

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra S. Winquest
Interim General Manager

FROM: Gerald W. Eick, CPA CGMA
Director of Finance

Darren Howard
Director of Golf/Community Services

SUBJECT: Review, discuss, and possibly adopt Resolution No. 1875 authorizing a Medium-Term Installment Purchase Agreement in the amount not to exceed \$204,627.16, through an Equipment Lease/Purchase Agreement with EZ-Go to procure fifty-eight (58) gas-powered golf carts for the Mountain Golf Course.

STRATEGIC PLAN: Long Range Principle #2 – Finance
Long Range Principle #4 - Service
Long Range Principle #5 – Assets and Infrastructure

DATE: October 14, 2019

I. RECOMMENDATION

1. Staff recommends adoption of Resolution No. 1875 authorizing an Equipment Lease Purchase Agreement with EZ-Go for 58 (fifty-eight) gas-powered golf carts in the amount of \$204,627.16, which will be repaid through 48 (forty-eight) monthly payments of \$2,533.44 and a purchase option payment due at the end of 48 (forty-eight) months. Further, the Board of Trustees affirms the District's intention is to not exercise the purchase option and direct future capital project planning towards consideration of a lithium battery fleet to be integrated within projects for the Mountain Course Maintenance Building.
2. Authorize Staff to execute all documents based on a review by General Counsel and Staff and after determining compliance with the State of Nevada Department of Taxation Guidance Letter 16-004

relative to leasing and installment purchase agreements.

II. DISTRICT STRATEGIC PLAN

Long Range Principle #2 – Finance – With allocated resources, equate service expectations and the capability to deliver.

- Comply with Nevada Revised Statutes and Administrative Code requirement for the budget process and document content.

Long Range Principle #4 – Service – The District will provide superior quality service and value to its customers considering responsible use of District resources and assets.

- The District will provide well defined customer centric service levels consistent with community expectations.

Long Range Principle #5 – Assets and Infrastructure – The District will practice perpetual asset renewal, replacement, and improvement to provide safe and superior long-term utility services and recreation activities.

- The District will maintain, renew, expand, and enhance District infrastructure to meet the capacity needs and desires of the community for future generations.

III. BACKGROUND

The Board of Trustees adopted the 2019/2020 Capital Improvement Project Budget for 2019/2020 on May 22, 2019 at a publicly noticed meeting. During deliberations, Staff discussed the consideration of gas, traditional electric, and lithium battery powered units. Lithium battery power was highlighted at the January 2019 Professional Golf Association show and reported on by our Head Professional. Long term, the District is committed to the elimination of gas powered carts considering their effects on the environment. The current fleet of carts was originally leased in 2013 and purchased outright in 2017 with a planned use of two or three years depending on cost to maintain. We are now at a point where repair of major components could exceed the value of the units. For service levels as well as cost, Staff recommends the replacement of the current fleet of fifty-eight (58) carts.

The Board of Trustees received a report at its September 25, 2019 meeting including consideration of alternatives between gas-powered and lithium-powered carts, from two vendors, with both outright purchase and lease options considered. Staff was directed unanimously by the Board of Trustees to bring an action item to lease gas-powered golf carts from EZ-Go.

Staff has conferred with the State of Nevada Department of Taxation over the manner in which to proceed with a transaction when a purchase was in the budget when adopted in May 2019. We can consider leasing as long as the State's guidance is followed before any payments are made.

The September 25, 2019 Board of Trustees report preference was:

Acquire the 58 EZ-Go RXV Gas EFI model cart fleet by paying through a lease for 48 months at \$43.68 per cart, which totals \$121,605.12 for the four years. Acquisition would occur by authorizing Staff to accept the EZ-Go quote dated September 3, 2019 allowing for production of the carts for delivery May 1, 2020. District Staff would allow EZ-Go to immediately pick up the 2013 fleet of carts to avoid winterization and storage expenses while awaiting the delivery of the new fleet. This decision does not impact CIP Project 3241ME1804 for the Mountain Golf Fuel Storage Facility since the equipment originally specified was necessary to support gas carts.

