we do go and address that immediately.
15 We've also set up partnerships with the
16 State of Nevada as well as the United States Forest
17 Service to be able to start addressing some of their
18 urban lot lands to address some of those same
19 concerns.
20 But I just want to throw it out there that
21 it is dynamic, it can change. There's other things,
22 for example, if we have a heavy winter like we did
23 in 2017, and when we get out after snowmelt, we
24 recognize there is a landscape where the brush is
25 six, eight feet high and it's a high hazard, we will

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1 And then I do believe that it's a
2 pass-through off of the water and sewer bill. That
3 was actually not referenced correctly earlier in
4 public comment, it has nothing to do with the
5 defensible space evaluations. But there have been
6 some homeowners that have come to me, asking if we
7 could raise that rate. And I said, "That is not up
8 to us, that is up to IVGID."
9 But I do foresee some of the residents
10 wanting more work done, and we can address those at
11 the time when we rewrite the MOU.
12 CHAIR SCHMITZ: Okay. The takeaway --
13 Trustee Dent, you have a puzzled look on your face.
14 TRUSTEE DENT: So maybe -- not for this
15 meeting, but I think we should discuss it. If we
16 are setting the defensible rate fee based on
17 \$200,000, but only spending \$150,000, that shouldn't
18 just be a free for all in Public Works.
19 CHAIR SCHMITZ: Understand. We will add
20 that to the list for July 31st.
21 And then the takeaway from this is that we
22 will -- I don't know who is the lead on this.
23 Sergio, can we request your services and take a look
24 at this and modify it? And if there's other areas
25 where the language you think needs to be tweaked,

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1 actually want that autonomy and that ability to be
2 able to go out there and address that hazard.
3 That's something we are currently doing at
4 this point.
5 CHAIR SCHMITZ: I'm getting back to the
6 agreement, then, are you saying that you, as the
7 fire district, would like to see the agreement
8 language modified to not be so specific? I'm trying
9 to just say it is okay the way it is or do we want a
10 change?
11 DIVISION CHIEF POWNING: I do believe that
12 we could definitely benefit, both agencies, by
13 enhancing the language in that.
14 And I do want to preference that not
15 exceed \$200,000 would be perfect because that does
16 give us what we're able to go for in these grants
17 and to meet these matches. A lot of times, it's a
18 33 percent, but the list of grantees that you heard
19 earlier, they all have different percentages for
20 that.
21 But knowing that we have up to \$200,000,
22 we know exactly how to prioritize our projects on
23 IVGID land, or elsewhere without the District,
24 because there's a lot more land involved. So we can
25 definitely do that.

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1 we'll just work collaboratively and bring it back to
2 the Board.
3 MR. RUDIN: I think that's appropriate. I
4 will work with the Public Works director, and we
5 will approach the District.
6 TRUSTEE TULLOCH: Can I suggest that we
7 add -- we get an end-of-season report on what's been
8 done, basically November, December, when you've done
9 most of your summer? It would be very helpful to
10 get an overview somewhere there, as well as the end
11 of the year and end-of-the-year summary. I think it
12 would be very helpful to see what's been done.
13 CHIEF SUMMERS: We can definitely do that.
14 And I just need to preference that I will be taking
15 this information back to my board and reporting back
16 to them, and then our two attorneys can have a
17 powwow.
18 CHAIR SCHMITZ: Thank you, both, very much
19 for your time and all that you do for our community.
20 I know that all of us are very grateful. We're here
21 and we're happy with all of the defensible space
22 work that's done in our community. Thank you very
23 much.
24 Moving on to G 5.
25 G 5. District Form NVTC-LFG-10

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1 CHAIR SCHMITZ: Review, discuss, and
 2 approve the District's Form 4410 LGF, indebtedness
 3 report, pages 365 to 398 of the board packet. That
 4 is Mr. Cripps.
 5 MR. CRIPPS: What we have before us today
 6 are, as you described, it is the form known as the
 7 indebtedness report as well as the five-year capital
 8 improvement plan. These forms were filled out in
 9 accordance with the State's instructions that they
 10 provided to us. They are here before the Board for
 11 consideration, to take motion to approve so they can
 12 be filed with the Department of Taxation.
 13 With that, I am happy to address any
 14 questions we may have.
 15 CHAIR SCHMITZ: Mr. Cripps, on page R 1 of
 16 your report, you're talking about outstanding
 17 general obligation debt as of June 30th, 2022; is
 18 that correct?
 19 MR. CRIPPS: That does -- what is --
 20 you're talking about for, like, the table of
 21 contents there?
 22 CHAIR SCHMITZ: Yes.
 23 MR. CRIPPS: That is what it states there.
 24 I would need to double check on the table. Perhaps
 25 it's a typo. It does appear to be a typo.

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1 It should be for 2024.
 2 CHAIR SCHMITZ: Thank you. I had assumed
 3 that.
 4 MR. CRIPPS: Yes. Thank you.
 5 CHAIR SCHMITZ: One of the things that was
 6 brought up about this five-year plan is that we have
 7 a five-year capital plan, but we don't seem to have
 8 a five-year financial plan of how we're going to pay
 9 for that.
 10 Is that something that we can have for the
 11 Board to review?
 12 MR. CRIPPS: As far as a different type of
 13 financial plan, I don't see that being an issue
 14 whatsoever.
 15 However, what this is asking for is just
 16 that there is a plan in place, and along with that
 17 if are there any -- I think it really just comes
 18 down to what are we looking forward to in the
 19 future, are we capable of funding those projects,
 20 and while it's still a five-year plan, if it doesn't
 21 hold us to that, like we're not putting items
 22 in year 3, for an example, that need to be completed
 23 by year 3. This is really just an outlook of what
 24 possibilities are that we're looking at.
 25 CHAIR SCHMITZ: Any questions?

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1 Seeing none, anyone care a make a motion?
 2 TRUSTEE TONKING: I move that the Board
 3 approve the item as written.
 4 CHAIR SCHMITZ: I would the request that
 5 motion include with the correction of the typo.
 6 TRUSTEE TONKING: With the correction of
 7 the typo.
 8 CHAIR SCHMITZ: Is there a second?
 9 TRUSTEE NOBLE: Second.
 10 CHAIR SCHMITZ: All those in favor?
 11 TRUSTEE TONKING: Aye.
 12 TRUSTEE TULLOCH: Aye.
 13 TRUSTEE NOBLE: Aye.
 14 TRUSTEE DENT: Aye.
 15 CHAIR SCHMITZ: Aye.
 16 Motion passes 5/0. Moving on to item G 6.
 17 G 6. District Policy and Procedure 142,
 18 Resolution No. 1898 - Personnel Management
 19 CHAIR SCHMITZ: Review, discuss, and
 20 possibly approve the revisions to District Policy
 21 and Procedure 142, Resolution 1898, pages 399 to
 22 411.
 23 TRUSTEE TULLOCH: We've made some minor
 24 changes to Policy 1898, and I think we've modified
 25 it twice since I came on the Board with some minor

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1 changes.
 2 However, when I look back and see this
 3 policy, this whole delegation, this operating model
 4 for the District where everything is basically
 5 delegated to the General Manager, yet is it the
 6 trustees who are answerable to the community, one of
 7 the most common questions I get is, well, what is
 8 that appointment? How did that one sudden appear
 9 from?
 10 In fact, I came to this a few weeks ago
 11 when I got an email saying that we just appointed a
 12 new director of Public Works. And being the
 13 representative for Public Works, I was quite
 14 surprised that reference had been made. I was even
 15 more surprised to hear -- be told later that all the
 16 trustees had been consulted about it.
 17 I think as we've grown as an organization
 18 since 1985, I think we need to move into a more
 19 manageable structure, rather than just delegating
 20 everything. With past general manager's retiring
 21 and basically appointing successors a few months
 22 before they leave, it's very unheard of in the
 23 corporate world to have the CEO making senior-level
 24 appointments, reporting to the board and things.
 25 Also the board having no influence over it, no input

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1 into it, just being notified afterwards.

2 I think given that we've increased the

3 salaries, we've increased the scale of the District,

4 I think it's important now that we focus on making

5 sure that we get the best appointments. That may be

6 internally, it may be externally, but I think it's

7 important that we make sure that -- if we're paying

8 market-competitive salaries, we jacked salaries up

9 for senior staff quite substantially in recent

10 years, I think it's important that the Board does

11 have some input because the Board is answerable to

12 the voters in the community, this board has to

13 respond to these things.

14 I proposed that the -- all these senior

15 appointments directly to general manager, there

16 should be a trustee involved in the voting process.

17 Funny enough, I believe in the Parks and Rec

18 director appointment, there was a trustee appointed

19 to it, but it didn't seem to happen in other

20 situations.

21 I think we need to be consistent about it

22 so it's not a case of trustee shopping.

23 CHAIR SCHMITZ: Thank you for that.

24 I took the liberty of reviewing Trustee

25 Tulloch's suggestions, and I found inconsistency in

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1 language where things were like "department head"

2 versus "senior management" versus "full-time,

3 year-round personnel," and I provided for all of you

4 here up at the table what my suggested revisions,

5 and it incorporated Trustee Tulloch's.

