

MEMORANDUM

TO: Board of Trustees

FROM: David Noble, Trustee

SUBJECT: Review, Discuss, and Consider Termination of Kent Walrack as IVGID General Manager; and Consider Possible Appointment of Mike Bandelin as Acting General Manager Following the Termination of District General Manager Kent Walrack.

RELATED DISTRICT POLICIES, PRACTICES, RESOLUTIONS OR ORDINANCES:

N/A

DATE: January 10, 2025

I. RECOMMENDATION

The Board of Trustees make a motion to:

1. Terminate Kent Walrack as the District's General Manager; and
2. Appoint Mike Bandelin to serve as the Acting General Manager.

II. BACKGROUND

On November 13, 2024, the Board of Trustees by majority vote (Schmitz, Dent, and Tulloch) selected Mr. Walrack as the District's new General Manager following two interviews. This selection was made over the objection by Trustees Tonking and Noble and Trustees-elect Homan and Jezycki.

On November 27, 2024, the Board of Trustees by majority vote (Schmitz, Dent, and Tulloch) approved the General Manager's Employment Agreement (attached). Staff had negotiated a \$250,000 annual salary and a six-month severance package. Trustee Noble advocated for no severance package, because he intended to propose terminating Mr. Walrack at the first available meeting in January. Mr. Walrack was asked to explain why he wanted the larger severance

package. Mr. Walrack's explanation had no connection to his particular circumstances. Regardless, the majority (Schmitz, Dent, and Tulloch) increased the severance package to 12 months.

Mr. Walrack began his employment with the District on December 2, 2024.

III. FINANCIAL IMPACT AND BUDGET

Pursuant to Section 6 of the General Manager's Employment Agreement, the financial impact of the severance benefit will range from \$0 up to \$250,000 plus the cash value of up to 12 months of monthly medical premiums plus the cash value of up to 12 months of monthly medical premiums plus the cash value of his annual vacation pay balance.

IV. ALTERNATIVES

If the Board of Trustees does not terminate Mr. Walrack, he will continue his employment as the District's General Manager consistent with the terms of the Employment Agreement.

V. ATTACHMENTS

1. Incline Village General Improvement District Employment Agreement – General Manager – /s/ Kent Walrack

VI. DECISION POINTS NEEDED FROM THE BOARD OF TRUSTEES

Termination of Kent Walrack as the District's General Manager and appointment of an acting General Manager.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT EMPLOYMENT
AGREEMENT
GENERAL MANAGER

This Employment Agreement (“Agreement”) is made and entered into this 18th day of November, 2024, by and between the INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT (“IVGID”) and Kent Walrack (“General Manager”).

SECTION 1. DUTIES

1.1 IVGID hereby employs General Manager full-time to uphold and abide the laws of the State of Nevada, District Ordinances, written Policies, Practices, and Resolutions enacted by IVGID Board of Trustees (“Board of Trustees”), as well as the applicable job description attached hereto as **Exhibit A (Job Description)**, and to perform such other duties and functions as the Board of Trustees shall from time to time assign.

1.2 General Manager shall faithfully, diligently, and to the best of General Manager’s abilities, perform all duties that are required under this Agreement. General Manager agrees that General Manager has a duty of loyalty and a fiduciary duty to IVGID.

1.3 General Manager shall devote the whole of General Manager’s working time, skill, experience, knowledge, ability, labor, energy, attention, and best effort exclusively to IVGID’s business and affairs.

1.4 General Manager shall not engage in any employment, activity, consulting service, or other enterprise, for compensation or otherwise, which is actually or potentially in conflict with, inimical to, or which interferes with the performance of General Manager’s duties. General Manager shall not, during the term of this Agreement, individually, as a partner, joint venture, officer or shareholder, invest or participate in any business venture or non-profit conducting business in the established boundaries of Incline Village and Crystal Bay.

1.5 The General Manager is an exempt employee as defined and consistent with the Fair Labor Standards Act. General Manager is hired with the understanding that he is responsible for accomplishing the duties required of General Manager. General Manager does not have set work hours, he is expected to be available at all times. It is recognized that the General Manager must devote a great deal of time to the business of IVGID outside of IVGID’s customary office hours, and to that end General Manager’s schedule of work each day and week shall vary in accordance with the work required to be performed in accordance with any specific direction provided by the Board of Trustees.

1.6 General Manager shall abide by the Nevada Ethics in Government Law (NRS Chapter 281A), related regulations, and ethics opinions issued by the Nevada Ethics Commission. The Nevada Ethics Law establishes the public policy and standards of conduct necessary to ensure the integrity and impartiality of government, free from conflicts of interest between public duties and private interests of state and local public officers and employees.

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SECTION 2. TERM OF AGREEMENT

2.1 General Manager shall serve as the IVGID Manager effective December 1, 2024 (“the Effective Date”). This Agreement shall thereafter continue in full force and effect for an 18 month term or until such time as either party terminates this Agreement pursuant to the provisions hereof. General Manager’s employment as IVGID General Manager shall be at will. This means that General Manager may be terminated from his employment with IVGID at any time, without cause, and without notice, subject to the provisions hereof.