Since this option includes leasing, the District would also have to follow the process prescribed by the Nevada Department of Taxation. The Nevada Department of Taxation issued Guidance Letter 16-004 on September 27, 2016 relating to lease agreements that could be considered alternative financing. Under that guidance, public notice needs to be published ahead of the Board of Trustees authorizing the use of lease financing, and the District will be filing a request for approval of the agreement as the Board of Trustees authorizes. Once approval is received from the State, Staff will notify the Board of Trustees, at their next regular meeting, and proceed with executing remaining portion of the transaction. The Guidance Letter is also coordinated with the now issued GASB statement on lease accounting. The State of Nevada guidance for applying the GASB statement is effective December 15, 2018. Under this accounting, the lease is treated as if it was a purchase.

Review, discuss, and possibly adopt Resolution No. -4-
1875 authorizing a Medium-Term Installment Purchase
Agreement in the amount not to exceed \$204,627.16,
through an Equipment Lease/Purchase Agreement with
EZ-Go to procure fifty-eight (58) gas-powered golf carts
for the Mountain Golf Course

October 14, 2019

IV. BID RESULTS

There is no bid requirement for this portion of the transaction. The lease terms were included in the original bids tabulated and reviewed September 25, 2019. The tabulation was:

The District posted a Notice to Bidders August 27 and 28, 2019. Two bids were received on September 3, 2019. The results were:

	<u>EZ-Go</u>	<u>Club Car</u>
Lithium Powered Carts Purchase	\$282,067.60	\$304,500.00
Lithium Powered Carts 48 Mo. Lease	\$135,664.32	\$323,584.32
Gas Powered Carts Purchase	\$204,627.16	\$205,900.00
Gas Powered Carts 48 Mo. Lease	\$121,605.12	\$218,794.56

The lease proposals from EZ-Go were for fair market value leases which means they call for less principal paid by allowing a residual value and no purchase option. The lease proposals from Club Car are fully amortized over the forty-eight (48) months and carry a one dollar (\$1.00) purchase option.

V. FINANCIAL IMPACT AND BUDGET

The benefits of using leasing over the useful life of the asset versus outright payment conserves cash flow and make resources available for a broader schedule of purchases. The Governmental Accounting Standards Board (GASB) has issued Statement 87, *Leases*, which makes lease transactions the equivalent of a purchase because it is exchanging a stated schedule of payments for use of equipment over a stated period.

VI. ALTERNATIVES

No alternatives were presented as the Board of Trustees unanimously indicated they intend to approve a lease.

VII. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

Review, discuss, and possibly adopt Resolution No. -5-
1875 authorizing a Medium-Term Installment Purchase
Agreement in the amount not to exceed \$204,627.16,
through an Equipment Lease/Purchase Agreement with
EZ-Go to procure fifty-eight (58) gas-powered golf carts
for the Mountain Golf Course

October 14, 2019

VIII. COMMENTS

The Nevada Department of Taxation issued Guidance Letter 16-004 on September 27, 2016 relating to lease agreements that could be considered alternative financing. Under that guidance, the District will be filing a request for approval of the agreement as the Board of Trustees authorizes. Once approval is received from the State, Staff will notify the Board of Trustees, at their next regular meeting, and proceed with executing remaining portion of the transaction. The Guidance Letter is also coordinated with the now issued GASB statement on lease accounting. The State guidance for applying the GASB statement is effective December 15, 2018.

**NOTICE OF INTENTION TO AUTHORIZE
A MEDIUM-TERM INSTALLMENT PURCHASE AGREEMENT**

Notice is hereby given that the INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, State of Nevada, will hold a public hearing at a regular meeting to be held on OCTOBER 30, 2019 at the hour of six o'clock (6 P.M. PST) in the CHATEAU, 955 FAIRWAY BLVD, INCLINE VILLAGE, NV to act upon a Resolution Authorizing a Medium-Term Installment Purchase Agreements in the amount not exceed a total of \$204,627.16, to enable the INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT to acquire EZ-Go Gas-Powered Golf Carts for the Mountain Golf Course.

The proposed obligation is to be repaid by revenues of the Community Services Special Revenue Fund, which is a part of the INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT. The Community Services Special Revenue Fund will budget for the payments each year as an operating expenditure for the venue using the equipment. The installment purchase agreement will be in the form of an Equipment Lease/Purchase Agreement with EZ-Go for a term of four years and includes a purchase option payment that is not expected to be exercised.