6 But I know Trustee Noble had said, "Can

7 you come with your red lines?" So this is me coming

8 with my red lines. And it was really some minimal

9 changes, but then I made some changes to be a bit

10 more -- I don't know, clear, hopefully. But it was

11 my attempt to try to make some enhancements to what

12 Trustee Tulloch already had put together.

13 If you want me to go through it, I can.

14 Otherwise, I will turn the floor over to the rest of

15 you to discuss.

16 TRUSTEE TULLOCH: I appreciate that. I

17 think the -- one of my key objectives, this was

18 actually getting it under discussion, and I have

19 reviewed your red lines and, yeah, I think it

20 certainly helps clean up.

21 When I was going through the document, it

22 did read very disjointed.

23 (Inaudible discussion amongst the

24 Board.)

25 CHAIR SCHMITZ: That was the day that we

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1 had some email issues when -- I don't know. I

2 apologize if you didn't get it. And if we want to

3 just table this and bring it back at another

4 meeting, that's okay too.

5 TRUSTEE TONKING: I think we should table

6 it because I'm also pretty sure board Policy 1480

7 has been rescinding. So, why is that in our memo,

8 the memo that Trustee Tulloch wrote?

9 CHAIR SCHMITZ: It was replaced by this.

10 He discussed it, but I think then the later said it

11 was replaced.

12 TRUSTEE TONKING: I don't think he ever

13 said that in there because I went looking for it and

14 found it -- I just think there's a lot of --

15 (Inaudible discussion amongst the

16 Board.)

17 TRUSTEE TULLOCH: Thank you, Trustee

18 Tonking, for trying to keep me right. I pulled the

19 1480 off the website, that's was the reason I found

20 it there. Yeah.

21 CHAIR SCHMITZ: How would the Board like

22 to proceed?

23 TRUSTEE DENT: I think it would -- I'm

24 okay waiting to make a decision on this, but I think

25 it would be important for all to just weigh in on

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1 our thoughts, that way we could give legal counsel

2 some direction.

3 I know Trustee Tonking and I, about a year

4 ago, sat in on a meeting, and before we were able to

5 give our feedback, a director was appointed. And so

6 I feel like, from my standpoint, why did you waste

7 our time even bringing us in if you weren't even

8 going to allow or even hear what we had to say?

9 And so it's -- I've sat in several

10 interviews for directors over the years, and the

11 Board doesn't really have a say. So, I don't -- I

12 haven't fully looked at all these changes that Ray

13 just handed me, so I'd like to look at that.

14 But I feel like it is important for the

15 Board to have a say or a hand in it as we are

16 building out our team.

17 TRUSTEE TONKING: I have a different

18 perception of what Trustee Dent said. I feel like

19 the Board's role in that is we gave our feedback

20 after that meeting, but we shouldn't have been a

21 vote, anyway. I think we just have a different

22 perception of what we wanted out of it.

23 I've also sat on interviews, and I would

24 say I provide my input but I try not be a vote in it

25 because I don't feel like that is my role as a board

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1 member, nor do I feel like that is a role that the
 2 Board should play. I do like sitting in and being
 3 able to kind of see and express concerns to give
 4 staff the Board perspective, from my own
 5 perspective, or the idea of a Board member's
 6 perspective to answer questions that do come up from
 7 the candidate.

8 But I do feel like this is -- our duty is
 9 to hire the GM. We hire someone who is qualified, I
 10 believe that it should not be left up to the Board,
 11 every whim, the person who they put on their team.

12 That's how I feel personally, so I don't
 13 agree with these changes.

14 CHAIR SCHMITZ: I think, perhaps, maybe
 15 you want to read the changes because I think that it
 16 doesn't raise to to that level.

17 And I think that my involvement was with
 18 hiring of the general manager of golf, and I felt it
 19 was extremely instrumental to be involved because
 20 there seems to be a disconnect between what staff
 21 was looking for and what the Board was looking for.
 22 And what we ended up realizing through that process
 23 is there was a disconnect, we figured out why there
 24 was a disconnect, and we all came together and had a
 25 clear understanding of what the skills, what it was

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1 that we are looking for. So I felt that that was
 2 very helpful to make sure that the Board and staff
 3 were in sync and were in alignment with things.

4 The language that I had proposed in here,
 5 it's really more about how do we work together, and
 6 so I think it's important that the Board work
 7 together and does provide feedback. It's not the
 8 end-all-be-all decider, but it's there -- we're
 9 there to make sure that the Board's needs and the
 10 Board's requirements are being thought of and
 11 sometimes there can be a disconnect.

12 I thought it was very helpful.

13 TRUSTEE TONKING: I just have a clarifying
 14 question because in the one you just sent, it has
 15 the same language that's in this that says, "The
 16 general manager shall notify the Board of Trustees
 17 of all changes to his (inaudible), and in advance
 18 the Board may, by a majority vote, override such
 19 proposal," so that would make you the end-all-be-all
 20 decider, would it not?

21 CHAIR SCHMITZ: I don't know -- I left
 22 Trustee Tulloch's stuff in there, and I'm not sure
 23 whether it was -- was that a change or was that
 24 something that had been in there?

25 TRUSTEE TONKING: Oh, because it's purple.

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1 TRUSTEE TULLOCH: That language already
 2 appeared in various places in the document.

3 I think to Chair Schmitz' point, yes, at
 4 the end of the day I think it's important to have a
 5 board view on it. The Board is answerable to the
 6 community. It's not -- we hopefully don't have an
 7 Incline deep state. The Board is answerable to the
 8 community, and that's one of the questions I always
 9 get from community: Who made that appointment? Why
 10 is that person there? Why is that job suddenly
 11 appeared or suddenly been filled and nobody knew
 12 about it?

13 I think it's important that we're
 14 transparent about it. I think it's fair that the
 15 Board should make sure that the senior management
 16 team are following board policies and the Board
 17 direction. I think that's something else that's
 18 highlighted in the RubinBrown report where people
 19 are just seem to be -- just policies are followed
 20 very loosely when it suits people.

21 To me, it improves the overall governance.

22 CHAIR SCHMITZ: What I would suggest at
 23 this point in time is that we have an opportunity to
 24 review it, have legal counsel review it because that
 25 was my mistake that he didn't receive it, and we

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1 will bring it back on the 31st. Is that acceptable?
 2 Okay. All right. That will close out
 3 agenda item. Then we move on to G 7.

4 G 7. Nutanix Server Clusters and Host
 5 Operating System Licenses

6 CHAIR SCHMITZ: Review, discuss, and
 7 authorize staff to execute a purchase order to
 8 procure two server clusters and a host operating
 9 system. This is being brought forward by our
 10 Director of Information Technology, Mr. Gove, on
 11 pages 412 through 417.

12 MR. GOVE: Before you on pages 412 through
 13 417 of your packet is a request for purchase
 14 authorization in the amount \$274,999.69 to allow the
 15 replacement of the District's two mechanics service
 16 clusters and the respective licenses and support,
 17 which is set to expire on July 27th, 2024. Adding
 18 to that, in addition to the license and support
 19 expiration, I would also like to note the current
 20 cluster hardware is set to end of support by the
 21 vendor at the end of 2024.

22 The District has operated the current
 23 clusters, one at the admin building and one at the
 24 Public Works building, since they were installed in
 25 September of 2019, and have had great success with

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1 them, only having a few minor hardware replacements
 2 which were performed under the support contracts
 3 resulting in no hardware or (inaudible) associated
 4 downtime across the system's use in the last
 5 five years.
 6 I would like to point out the proposed
 7 purchase is for three years of licenses and support,
 8 as well as the associated hardware. The hardware
 9 proposed is as comparable as possible to the current
 10 clusters hardware. This was done intentionally to
 11 allow the current Microsoft server license to be
 12 transitioned to this new hardware with no additional
 13 purchasing needs there.
 14 With that, if you have any questions, I
 15 would be happy to answer them.
 16 TRUSTEE DENT: Thank you, Director Gove.
 17 Chair Schmitz just stepped away. Appreciate the
 18 brief overview.
 19 Do any of my colleagues have any
 20 questions, comments?
 21 Seeing none, I'll entertain a motion.
 22 TRUSTEE TONKING: I move that this item is
 23 approved as written.
 24 TRUSTEE DENT: Motion's been made. Is
 25 there a second?

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1 with existing staff and legal to try map out a
 2 process for this creation. We do have shortfalls
 3 that are in this document.
 4 One of the big things I think we're
 5 looking for for direction from the Board is
 6 exactly -- not only what venue we're looking at,
 7 what type of direction for club policies in general,
 8 because this is a broad topic, so to speak, not only
 9 my golf venue but potentially ski, parks, rec,
 10 everything down the line.
 11 One thing I will say is if we start really
 12 looking at exactly even -- we're looking at our
 13 pricing policy for 6.2.0, how that then affects this
 14 creation of the document, especially on the bullet
 15 points that we're looking for, when we're looking at
 16 organizations benefit under this policy, also how
 17 our tax exempt operations work, 501(c)(3)s, so on
 18 and so forth, I think there is a big opportunity to
 19 either go one direction or go the exact opposite to
 20 where we may not even adopt this type policy.
 21 I think I'm looking for more direction to
 22 go back with staff so we can figure this out.
 23 CHAIR SCHMITZ: Well, I guess one of that
 24 questions I ask is what problem are we trying to
 25 solve?

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1 TRUSTEE NOBLE: Second.
 2 TRUSTEE DENT: Motion's been made and
 3 seconded. Any further discussion by the Board?
 4 Seeing none, call for question, all those in favor
 5 state aye.
 6 TRUSTEE TONKING: Aye.
 7 TRUSTEE TULLOCH: Aye.
 8 TRUSTEE NOBLE: Aye.
 9 TRUSTEE DENT: Aye.
 10 CHAIR SCHMITZ: Aye.
 11 TRUSTEE DENT: Motion passes 5/0.
 12 CHAIR SCHMITZ: Thank you, Trustee Dent.
 13 Moving on to G 8.
 14 G 8. Clubs Policy Draft
 15 CHAIR SCHMITZ: Review, discuss, and
 16 provide direction regarding the draft club's policy
 17 on pages 418 through 427.
 18 All of us had received some information
 19 from legal counsel on his feedback on this agenda
 20 item it, so it seems as though there is some work
 21 that needs to be done on it. I will hand the floor
 22 over to GM of golf, Mr. Sands, and let the floor be
 23 yours.
 24 MR. SANDS: Going through drafting this
 25 new policy for district-wide clubs, we have worked

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1 MR. SANDS: Yeah, good question.
 2 CHAIR SCHMITZ: And for me, and this is
 3 just my opinion, we're trying to solve being
 4 transparent, we're trying to solve being fair, and
 5 we're trying to make sure that we have financial
 6 sustainability.
 7 I mean, I think this is about transparency
 8 and an element of fairness, and I don't think
 9 that -- I mean, we have to be clear on what problem
 10 we're trying to solve or we're just going to be
 11 spinning our wheels.
 12 TRUSTEE NOBLE: My question would be
 13 transparency with regards to what aspect?
 14 CHAIR SCHMITZ: Transparency with the
 15 community. What is being -- what are the benefits
 16 of clubs and what is the District providing to clubs
 17 and a question of why do we have clubs? I know we
 18 have reasons of why we have clubs, but we should be
 19 transparent with our community about the benefits
 20 being offered and also the benefits to the District,
 21 just try to be transparent.
 22 TRUSTEE NOBLE: So it's more toward
 23 possibly, like, tee time allocations, and any sort
 24 of pricing discounts, that sort of thing. Not --
 25 because a lot of this goes to the makeup of the

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1 clubs and the membership lists. You're not looking
2 for transparency with regards to that aspect of
3 clubs, it's more what is the pricing policy for the
4 clubs when they -- and the timing as far as getting
5 tee times?
6 CHAIR SCHMITZ: I think that is part of
7 it. But I do think -- I mean, even we had in public
8 comment tonight that there should be a requirement
9 about being Picture Pass holders to receive these
10 benefits. That's my opinion.
11 But it's here are the things the District
12 is going to give or have as a benefit to the club,
13 here's the benefit to the District, and what are the
14 ground rules that we're playing with. That's the
15 perspective that I'm -- I have on this issue.
16 TRUSTEE TULLOCH: Yeah, I think I was
17 pretty confused reading this through because it goes
18 all sorts of directions, and I was a little bit
19 confused. And there's also some remarks made in
20 public comment, and it was interesting that two
21 members from the golf community had 180 degrees
22 divergent views. One wanted a hundred percent
23 Picture Pass Holder and one wanted nothing.
24 And for the First Amendment issue, as
25 counsel has pointed out, we have no control over the

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1 not shortchanging the community as well.
2 Just with regard the golf, it's a slightly
3 strange model. Have we thought about just having a
4 single Incline golf club, and then we could have
5 various subsections within it? So instead of paying
6 600, 700 bucks to IVGC or whatever it is, I can't
7 remember what they themselves now, that that revenue
8 comes to us since we're providing most of the
9 services, and it could be run, open to anyone, then,
10 rather than just having all sorts of areas.
11 Would that not serve our community more
12 effectively?
13 MR. SANDS: I definitely -- coming on
14 board and having discussion with staff, we have
15 talked about that, having a district-wide
16 opportunity to host certain events. I think that
17 would benefit us as a whole because then it would be
18 more of a staff contribution to the District, not
19 just single entities throughout the District.
20 TRUSTEE DENT: I'll pass for right now.
21 TRUSTEE TONKING: You would be on board
22 for dismantling all of the clubs and starting a
23 single club?
24 MR. SANDS: No, not at all. I would
25 rather enhance on the District side of it to where

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1 clubs. We're not trying to have control over the
2 clubs. If clubs are asking for special deals or
3 special privileges, then we need to look at what
4 we're actually getting for it.
5 I think in the ski community for DPSEF, it
6 actually has a pretty comprehensive memorandum of
7 understanding clearly setting out what's there. I'm
8 not aware of any such MOU for any of the golf clubs
9 or any other clubs. I think we need to make sure
10 that we're being fair to the community, that we
11 don't suddenly find the golf clubs asking for
12 special tee times when it's a hundred members from
13 Reno and one Picture Pass holder. We need to be
14 consistent, we need to make sure that we're there.
15 I also appreciate that there's a way of
16 generating additional revenue streams without
17 impacting the community. Let's look at that.
18 I think we also need to be very careful
19 just looking at -- the non-profit term is used to
20 hide a multitude of sins, as far as I'm concerned,
21 actually been a director of a non-profit as well.
22 501(c)(3)s are the only ones that are true
23 non-profits. Some of others are just all sorts of
24 cover organizations, it's -- I think we need to make
25 sure that we're actually serving a purpose and we're

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1 we could offer across the board and potentially even
2 reach out to more Crystal Bay folks that would come
3 over and that sort of thing on a different entity.
4 TRUSTEE TONKING: So start a district club
5 as well?
6 MR. SANDS: Correct.
7 TRUSTEE TONKING: I'm just looking at the
8 sheet. I'm not going to look at the draft you
9 proposed because it seems to not follow legal
10 guidance, so just going forward, if we don't have
11 that happen.
12 So when I'm looking at this, I believe
13 that there should be a policy that encompasses all
14 clubs across the District. I don't think it should
15 just be singled as golf clubs because I think there
16 are other clubs that utilize our Chateau space, for
17 example, and get their discounted venues. I think
18 it just needs be straightforward and laid out, I can
19 go as a club and get X, Y, Z, so I think it needs to
20 be a district-wide policy, personally.
21 I also would maybe desegregate between a
22 501(c)(3) and the ones that are deemed either
23 incorporated club, 501(c)(7), an incorporated club.
24 I would have two different policies is kind of where
25 I would lean, because I think the treatment is

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1 different. A 501(c)(3) can utilize our space as a
 2 non-profits and get the discount using the pricing
 3 policy, but it wouldn't have to have, maybe, the
 4 requirements of membership that you would -- that
 5 you would want to see from a club or something like
 6 that who is using the space. That's one lense I
 7 would provide.

8 Then I think the benefits -- I don't
 9 really know what the best benefits are, and I think
 10 that's something that it would be helpful if you
 11 provided a list of what are clubs currently getting
 12 benefits of and what clubs -- what types of benefits
 13 do directors want to offer within their financial
 14 analysis. I'm not sure I feel the most equipped to
 15 give that.

16 The minimum memberships, I don't think we
 17 can talk about, but are we allowed to say what
 18 percentage would be Picture Pass holders or that
 19 kind of thing?

20 MR. RUDIN: I think that in practice that
 21 would be a little bit difficult to enforce, but, for
 22 example, if you had a requirement that anybody that
 23 used a preferential reservation demonstrated that
 24 they are a Picture Pass holder on use, that is
 25 something that staff could, in practice, implement,

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1 and that would be legal.

2 TRUSTEE TONKING: So maybe for some of the
 3 benefits that are given that could have a use.

4 MR. RUDIN: Yeah. So if you want specific
 5 benefits to be tied to being used by a Picture Pass
 6 holder, I don't think that that's legally
 7 problematic, and that would avoid the issue of going
 8 into who is and who isn't a member or trying to
 9 regulate the membership of the clubs. But, really,
 10 you're regulating the usage of facilities.

11 TRUSTEE TONKING: That makes a lot of
 12 sense.

13 Then there was one other area. I think
 14 the other thing that was brought up that was really
 15 interesting in something we need to consider is when
 16 things are a finite resource, like tee times, how do
 17 we incorporate new clubs and new groups to ensure
 18 that everyone has equity of access?

19 I think there should be some sort of
 20 policy from golf, for example, because that would be
 21 more of a finite resource, or maybe two groups want
 22 the Tuesday at noon lunchtime, and that's a
 23 conflicting issue at The Chateau. Just thinking
 24 through that.

25 And then I think have every club member

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1 sign some rules of an agreement, I think that is
 2 really key, and helps with the liability that I know
 3 we've run into in the past with some clubs and
 4 usage.

5 Those are just some of my thoughts.

6 MR. SANDS: Just to expand on that, a
 7 waiver of liability situation?

8 TRUSTEE TONKING: Yeah. Or just we abide
 9 by these rules, anything that is IVGID-related, we
 10 won't utilize that for our individual purp- -- you
 11 know, just some sort of guidance there.

12 CHAIR SCHMITZ: Any other?

13 MR. SANDS: Can I touch on one more thing
 14 about the best benefit practice, we would want to
 15 speak to each director of all the venues to see what
 16 they would come up with, a financial impact so to
 17 speak, for these clubs.

18 TRUSTEE TONKING: Or more just be like --
 19 I don't know what you can offer as a benefit
 20 because, I don't know, it can't be like all the
 21 clubs get a free tee time, because my guess is that
 22 would lose a ton of revenue for the golf course. So
 23 what are your feasible benefits that the directors
 24 -- do they offer to clubs currently and is that
 25 financially feasible or are there changes that need

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1 to be addressed?

2 TRUSTEE TULLOCH: I believe there also
 3 needs to be reporting to the Board and some sort of
 4 board approval, because I think many of us were
 5 shocked to find out that just the number of
 6 different golf clubs that were getting privileges
 7 and things, some of them seem to be there, it's --
 8 again, we hear both sides from the community, we
 9 hear from the golf community and then we hear the
 10 other side of it as well. I think it's important to
 11 the Board is aware of what we're offering in terms
 12 of that.

13 Again, we need to make sure that we're not
 14 disadvantaging our residents, both in terms of cost
 15 and access.

16 CHAIR SCHMITZ: I think that, to just make
 17 it simple, you need to identify what are the
 18 requirements of the club. What are the
 19 requirements, how many members, what have you. And
 20 then you need to identify what are the benefits and
 21 how are those benefits going to be metered, because
 22 you can't give out a hundred percent of all the tee
 23 times.

24 So you may say we are only going to
 25 allocate a certain percent of tee times during

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1 various months across all of the clubs, because I
 2 think we have to treat clubs fairly. I think you
 3 need to do this for the Championship Golf Course and
 4 then the Mountain Golf Course.

5 And at least then we'll have something
 6 that we can say here's the rules, here are the
 7 requirements of the club, here are the benefits that
 8 you are going to be receiving. And itemize what
 9 those are at Champ Course, at The Grill, at the
 10 Mountain Course, so least we have something that we
 11 can look at and understand, because I don't think we
 12 can get there without some of this basic
 13 information.

14 I think that we have to understand why
 15 we're doing this, why would we want to do this, and
 16 it may be that you don't do as many tee times for
 17 the club in July because that's the peak tourist
 18 month.

19 You need to come up with what is it that
 20 we're giving and how are we going to divvy up this
 21 limited resource across these clubs and still have a
 22 sustainable golf course. Does that make sense?

23 MR. SANDS: Absolutely.

24 TRUSTEE TULLOCH: At the risk of touching
 25 the third reel again, since golf is the third reel

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1 in IVGID politics, it's -- there was a good
 2 suggestion from the public that there should be some
 3 sort of revenue guarantee. I mean, the whole
 4 purpose of catering from clubs, let's be honest, is
 5 to drive utilization revenue as much as possible.
 6 There should be some form of revenue guarantee. I
 7 think that was good suggestion in public comment.

8 I think it's also worth taking a look at
 9 the DPSEF MOU. It's very good. I'd certainly like
 10 to see MOUs, and as we go further down this, the MOU
 11 is quite clearly spelled out.

12 CHAIR SCHMITZ: While, yes, clubs could be
 13 at various venues, various venues are going to have
 14 different benefits, so we'll have to modify it.

15 And we're not going to take that on right
 16 now because that's not necessarily a problem we're
 17 trying to solve. We're trying to just address
 18 transparency, fairness, and financial
 19 sustainability, I think.

20 TRUSTEE TONKING: I would like all clubs
 21 that utilize The Grill for their luncheons as well,
 22 not just golf clubs, because there are some that do
 23 that as well. We need to make sure that those are
 24 also included in this list.

25 MR. SANDS: I will state with this

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1 direction, I will try to build a report so we can
 2 break that down for individual financial impact
 3 throughout the course of the year, especially when
 4 it pertains to a lot of our clubs.

5 And coming from the residents' side of
 6 things, they are providing our most stable financial
 7 resource, they're providing us constant use of the
 8 facility, and we want to make sure we have a nice
 9 balance between the two.

10 TRUSTEE DENT: Going to just managing our
 11 resources and making it easier on you as we work
 12 through this process, is there -- I guess, would it
 13 be easier to have, say, one IVGID club that was
 14 brought up, and then all the sub clubs underneath it
 15 are teams underneath it, would that be easier for
 16 IVGID to manage that process than this kind of
 17 current free for all that we have? Would that be an
 18 easier way to do it?

19 I've never been in your shoes, I don't
 20 know what it takes, and so that's why I'm asking.

21 MR. SANDS: That's a good point. And I
 22 think that would help also on the legal side of
 23 things, give staff a better direction for it.

24 MR. RUDIN: Not sure that really solves
 25 any of the issues, nor do I think that we could

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1 necessarily have all of these outside clubs -- you
 2 know, we can force them to be under an IVGID
 3 umbrella. So, I think that's a potential issue.

4 TRUSTEE DENT: I'm seeing it more like a
 5 team. I don't know how complex all this is, but I'm
 6 seeing it like a team. And we have teams that play
 7 basketball or baseball or softball, they register
 8 through IVGID to do that, and then they're on this
 9 team.

10 I don't think we need all the members'
 11 names and all that information. I think when it
 12 comes to the price of things, I think it needs to be
 13 fair. And partial owner, Picture Pass holder should
 14 not -- a non-Picture Pass holder shouldn't be
 15 getting the same rates as a Picture Pass holder. I
 16 think we need to figure that piece of it out from
 17 a -- making it fair for the community.

18 But I feel like there's no rules, no one
 19 knows what's going, there's no MOU, and this was
 20 just something that was started a really long time
 21 ago and kind of evolved. Last year, we had a whole
 22 report about all the benefits that clubs got, and
 23 then two months later, there's all these benefits
 24 that we didn't know about.

25 We're learning and that's the reason why

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1 we're here, we're just trying to figure this out.
2 And knowing that there are members that are getting
3 a greater benefit than a Picture Pass holder, I
4 would say that's not fair. I don't know how we
5 structure something like where you can be on a
6 private club that not everyone can have access to
7 that you have a better benefit than the homeowner
8 that's subsidizing the golf course. If that is
9 easier from that standpoint, then let's go that
10 direction and make it teams, whatever we need to.
11 Maybe we're trying to solve the problem
12 with clubs because the clubs are all in place and we
13 don't want to change stuff, but if we brought it
14 under an umbrella to a certain extent, it would make
15 it easier, that's all.
16 Just my two cents.
17 TRUSTEE TONKING: Would that be infringing
18 on the people's right of freedom to assemble if
19 we're not allowing club access, then? And then
20 would we have to disband all clubs within the
21 District because of this? That would include
22 Republican Women, Sierra Club, all these other
23 groups that we utilize our space?
24 MR. RUDIN: We don't control the formation
25 of clubs and we couldn't disband them. They would

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1 to put on the record that I am firmly against one
2 club, just so we know, unless you have a really
3 great argument for it. I think we're walking down a
4 really slippery slope.
5 Already know that we, as IVGID, oversee
6 two clubs, and I know that we have a lot of issues
7 that have been coming up through that, and so it
8 makes me a little bit nervous for us to facilitate
9 more.
10 MR. SANDS: I will say, there is a value
11 when it comes to these clubs, and especially when
12 you have different aspects of -- whether it's level
13 of golfer or level of active user at a facility,
14 there is something to be said, I think, with the
15 direction, especially from Trustee Dent, on if we
16 can structure it in a way it's a bigger umbrella and
17 we just have a very clear set and defined
18 operational requirements or just status quo, so to
19 speak, we need to be clear on that.
20 CHAIR SCHMITZ: What two club does IVGID
21 manage, Trustee Tonking?
22 TRUSTEE TONKING: Incliners and Vet's
23 Club, I believe, they're both underneath IVGID. Am
24 I incorrect on that statement?
25 CHAIR SCHMITZ: Well, they are and they

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1 continue to exist regardless of whether or not they
2 have access to our facilities. However, I do think
3 that there's a concern about if there are people who
4 are part of a particular club and we single them out
5 for disparate treatment depending on certain factors
6 that could cause problems.
7 I think -- realistically, I think people
8 who are members of clubs are entitled to access our
9 facilities in the same manner as any other member of
10 the general public who fits their category, like if
11 they're a Picture Pass holder, they're entitled to
12 access it the same way as any other Picture Pass
13 holder would.
14 TRUSTEE TONKING: Let's take a golf club
15 and then we have another club, we give preferential
16 treatment for clubs to have events at The Chateau,
17 for example, they can have lunches. We give them
18 that space, that treatment on a monthly basis. We
19 don't allow golf clubs, though, so now are creating
20 some form of --
21 MR. RUDIN: Yeah. My recommendation is if
22 you're allowing preferential access at one facility
23 that you have a policy in place that offers the same
24 benefits to all clubs across the board.
25 TRUSTEE TONKING: Okay. I also just want

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1 aren't. They're different. Those two are different
2 also. That is where some of this is a bit of a
3 challenge, because the Veteran's Club is actually an
4 IVGID program. And Incliners is different.
5 So, that's where some of this -- we've
6 already talked about, that things are not all the
7 same right now.
8 TRUSTEE TONKING: I just don't think we
9 need to add a third when we're trying to figure out
10 how to deal with the two that are --
11 CHAIR SCHMITZ: I see what you're saying.
12 Okay. Got it.
13 Do you have clear direction?
14 MR. SANDS: I believe so, yes.
15 CHAIR SCHMITZ: All right. And I put it
16 on the long range calendar for the 31st. Thank you.
17 Moving on, then, to --
18 H. REDACTIONS FOR PENDING PUBLIC RECORDS REQUESTS
19 CHAIR SCHMITZ: We have no redaction
20 requests.
21 I. LONG RANGE CALENDAR
22 CHAIR SCHMITZ: Long range calendar. I
23 think -- tonight, I took notes of the things that we
24 were adding, and I'm not going to walk through all
25 this in detail. It's here for all of you to read if

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1 you have agenda items, if you have dates that you
 2 think things need to move around or what have you,
 3 please just let me know, and we'll put them on the
 4 calendar or shift things around.
 5 J. BOARD OF TRUSTEE UPDATES
 6 CHAIR SCHMITZ: Are there any Board of
 7 Trustees updates?
 8 TRUSTEE TULLOCH: Apart from seeing
 9 slightly better since my surgery, I've scheduled a
 10 CIC meeting for August the 20th, the next one.
 11 Director Nelson has requested a CIC meeting to look
 12 at some projects coming forward.
 13 CHAIR SCHMITZ: Do we know what the
 14 objective of the meeting is? Because it seemed like
 15 that was always a question of what is it that the
 16 committee is trying to accomplish? Is there a
 17 clear, defined goal with this meeting?
 18 TRUSTEE TULLOCH: Yes. It's to look at a
 19 couple of projects, pre-project proposal to refine
 20 it before it goes to the Board. And, yes, I fully
 21 agree, trying to wrestle the committee, as I'm sure
 22 you've observed on previous meetings. I think it's
 23 good that we restated the purpose of these
 24 committees a couple of meetings ago.
 25 CHAIR SCHMITZ: Yes. All right. Thank

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1 you. I just wanted to make sure you had your
 2 clarity.
 3 TRUSTEE DENT: I will not be available on
 4 the August 14th meeting.
 5 CHAIR SCHMITZ: The 14th of August?
 6 TRUSTEE DENT: Correct.
 7 CHAIR SCHMITZ: Do you want -- should we
 8 target rescheduling that?
 9 TRUSTEE DENT: I'll leave that up to you.
 10 There's only a couple items on the agenda right now.
 11 TRUSTEE TONKING: I can join remote for a
 12 little bit. I have our regular annual company
 13 retreat, but I can join for a while.
 14 CHAIR SCHMITZ: All right. I'll take a
 15 look. I'll talk to General Manager Magee when he
 16 gets back from vacation about that.
 17 Any other trustee updates?
 18 No. Okay. Moving on, then, to final
 19 public comment.
 20 K. FINAL PUBLIC COMMENTS
 21 MS. BECKER: Thank you. I came after
 22 hearing the RubinBrown report. I haven't seen the
 23 written report.
 24 Internal controls generally refer to a
 25 company's procedures and records that lead up to

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1 management's approval of transactions, and the
 2 questions to ask is: Are the adequate internal
 3 controls, and does the company follow the internal
 4 controls that it has put in place?
 5 And RubinBrown said the IVGID controls are
 6 not adequate, and if there are any, they're not
 7 followed. The others have said that there's a high
 8 risk of fraud and abuse until the numerous issues
 9 with the IVGID internal controls environment are
 10 addressed.
 11 Yet listening to a number of members of
 12 the public and even some comments from trustees,
 13 sound as if this report and expenditures were not
 14 useful or needed, and it was a finding of no fraud.
 15 There wasn't a finding of no fraud; there was a
 16 finding that where were not adequate records to
 17 determine why in many, many things were done.
 18 Having been a senior executive for several
 19 large companies where we would have found anything
 20 like this, we would have investigated fraud further.
 21 And I'm not suggesting we spend hundreds of
 22 thousands of dollars investigating if there was
 23 fraud. I am suggesting that you need to immediately
 24 enact internal controls. And they have given you a
 25 blueprint for lots of areas.

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1 Maybe, because of the current employee
 2 situation, you have to set up committees of retired
 3 executives who know how to set up internal controls,
 4 I hope you will do something quickly. When you fine
 5 internal controls like contracts being paid without
 6 any staff approval, \$10 million in disbursements
 7 with no approvals, and they didn't sigh they were
 8 okay or good or valid, they said there's no
 9 documents so we can't go farther because there's no
 10 employees there.
 11 Now, in private industry, we might go out
 12 and decide to hire investigators and look into it,
 13 and I'm suggesting that. But I am suggesting that
 14 for anyone to think that it's okay to have this kind
 15 of a lack of internal controls, it's not. And as a
 16 member of the public, I'm really urging you to act
 17 quickly on this.
 18 Cash transactions booked in bulk make it
 19 impossible reconcile, I've never heard of that. The
 20 \$7 million difference between GL and bank in June of
 21 2023, is bad, but apparently it happened throughout.
 22 A holdings account with \$200,000 of unapplied cash
 23 on the general ledger that was cleared out,
 24 according to a current employee, by a prior
 25 employee, and there's no writing as to why that

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1 happened. Even in my own little books on my own
 2 little business, that would never occur.
 3 Procurement cards where an employee, maybe two,
 4 spent \$900,000 on procurement cards. Expense
 5 reports without any support.
 6 Thank you. Get my idea, please help us
 7 and do something. Thank you.
 8 CHAIR SCHMITZ: Online?
 9 MR. WRIGHT: Frank Wright, Crystal Bay.
 10 Stepping behind the last speaker, I
 11 just -- I'm dumbfounded when someone says to you who
 12 is at the bookings that \$900,000 was spent on
 13 procurement cards with no other approval, oversight,
 14 verification from another person, employee, or
 15 supervisor, \$900,000. And we don't stop there. We
 16 got another one for \$500,000. \$1.4 million of our
 17 money was spent by two people on their procurement
 18 cards without any kind of approval.
 19 And the response that the Board gave is
 20 shocking: Has this been reported to HR?
 21 What the hell is HR going to do? What you
 22 need to do is report this to the district attorney
 23 and have them look into it and see how these funds
 24 were spent. You don't go to HR. What's HR going to
 25 do? What's the GM going to do? He has no authority

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1 to understanding all this. It's unbelievable. But
 2 that's that part of it.
 3 Then you have expenses that the Board
 4 never has a chance to approve. Contracts that
 5 exceed board approval. Contracts that spent more
 6 money than they were approved for without the Board
 7 ever changing that. It's malfeasance of public
 8 office as board members. It's shocking.
 9 Having no inventory control, understanding
 10 how much products, services, et cetera, going out at
 11 these businesses that we're running, and you don't
 12 know how much you bought, how much you sold, and
 13 what the profit was. You just have nothing.
 14 Internal controls, as Ms. Becker pointed
 15 out, there aren't any, and nobody is caring enough
 16 to do anything about it. It's shocking.
 17 As far as Policy 1898, we've had people
 18 promoted to positions in this district that didn't
 19 deserve them, it was not open to the public. I
 20 filed an EEOC complaint because somebody got a job
 21 that I was actually qualified for and probably other
 22 people in the District were qualified for, that was
 23 given away by the General Manager, who is set to
 24 leave. And that person got a huge raise, got a
 25 promotion, no one had a chance -- I don't think

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1 there was even an interview, and the Board was not
 2 apprised. They had no understanding of it.
 3 So now you have a chance to change that
 4 policy, and you better take back the control you
 5 deserve and you should have over any --
 6 (Expiration of three minutes.)
 7 MR. DOBLER: Cliff Dobler here.
 8 Getting to this forensic audit, public
 9 comment at the beginning was statements made that
 10 there was no fraud found. You know, they're just
 11 misled. There's plenty of high risk of fraud, but
 12 fraud has to be decided by the courts. It's not
 13 decided by a CPA firm just turning around and
 14 saying, yeah, she did it, she created fraud.
 15 You have to get your attorney to begin to
 16 explain that to the public.
 17 In this particular case, there was 41
 18 things looked at, and 39 percent, 39 percent, almost
 19 half, were considered a high risk of fraud. But to
 20 say that they didn't find any fraud, well, they
 21 probably found a lot, but they can't turn around and
 22 just simply say, yep, fraud was created, throw them
 23 in jail. That goes through the system and the
 24 lawyer here should explain that more clearly to the
 25 people.

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1 Now, as to the capital projects for the
 2 beach and the community service fund, I have all the
 3 white papers, and I'm willing to share with Ms.
 4 Nelson and Tulloch, but I would like to see that put
 5 into the magazine where people have a clear
 6 understanding of what we're up against the wall on
 7 \$65 million of future expenditures and see that most
 8 of them are required. We have let things go into
 9 the trash can as far as maintenance, and I think you
 10 will find that all these things have probably
 11 five years or less to survive.
 12 So I would like to think that we might be
 13 truthful to our residents by putting in that
 14 magazine that here's what you may be looking at over
 15 the next five years, and I think that would be fair.
 16 I'm willing to give my white papers to
 17 whoever wants them. They are accurate. Everything
 18 has been walked out with my wheels, and it's all
 19 there and there is little or more variance that will
 20 occur in them.
 21 Thank you very much.
 22 MEMBER SWENSON: Hi. This is Harry
 23 Swenson again. Still a candidate for trustee,
 24 though I'm not sure after listening to that
 25 financial audit report.

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1 I do want to say this: I worked for NASA
 2 for 32 years. In the middle of my career, the
 3 administrator of NASA was an accountant. And the
 4 reason was that congress and the president had come
 5 to the joint concern that NASA's financial profile
 6 was a swamp. That administrator came in to clean --
 7 or actually drain the swamp, and if the things that
 8 I heard in that report and then read over the
 9 last hour are actually true, half of the people in
 10 NASA's financial environment would have fired.
 11 The whole lack of basic financial controls
 12 is terrible. I can't say -- I can swear about it,
 13 but it's really, really wrong. The people that are
 14 involved with the financial environment, especially
 15 with our district, I think it's about a \$50 million
 16 a year enterprise, the lack of financial controls
 17 ought to scare every individual member of our
 18 community.
 19 And I believe -- and I think I read it in
 20 previous general audits, that this is not a
 21 this-year or three-year problem, this has been going
 22 back a decade. That each report, each of our audit
 23 that went to the state said we do not exhibit good
 24 financial controls. Nothing as been done about, it
 25 seems.

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1 I hope this is an eyeopening exercise for
 2 all of us, and that financial controls are put upon
 3 our environment, our institution, our enterprise.
 4 Without it, we've got no transparency, and scary
 5 amounts of potential violation.
 6 Thank you for your time, and I hope we can
 7 do something urgent about this. I agree a hundred
 8 percent with Ms. Becker that if you don't do
 9 something now, -- and I -- you know, this is a call
 10 for urgent action.
 11 Thank you very much.
 12 MR. BELOTE: That was our last public
 13 comment in the queue.
 14 L. ADJOURNMENT
 15 CHAIR SCHMITZ: With that, we will adjourn
 16 the meeting at 9:50 p.m. thank you all.
 17 (Meeting ended 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 July 10, 2024, at
 7 the of the Board of Trustees public meeting, via
 8 Zoom, and took stenotype notes of the proceedings
 9 entitled herein, and thereafter transcribed the same
 10 into typewriting 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 163 pages,
 14 inclusive.
 15 DATED: At Reno, Nevada, this 23rd day of
 16 July, 2024.
 17
 18 /s/ Brandi Ann Vianney Smith
 19
 20 BRANDI ANN VIANNEY SMITH
 21
 22
 23
 24
 25

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 2 all of us, and that financial controls are put upon
 3 our environment, our institution, our enterprise.
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 16 the meeting at 9:50 p.m. thank you all.
 17 (Meeting ended at 9:50 p.m.)
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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 47

Invoice Date: July 23, 2024

Payment Due: August 10, 2024

Amount Due (USD): \$1,328.00

Items	Quantity	Price	Amount
Base fee July 10, 2024 BOT meeting	1	\$350.00	\$350.00
Per page fee July 10, 2024 BOT meeting	163	\$6.00	\$978.00

Subtotal: \$1,328.00

Total: \$1,328.00

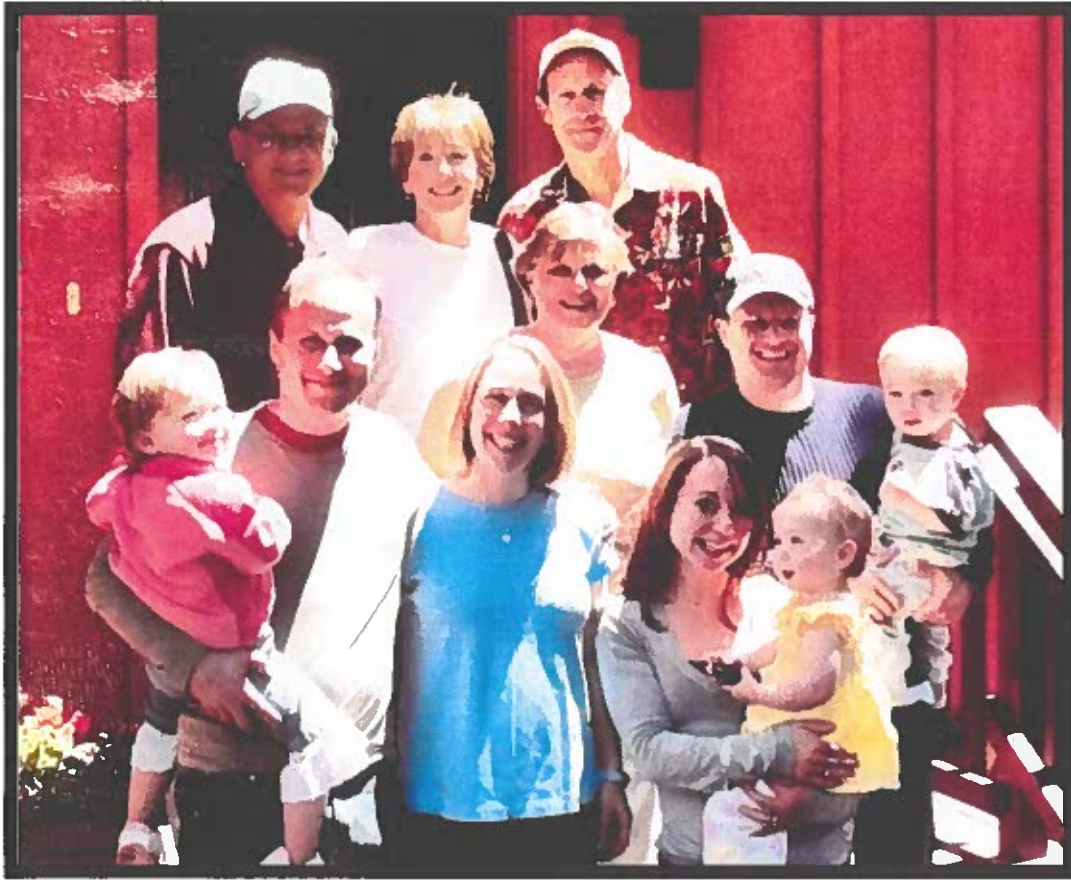
Amount Due (USD): \$1,328.00

**The owners: Kathy & Barry Gursky,
Chuck & Ilona Lindauer**



The owners' children and grandchildren





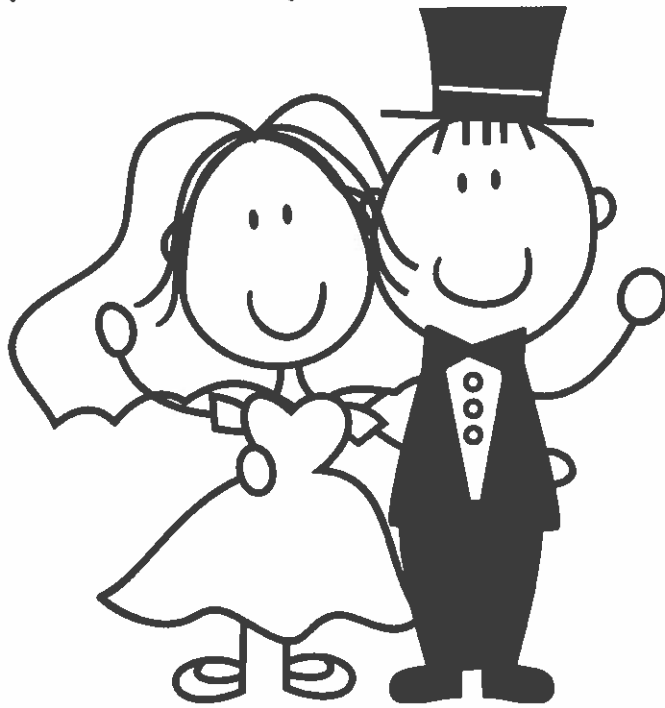
**Move in Day , 2006
18 years ago**



Our peaceful yard today



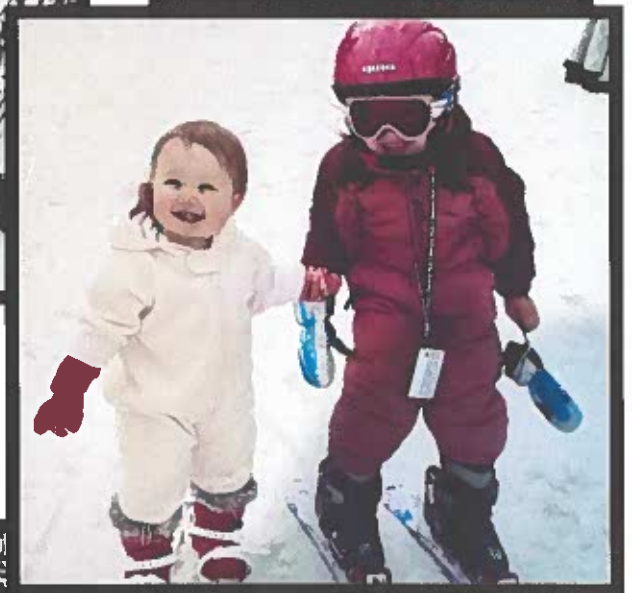
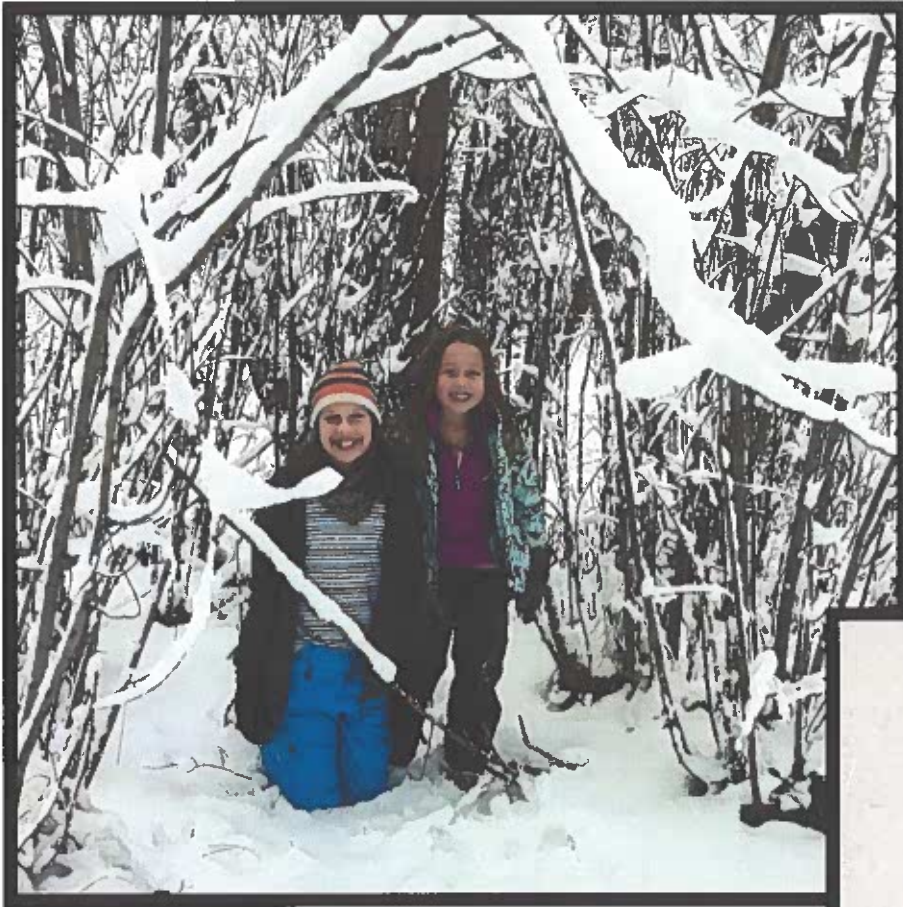
The grandchildren: Colin, Kylie, Annika, & Jocelyn Gursky, Ryan and Taylor Fox.



Mark's remarriage to Laura Fox added 2 more grandchildren to our family, Ryan and Taylor Fox.

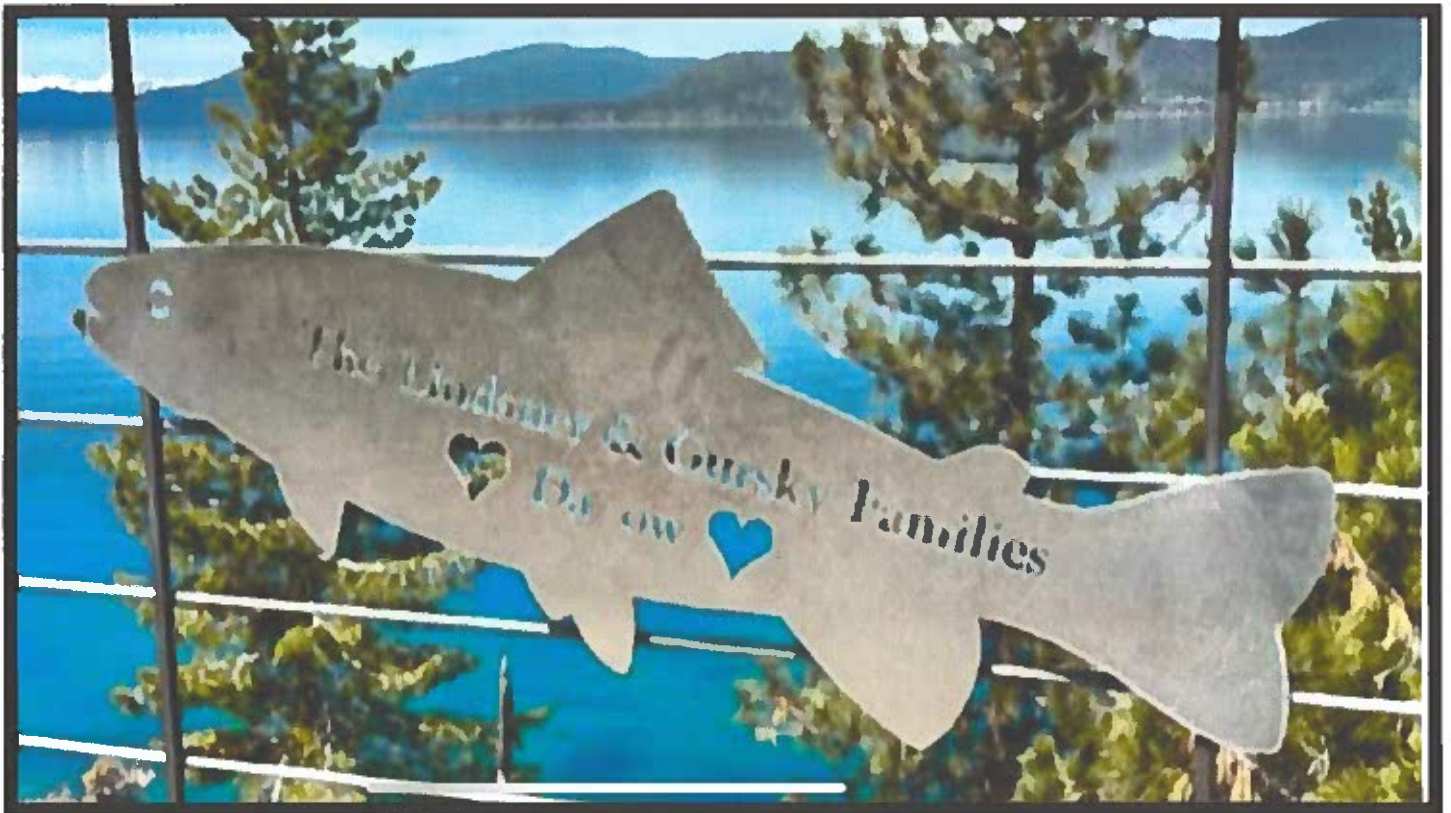


**4th of July
in Incline Village
Playing with kitties
at Pet Network**



**An igloo in our backyard
Learning to ski**





We love Lake Tahoe

Our fish on the path to Sand Harbor represents our commitment and love for Lake Tahoe.

Early white settlers in the area asked the Washoe people what the name of the lake was. The answer was "Da ow," meaning "the lake." The settlers thought they said, "Tahoe," and thus came the name, "Lake Tahoe."

We  *Lake Tahoe*

To the IVGID board members:

The recent changes to summer beach regulations have had a significant negative impact on our family. While we recognize IVGID's efforts to address misuse of beach passes, we want to emphasize that we are not among the abusers. Nonetheless, we find ourselves unfairly penalized because of the abusers' actions.

In 2006, we purchased our home in Incline Village on Pine Cone Road with Chuck and Ilona Lindauer, establishing a place where our entire family could create lasting memories. At the time we had 3 grandchildren, 2 one year old's, 1 two year old, and a 4th to be born in 4 months. We now have six grandchildren, five of whom are currently attending college.

Despite our family ownership, we rarely gather here simultaneously, with only occasional full gatherings during holidays like the 4th of July, Thanksgiving, and New Year's Eve. We manage access to the house through a Google calendar, and the house is exclusively for family. We do not rent or "loan" the house out. We do invite guests (friends) to stay with us occasionally.

Over the past 18 years, we've actively supported the community by donating to local causes such as fireworks displays, Keep Tahoe Blue, and the Boys and Girls Club. We've also participated in community fundraising events and have been members of Incliners and have attended Rotary meetings. Our commitment is evident, with the purchase of a plaque and a fish for the trail to Sand Harbor. Our grandchildren participated in many 4th of July parades with decorated wagons and bicycles. In addition, many of the children have donated hours at Pet Network, washing and folding towels and playing with the animals.

Our issue arises from recent changes in the allocation of picture and punch cards, which have directly and negatively affected us. Despite our responsible use of these privileges, we now find ourselves with only limited access. Specifically, our family of 4 owners, their 2 children and spouses, and our 6 grandchildren evidently requires more flexibility than the current system allows. We were issued five full-access picture cards and three "no beach guests" picture cards, along with the option to purchase two non-renewable punch cards, providing a total of 10 beach entries for the entire summer.

The restriction on bringing guests or grandchildren to the beach, especially when none of the five full-access card holders are present, poses a significant hardship. Our own grandchildren, who have grown up enjoying this community alongside us,

are detrimentally impacted. Although punch cards are available, they provide only a limited number of total summer beach entries (10) and are not renewable, leading to frustrations and disappointment with the IVGID rules.

These restrictions have led to numerous awkward and inconvenient situations for our family. For instance, during visits from friends and family, we've encountered difficulties accessing the beach due to a limited number of picture cards that allow bringing in guests and the limited number of beach pass punch cards.. These instances highlight the impracticality of the current system and its impact on our enjoyment of our home and community.

Given the complexity of our situation, we kindly request an opportunity to discuss these concerns with board members in person, allowing for a more nuanced exploration of potential solutions beyond the constraints of a brief public comment. We hope for a fair resolution that aligns with our longstanding commitment to this community and enables us to continue enjoying our home in Incline Village with our family and guests.

Respectively submitted,

Kathy Gursky, Owner

Co-owners: Barry Gursky, Chuck Lindauer, Ilona Lindauer

116 Pine Cone
Incline Village
925 783 0041

Our Family Tree

Valid Recreation Photo IDs

Name	Card Id	Relationship	Pass Type	Expire Date
LAURA M FOX	17484267	Child of Owner	All Area Access	6/8/2025
BARRY GURSKY	1257603	Owner	All Area Access	7/2/2025
KATHLEEN GURSKY	1257611	Owner	No Golf	7/12/2024
JASON GURSKY	1257619	Child of Owner	All Area Access	7/2/2025
MARK GURSKY	1257637	Child of Owner	All Area Access	7/2/2025
CHARLES LINDAUER	254673	Owner	All Area Access	6/30/2028
ILONA LINDAUER	254674	Spouse of Owner	No Golf	7/2/2025
CARINE GURSKY	1257677	Child of Owner	No Golf	6/8/2025

Errors on our family tree, posted on the Recreation Center website: Ilona Lindauer is an owner. Laura Fox is the spouse of the owners' son, Mark Gursky.

Note: Carine Gursky is Chuck and Ilona's daughter, and she is married to Kathy and Barry's son.

Grandchildren of Owners

Annika Gursky, 20

Jocelyn Gursky, 17

Kylie Gursky, 19

Colin Gursky, 19

Ryan Fox, 18

Taylor Fox, 19

Annika, Kylie, Colin, Taylor and Ryan are now in college in the Midwest, South and East Coast. Colin, Annika and Kylie are working on the East Coast this summer, but they each will have a week to spend in Incline Village at our family house in August. Ryan and Taylor are here for the summer. Jocelyn is a senior in high school, and she also will have time to spend at our family home this summer.

From: JAY SIMON ajsmsn@aol.com
Subject: IVGID Meeting
Date: July 10, 2024 at 2:44 PM
To: Jay Simon ajsmsn@aol.com

My name is Jay Simon, I live on golfers Pass Road and have been a resident of Incline for over 10 years.

I am currently a member of a golf club and am here to give my personal opinions on the proposed policy on clubs.

First, I want to talk about the policy in general and then about golf clubs more specifically. Please go to the second page of the July 10th memo, 3rd paragraph. This paragraph is important and unfortunately the draft policy does not follow this guidance. It reads, and I quote;

“In terms of developing a policy governing clubs, the district is a governmental agency and is limited by the first amendment from adopting programs or policies that infringe on the right of free association. ACCORDINGLY, THE DISTRICT HAS NO REASON TO REGULATE HOW INDIVIDUALS FORM CLUBS OR WHO CAN BE A MEMBER OF ANY PARTICULAR CLUB. HOWEVER, THE DISTRICT CAN DETERMINE WHAT SORT OF BENEFITS IT PROVIDES TO CLUBS, INCLUDING DISCOUNTS, PREFERENTIAL RESERVATION TIMES, ETC. AND ON WHAT TERMS.”

So, if I want to form a chess club in Incline Village it has nothing to do with IVGID. I don't need approval to form or dissolve the club, nor do I need approval on club membership or how it operates. Providing club by-laws or membership lists would be total overreach and flies in the face of the stated policy that I just read. At the point a club wants to use an IVGID facility the overall residency of club members becomes relevant and clubs should attest accordingly. It is up to the management of the chateaux to document the policy on providing clubs access and pricing. Clubs that meet the residency requirements (75% in the memo) should have preferential access and more favorable room rental fees.

As to golf clubs I agree with the stated policy of allocating tee times to each club based on past usage and additional revenues from catering and other income streams.

I believe all golf clubs should attest at the beginning of each golf season to the percentage of picture pass holders in the club. I believe that percentage should be 100, not 75.

Anyone is free to form a new golf club just as I can form a chess club. The sole question becomes what is the policy on providing advance tee times to new golf clubs. As with the chateaux, it would be up to the director of golf operations to provide that policy. Personally, I believe new golf clubs should only be granted advance tee times if they commit to filling at least 500 rounds of golf and a minimum number of catering events over the golf season.

I would be happy to help facilitate this policy. Thank you.

Kristie Wells | Incline Village Resident
July 10, 2024

Today marks a significant moment for our community as we receive the results of the forensic due diligence audit. The report from Rubin Brown reveals a six-month endeavor costing over \$300,000, ultimately confirming the absence of fraud. ^{AGAIN} This outcome, while providing clarity, ~~raises questions about the allocation of resources and the lack of prioritization around real needs of this community.~~ **CONFIRMED NO FRAUD WAS FOUND.**

The audit has highlighted the issue of sloppy accounting, a concern previously identified by Moss Adams and Raffelis. Sara, Ray, and Matt, your insistence on this audit redirected staff from their essential duties, exacerbating the issues identified earlier. Our Finance Department, already stretched thin, needed support for the Tyler Munis implementation and bank reconciliation. The community expected resources to be focused on these critical tasks, rather than diverting attention to yet another audit. An apology to the community for this costly and redundant project seems warranted.

Moving on. Chair Schmitz deferred the wildfire mitigation and forest management work from a previous meeting under Reports to General Business tonight. The North Lake Tahoe Fire Protection District's work on IVGID land is invaluable, providing a crucial service at an approximate cost of \$42 per year per parcel. What needs to be discussed? They are keeping our community safe. If you are truly committed to making a positive impact, you should focus your efforts on collaborating with the US Forest Service to improve the management of their lands within our community, as many of their lots have yet to undergo necessary defensible space work.

I also have concerns about the proposed revisions to District Policy and Procedure 142, Resolution No. 1898, which suggest Trustee involvement in senior-level interviews. The General Manager, as the sole employee of the Board, should maintain autonomy in building their team. Past criticisms from some Trustees towards staff underscore the risk of complications and conflicts if Trustees are involved in these hiring processes. A reconsideration and removal of this proposal from the Agenda would align with maintaining effective governance boundaries.

Finally, I observed a gap in the Reports to the Board. While each Director has submitted a status report, Ski and Golf have not, and notably, there is no report from General Manager Magee. As the Board's only employee, transparency regarding the General Manager's recent activities and priorities is crucial. The absence of this information represents a significant oversight. I would like to know how he spends his time, especially when working remotely.

Thank you for your attention to these matters. As always, the goal is to ensure our community's best interests are at the forefront of our governance.

Mick Homan

I'm an Incline Resident and Candidate for Trustee

I'm commenting on tonight's agenda item on Club Policies.

This proposal should be rejected.

I don't see any solution that doesn't result in significant revenue reductions and legal exposure for IVGID.

I'm not a lawyer - My analysis of the impacts may not be 100% accurate.

But I do have experience developing policies that have to pass legal muster.

So let's take a look.

This policy would apply to **all associations or organizations dedicated to any particular interest or activity....that want to use any IVGID facility**

That's an extremely broad scope.

Rightfully so. We're a quasi-governmental organization.

To avoid discrimination issues, our facility policies need to apply very broadly.

So what's in scope?

Golf is called out in the policy – so lets start there.

In addition to the named golf clubs, the policy applies to all other organizations or groups that use our golf facilities.

So all charities, business groups, conventions, school and other team play participants that hold events at our courses

If 75% of these organizations aren't picture pass holders, they won't get preferential tee times for their events.

Even if they can reach that threshold, they'd be forced to provide bylaws, and full membership rosters, **for the public record**, in order to book the facility – likely a non-starter for many of these groups.

And if they can't meet the requirements and book early, golf will lose this critical revenue stream.

Ironically, the named golf clubs easily meet the 75% threshold.

Let's look beyond golf.

- This would apply to adult and youth ski teams at Diamond peak
- To school teams, adult and other youth groups at our rec center and fields – so adult and youth baseball, softball, soccer, lacrosse, racquet and other leagues.
- And many of the adult, senior and youth programs promoted and jointly sponsored by IVGID

If these groups don't meet the 75% threshold, their use of the facilities gets restricted, which will be the case for some, particularly since they host visiting teams.

This involves ski races, baseball, softball, lacrosse, soccer and other competitions involving other area teams.

Even if some of these groups meet the 75% rule, they'd be forced to disclose, **on the public record**, the name of every individual in their organization.

What about the **legalities** of forcing all private clubs to publish members' names **in the public record**. What about the legal **and safety** issues when our **youth** are involved?

As written, the 75% threshold and disclosure requirements would also apply to private receptions and other events at the Château and Aspen Grove.

This will drive revenue losses when these groups balk at publishing their guest lists.

Drafting policy exemptions that scope out many of these groups won't work.

It would create a different exposure – a significant discrimination risk from IVGID resident groups that remain in scope.

~~And remind me – what's problem we're solving?~~

Please do the right thing and kill this effort. It's a bad solution in search of an imaginary problem.

We have more important issues to deal with.

Forensic Audit

Read exe summary

Take-away – NO FRAUD

Large number of control outages we already knew about from previous consultants and auditors reports

Learned nothing new

Anly malfeasance was on part of board majority that continues to spend our funds on imaginary witch hunts

Time to move on and build rather than continuing to tear down.