SECTION 3. SALARY

3.1 IVGID agrees to pay General Manager an annual base salary for services rendered in the amount of \$250,000 (“Base Salary”).

3.2 In accordance with Section 7 below, the Board of Trustees shall conduct annual evaluations of General Manager’s performance and the Board of Trustees shall consider the results of these performance evaluations when deciding whether to provide additional compensation. However, all salary increases and/or performance incentives shall be provided in the sole discretion of the Board of Trustees.

SECTION 4. BENEFITS

4.1 General Manager shall receive the health, dental, and vision insurance and recreational benefits provided to other management-level IVGID employees.

4.2 IVGID shall provide one hundred percent (100%) of the cost for life and disability insurance for the General Manager. The life insurance policy shall not be for less than \$50,000:

4.3 IVGID shall contribute that percentage of the employer’s share defined contribution (457) program provided to other IVGID employees with same years of service and shall further contribute that percentage of the General Manager’s income toward retirement benefits provided to other IVGID employees with the same years of service. Retirement benefits shall be provided by the way of IVGID’s existing 401(a) plan or such other mechanisms as IVGID may implement in the future.

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SECTION 5. LEAVE

5.1 Annual Vacation Leave. IVGID shall include General Manager in its Annual Leave Program and provide him with an annual accrual of 120 hours of Annual Vacation Leave. General Manager shall accrue Annual Vacation Leave in the manner described in the IVGID's Personnel Policies and shall be subject to the cap on accrual of such leave as described therein. The General Manager shall be entitled to retain any existing Annual Vacation Leave existing as of the Effective Date.

5.2 Paid Holiday Leave. IVGID shall include General Manager in its Paid Holiday Leave program as described in IVGID's Personnel Policies and General Manager shall be paid for the designated Holidays.

5.3 Sick Leave. IVGID shall include General Manager in its Sick Leave program as described in IVGID's Personnel Policies. Subject to any changes to such policies, the General Manager shall accrue 4 hours of sick leave in the first and second pay periods each month.

SECTION 6. TERMINATION OF AGREEMENT & SEVERANCE

6.1 Termination by IVGID. General Manager understands and agrees that General Manager has no constitutionally-protected property or other interest in General Manager's employment as IVGID General Manager.

6.2 General Manager understands and agrees that General Manager works at the will and pleasure of the Board of Trustees, and that General Manager may be terminated, or asked to resign, at any time, with or without cause or advance notice.

6.3 Notice of termination shall be provided to General Manager in writing. "Termination," as used in this Agreement, shall also include: (i) a request by the majority vote of the Board of Trustees that General Manager resign occurring at any time; or (ii) any material reduction in the powers and authority of the IVGID General Manager including but not limited to the existing terms of Resolution 1898.

6.4 Termination by General Manager. General Manager may voluntarily terminate employment at any time by giving not less than one hundred twenty (120) days' written notice.

6.5 Severance Benefit. If General Manager is terminated by the Board of Trustees without cause, then General Manager shall receive a one-time, lump sum cash payment equivalent to the sum of (i) General Manager's then-current monthly salary multiplied by twelve (12), (ii) the cash value of General Manager's then-current monthly medical premiums multiplied by six (6) as of the effective date of termination of employment and (iii) the cash value of his Annual Vacation Pay balance.

6.6 Eligibility for such severance payment is expressly conditioned upon General Manager's execution of (i) a waiver and release of any and all of General Manager's claims against IVGID,

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and (ii) a covenant not to sue. All normal payroll taxes and withholdings as required by law shall be made with respect to any amounts paid under this Section.

6.7 Ineligibility for Severance (Termination for Cause; Voluntary Resignation). Notwithstanding the terms in this Section 6, General Manager shall not be eligible to receive, and IVGID shall not be obligated to pay, and shall not pay, any severance amounts or continue any benefits, if General Manager is terminated for Cause.

6.8 "Cause," as used herein, shall mean, and be limited to, a termination for any of the following reasons: (i) conviction of a felony or other crime involving moral turpitude (ii) undertaking conduct constituting fraud, material dishonesty, or gross negligence in the General Manager's performance of his duties as IVGID General Manager; or (iii) violation of any statute or law constituting misconduct in office or constituting an ethical violation, including without limitation those set forth in Section 1.6 of this Agreement.

6.9 In the event the Board of Trustees terminates General Manager for Cause, General Manager's sole remedy shall be a judicial action in declaratory relief to determine whether there was Cause. If the court determines there was no Cause, General Manager shall receive the severance pay provided in this Section 6, but no other damages, litigation costs or expenses, or attorneys' fees. Further, IVGID shall not be obligated to pay any severance amounts or continue any benefits in the event General Manager voluntarily resigns his employment.

6.10 In the event of discharge of General Manager from his employment hereunder or any termination of this Agreement, General Manager shall return to IVGID immediately after said discharge or termination all documents, materials, equipment, machines, procurement cards, employee identification card, keys, and all other tangible property of IVGID and shall maintain confidential any information of IVGID which cannot be returned.