All persons are invited to attend and to be heard regarding the proposed action. Prior to the hearing, written comments may be filed with the INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT District Clerk and will be considered.

Publication date: October 18, 2019.

Borders Golf



Pricing effective January 1, 2019

Presented By:

Michael A. Grooms II
Senior Corporate Account Manager

Presented To:

Incline Village General Improvement District
893 Southwood Boulevard, Incline Village, Nevada 89451

RXV Gas EFI

Horsepower: 13.5 HP (10.1 kW)
Batteries: One, 12 volt maintenance free battery
Fuel System: Closed-loop electronic fuel injection
Transaxle: Differential with helical gears
Standard Tires: Hole-in-One 18x8.50-8 (4 ply)

Front Suspension: Independent A-Arm coil over shock
Rear Suspension: Mono-Leaf springs with hydraulic shocks
Brakes: Dual rear wheel mechanical drum
Ground Speed: 12 +/- .05 mph (19 kph +/- 0.8 kph)

\$7,929.00 \$459,882.00

Accessory Options

Body Colors:	Standard - Ivory or Forest Green	<input type="text"/>	\$0.00	<input type="text"/>	\$0.00
	Premium 1 - Almond, Black, Burgundy, Bright White, Electric Blue, Platinum, Flame Red	<input type="text"/>	\$0.00	<input type="text" value="58"/>	\$0.00
	Premium 2- Inferno Red, Patriot Blue, Oasis Green, Metallic Charcoal, Sunburst Orange	<input type="text"/>	\$242.00	<input type="text"/>	\$0.00
Seat Colors:	Oyster, Stone Beige, Gray	<input type="text"/>	\$0.00	<input type="text"/>	\$0.00
Top Colors:	Oyster, Stone Beige, Black	<input type="text"/>	\$162.00	<input type="text" value="58"/>	\$9,396.00
Fold Down Windshield (top required)		<input type="text"/>	\$90.00	<input type="text" value="58"/>	\$5,220.00
Wheel Covers:	Gold or Silver	<input type="text"/>	\$31.00	<input type="text" value="58"/>	\$1,798.00
USA Trail 18x8.5-8 (6 ply) tires		<input type="text"/>	\$39.00	<input type="text"/>	\$0.00
Alloy Wheel - Kendra Pro Tour 10" tires		<input type="text"/>	\$289.00	<input type="text"/>	\$0.00
Pinstripes:	Pewter, Black, Gold	<input type="text"/>	\$57.00	<input type="text"/>	\$0.00
Bag Cover:	Black, Oyster, Stone Beige	<input type="text"/>	\$133.00	<input type="text"/>	\$0.00
Fender Scuff Guard		<input type="text"/>	\$14.00	<input type="text"/>	\$0.00
Front Bumper		<input type="text"/>	\$0.00	<input type="text" value="58"/>	\$0.00
Sweater Basket		<input type="text"/>	Included	<input type="text" value="58"/>	\$0.00
Drink Holders		<input type="text"/>	Included	<input type="text" value="58"/>	\$0.00
Fuel/Oil Gage		<input type="text"/>	\$58.00	<input type="text" value="58"/>	\$3,364.00
Hour Meter		<input type="text"/>	\$45.00	<input type="text"/>	\$0.00
USB Port		<input type="text"/>	\$118.00	<input type="text" value="58"/>	\$6,844.00
Semi-Permanent Tow Bar		<input type="text"/>	\$170.00	<input type="text"/>	\$0.00
Semi-Perm Link		<input type="text"/>	\$46.00	<input type="text"/>	\$0.00
Club & Ball Washer	Driver or Passenger Side	<input type="text"/>	\$66.00	<input type="text" value="58"/>	\$3,828.00
Cooler & Bracket	Driver or Passenger Side	<input type="text"/>	\$56.00	<input type="text"/>	\$0.00
Sand Bottle (single)		<input type="text"/>	\$21.00	<input type="text" value="116"/>	\$2,436.00
Sand Bucket	Driver or Passenger Side	<input type="text"/>	\$66.00	<input type="text"/>	\$0.00
Message Holder (single)		<input type="text"/>	\$14.00	<input type="text" value="116"/>	\$1,624.00
Double Message Holder		<input type="text"/>	\$21.00	<input type="text"/>	\$0.00
Parts Package		<input type="text"/>	\$740.00	<input type="text" value="1"/>	\$740.00
Club Logos		<input type="text"/>	\$6.00	<input type="text" value="58"/>	\$348.00
Number Decals - 2each		<input type="text"/>	\$3.50	<input type="text" value="58"/>	\$203.00

TOTAL **\$495,683.00**

Corporate Account Discount 48%
\$257,755.16

Non-OEM Accessory Options

Premium Seats with High Backs	Light Beige or Mushroom	<input type="text"/>	\$296.00	<input type="text" value="58"/>	\$17,168.00
Permanent Tow Bar		<input type="text"/>	\$286.00	<input type="text"/>	\$0.00
Freight - based on delivery location	<input type="text" value="California"/>	<input type="text"/>	\$388.00	<input type="text" value="58"/>	\$22,504.00

PURCHASE PRICE **\$297,427.16**

Upon delivery & acceptance of this proposed fleet E-Z-GO will terminate Lease # _____
Trade Info: 2013 E-Z-GO RXV -\$1,600.00 **-\$92,800.00**

Trade values may be adjusted due to final condition. All fleet cars must be in running condition with working chargers. Damages beyond normal wear & tear will be the responsibility of the club.

TOTAL PURCHASE PRICE **\$204,627.16**

UNIT PRICE **\$3,528.05**

Purchase Type: May 1, 2020 Delivery
NET 30 with Credit Approval
Lease Type: 48 Month FMV - \$43.68 per car per month
Lease Type: 60 Month FMV - \$40.95 per car per month

Michael A. Grooms II 9/3/2019
Senior Corporate Account Manager Date Quote accepted by Date

Prices DO NOT include State and Local Taxes - All Orders Are Subject to Acceptance and Credit Approval - Incoterms: FCA Augusta. Proposal valid for 30 days.

Incline Village RXV Gas

Compound Period: Monthly

Nominal Annual Rate: 5.000 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1	Loan	05/01/2020	3,528.05	1	
2	Payment	06/01/2020	43.68	48	Monthly 05/01/2024
3	Payment	06/01/2024	2,000.00	1	

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	05/01/2020				3,528.05
1	06/01/2020	43.68	14.70	28.98	3,499.07
2	07/01/2020	43.68	14.58	29.10	3,469.97
3	08/01/2020	43.68	14.46	29.22	3,440.75
4	09/01/2020	43.68	14.34	29.34	3,411.41
5	10/01/2020	43.68	14.21	29.47	3,381.94
6	11/01/2020	43.68	14.09	29.59	3,352.35
7	12/01/2020	43.68	13.97	29.71	3,322.64
2020 Totals		305.76	100.35	205.41	
8	01/01/2021	43.68	13.84	29.84	3,292.80
9	02/01/2021	43.68	13.72	29.96	3,262.84

10	03/01/2021	43.68	13.60	30.08	3,232.76
11	04/01/2021	43.68	13.47	30.21	3,202.55
12	05/01/2021	43.68	13.34	30.34	3,172.21
13	06/01/2021	43.68	13.22	30.46	3,141.75
14	07/01/2021	43.68	13.09	30.59	3,111.16
15	08/01/2021	43.68	12.96	30.72	3,080.44
16	09/01/2021	43.68	12.84	30.84	3,049.60
17	10/01/2021	43.68	12.71	30.97	3,018.63
18	11/01/2021	43.68	12.58	31.10	2,987.53
19	12/01/2021	43.68	12.45	31.23	2,956.30
2021 Totals		524.16	157.82	366.34	
20	01/01/2022	43.68	12.32	31.36	2,924.94
21	02/01/2022	43.68	12.19	31.49	2,893.45
22	03/01/2022	43.68	12.06	31.62	2,861.83
23	04/01/2022	43.68	11.92	31.76	2,830.07
24	05/01/2022	43.68	11.79	31.89	2,798.18
25	06/01/2022	43.68	11.66	32.02	2,766.16
26	07/01/2022	43.68	11.53	32.15	2,734.01
27	08/01/2022	43.68	11.39	32.29	2,701.72
28	09/01/2022	43.68	11.26	32.42	2,669.30
29	10/01/2022	43.68	11.12	32.56	2,636.74
30	11/01/2022	43.68	10.99	32.69	2,604.05
31	12/01/2022	43.68	10.85	32.83	2,571.22
2022 Totals		524.16	139.08	385.08	
32	01/01/2023	43.68	10.71	32.97	2,538.25
33	02/01/2023	43.68	10.58	33.10	2,505.15
34	03/01/2023	43.68	10.44	33.24	2,471.91
35	04/01/2023	43.68	10.30	33.38	2,438.53

36	05/01/2023	43.68	10.16	33.52	2,405.01
37	06/01/2023	43.68	10.02	33.66	2,371.35
38	07/01/2023	43.68	9.88	33.80	2,337.55
39	08/01/2023	43.68	9.74	33.94	2,303.61
40	09/01/2023	43.68	9.60	34.08	2,269.53
41	10/01/2023	43.68	9.46	34.22	2,235.31
42	11/01/2023	43.68	9.31	34.37	2,200.94
43	12/01/2023	43.68	9.17	34.51	2,166.43
2023 Totals		524.16	119.37	404.79	
44	01/01/2024	43.68	9.03	34.65	2,131.78
45	02/01/2024	43.68	8.88	34.80	2,096.98
46	03/01/2024	43.68	8.74	34.94	2,062.04
47	04/01/2024	43.68	8.59	35.09	2,026.95
48	05/01/2024	43.68	8.45	35.23	1,991.72
49	06/01/2024	2,000.00	8.28	1,991.72	0.00
2024 Totals		2,218.40	51.97	2,166.43	
Grand Totals		4,096.64	568.59	3,528.05	

Last interest amount decreased by 0.02 due to rounding.



RESOLUTION NUMBER 1875

A RESOLUTION AUTHORIZING A MEDIUM-TERM INSTALLMENT PURCHASE AGREEMENT

WHEREAS, the Incline Village General Improvement District serving the communities of Incline Village and Crystal Bay, Nevada, at a regular meeting held on October 30, 2019 at 6 P.M. PST determined that the public interest requires a Medium-Term Installment Purchase Agreement; and the following findings of fact determined: the Incline Village General Improvement District operates the Mountain Golf Course which utilizes a fifty-eight (58) cart fleet of golf carts and has determined that the best use of public funds is to acquire this replacement of this equipment, for a period of four (5) years, through the use of an Equipment Lease/Purchase Agreement with EZ-Go, which by its terms is deemed an installment purchase agreement.

WHEREAS, proper notice was given of the intention to act upon the Resolution Authorizing a Medium-Term Installment Purchase Agreement pursuant to Nevada Revised Statutes 350.087 and Nevada Administrative Code 350.100 through 350.160.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT THE BOARD OF TRUSTEES OF THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT proposes to enter an Installment Purchase Agreement with a principal amount not to exceed \$204,627.16 at an annual interest rate not to exceed 5.25% as of the time of closing the equipment's purchase, and to be repaid over four years, with a purchase option that is not expected to be exercised.

The purpose for which the funds are to be used is the acquisition of a fifty-eight (58) gas-powered golf carts for use at the Mountain Golf Course.

The obligation will be repaid from operating revenues of the Community Services Special Revenue Fund, through scheduled payments under an Equipment Lease/Purchase Agreement with EZ-Go. The dollar amount available to repay the obligation is from lease payments made in monthly installments made each of four years. With a residual payment due in the forty-eighth month. It is probable the residual payment will be made by transferring ownership of the related equipment to the next provider and thus will not necessarily be paid from operating revenues. This form of acquiring the use of this equipment is considered the best net outflow of resources to the operations of the Community Services Special Revenue Fund.

IT IS FURTHER RESOLVED that the District Clerk forward the necessary documents to the Executive Director, Department of Taxation, Carson City, Nevada.

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 30th day of October, 2019, by the following vote of the Incline Village General Improvement District Board of Trustees (consisting of five (5) members):

- AYES, and in favor thereof, Trustees:
- NOES:
- ABSENT:
- (Two-thirds vote required)*

Kendra Wong
IVGID Board of Trustees Chairwoman

ATTEST By _____
Susan A. Herron
District Clerk