6.11 In the event of General Manager's death, this Agreement shall terminate immediately and any and all compensation then due the General Manager shall be paid and delivered in his named beneficiary or the representative of his estate or trust, as the case may be. For avoidance of doubt, there is no entitlement to payment of severance in the event of the General Manager's death.

SECTION 7. PERFORMANCE EVALUATION

7.1 Annually, or at such other time as desired by the Board of Trustees, the Board of Trustees and General Manager shall meet to evaluate the performance of General Manager on a date mutually determined by both parties.

7.2 The Board of Trustees may, in its sole discretion, use any professional assistance in establishing standards, including but not limited to an agreed-upon facilitator.

7.3 Nothing in this provision shall be construed to require the Board of Trustees to grant General Manager pay increases based on the performance standards, if any, mentioned above nor to limit in any manner the discretion of the Board of Trustees to grant or not grant increases.

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7.4 Nor shall anything in this Agreement be construed to require the Board of Trustees to evaluate General Manager solely upon the performance standards, if any, mentioned above, nor to limit the discretion of the Board of Trustees to evaluate General Manager as it deems necessary in the sole discretion of the Board of Trustees.

**SECTION 8. PROFESSIONAL DEVELOPMENT, PROFESSIONAL ASSOCIATIONS,
AND OUTSIDE ACTIVITIES**

8.1 IVGID shall pay General Manager's annual membership dues and/or other similar professional organizational dues as approved by the Board of Trustees through the budgetary process.

8.2 During appointment as IVGID General Manager, and subject to the Board of Trustees budgetary approval of funds for such purpose, General Manager may attend and/or participate in professional activities, including, but not limited to, General Manager conferences and events, the League of Cities conferences and events, and such other national, regional, and local associations, provided that General Manager's ability to perform his duties as IVGID General Manager is not compromised.

8.3 General Manager shall be paid his regular salary and benefits while traveling to, attending, or participating in professional activities, and shall be entitled to expense advances and/or reimbursement in accordance with IVGID's Personnel Policies or other applicable IVGID policy.

8.4 General Manager shall be entitled to reimbursement for the actual costs of the following expense categories that he incurs as a result of the professional development activities authorized in this section: airfare, rental car, conference fees, meals, and lodging, consistent with IVGID's Personnel Policies or other applicable policy and subject to annual budget appropriations.

8.5 General Manager shall notify the Board of Trustees in writing in advance of any absences of more than one day related to such professional development activities.

8.6 If General Manager wishes to engage in other outside professional activities (e.g. teaching, consulting, expert witness testimony, speaking, or other non-IVGID connected business for which compensation is paid), he shall seek and obtain express prior consent of the Board of Trustees. General Manager will take paid or unpaid leave time for all such outside activities of this nature should such activities interfere with the General Manager's regular IVGID duties.

SECTION 9. REIMBURSEMENT FOR EXPENSES

General Manager shall be entitled to reimbursement of reasonable business-related expenses subject to the requirements and restrictions of IVGID's Personnel Policies or other applicable policy.

SECTION 10. BONDING/INDEMNIFICATION

10.1 IVGID shall bear the full cost of any fidelity or other bonds required of General Manager under any law or ordinance. IVGID shall defend, hold harmless, and indemnify General Manager

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P: 775-832-1323

F: 775-832-1380

or

General Manager's home address on file with the IVGID's Human Resources Department.

Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as is applicable to the civil judicial process. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the course of transmission in the United States Postal Service or into a traceable overnight delivery service (e.g. Federal Express or similar).

SECTION 13. GENERAL PROVISIONS

13.1 The text herein shall constitute the entire agreement between the parties, and supersedes any and all other writings, documents, correspondence, agreements or understandings, either oral or in writing, between the parties hereto with respect to the employment of General Manager by IVGID. Each party to this Agreement acknowledges that no representation, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding on either party.

13.2 This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of General Manager.

13.3 If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid, or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

13.4 General Manager may not assign this Agreement in whole or in part.

13.5 This Agreement shall be governed by the laws of the State of Nevada. The venue for any and all litigation arising from this Agreement shall be in the state district or federal courts located in Washoe County, Nevada.

13.6 This Agreement may be modified or amended, or any of its provisions waived, only by a subsequent written agreement executed by each of the parties. The parties agree that this requirement for written modifications cannot be waived and any attempted waiver shall be void.

13.7 General Manager and IVGID agree and acknowledge that the provisions of this Agreement have been arrived at through negotiation and that each party has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel, and that both parties agree that they either have had the provisions of this Agreement reviewed by legal counsel or have voluntarily chosen not to do so. IVGID expressly agrees and acknowledges that IVGID General Manager was not representing IVGID regarding the terms of this Agreement. The parties agree any ambiguities in construing or interpreting this Agreement shall not be

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resolved against the drafting party. The titles of the various sections are merely informational and shall not be construed as a substantive portion of this Agreement.

IT IS SO AGREED:

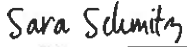
IVGID GENERAL MANAGER



IT IS SO AGREED:

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Signed by:



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IVGID Board Chairman

APPROVED AS TO FORM:

Signed by:

By:



IVGID General Counsel

ATTEST: