MINUTES
REGULAR MEETING OF APRIL 11, 2018
Incline Village General Improvement District

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairwoman Kendra Wong on Wednesday, April 11, 2018 at 6:00 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF THE IVGID BOARD OF TRUSTEES*

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

Also present were District Staff Members Communications Coordinator Misty Moga, Director of Public Works Joe Pomroy, Director of Finance Gerry Eick, Director of Human Resources Dee Carey, Director of Golf Michael McCloskey, Director of Information Technology Jeremy Breeden, Director of Parks and Recreation Indra Winquest, and Director of Asset Management Brad Johnson.

Members of the public present were Pete Todoroff, Sara Schmitz, Tony Robinson, Margaret Martini, Steve Price, Aaron Katz, Judith Miller, Gene Brockman, Shirley Altick, Brad Perry, Bruce Simonian, Wayne Ford, Steve Dolan, and others.

(43 individuals in attendance at the start of the meeting which includes Trustees, Staff, and members of the public.)

B.2. ROLL CALL OF THE CANDIDATES FOR IVGID BOARD OF TRUSTEES*

On roll call, present were Trustee candidates Tim Callicrate, Tony Robinson, Sara Schmitz, Bruce Simonian, and Kendra Wong. Benicia Price arrived after roll call.

C. PUBLIC HEARING (TIME CERTAIN FOR 6 P.M.) – Proposed amendments, that include Utility Rate Increase, to IVGID Sewer Ordinance No. 2, entitled “An ordinance Establishing Rates, Rules and Regulations for Sewer Service by the Incline Village General Improvement District” and IVGID Water Ordinance No. 4, entitled “An
Ordinance Establishing Rates, Rules and Regulations for Water Service by the Incline Village General Improvement District”

Trustee Horan made a motion to open the public hearing on IVGID Ordinance No. 2, Sewer, and Ordinance 4, Water. Trustee Callicrate seconded the motion. Chairwoman Wong called the question and the motion was passed unanimously.

Chairwoman Wong asked Director of Public Works Pomroy to confirm that the required notices were published; Director of Public Works Pomroy confirmed in the affirmative.

Director of Public Works Pomroy gave a brief overview of the proposed rates which was included in the Board packet.

Chairwoman Wong announced that public comment would be limited to only on Ordinances 2 and 4 at this time.

Aaron Katz said that all of what he is speaking about tonight is going to be about what is just, what is right, and what is equitable as we don’t get much of that and he hopes that changes. One of the problems with IVGID is that it has no means of generating revenue other than being in businesses. It is his feeling that we are being overcharged to subsidize other items because IVGID doesn’t have the tax revenue. The problem is that the rates are not equitably distributed and thus residential customers end up subsidizing the businesses. There are about one hundred residents who pay excess charges, of which he is one, and we get charged three times the rate which is very unfair when Diamond Peak is using tens of thousands of gallons of water and which IVGID exempts themselves which means we are subsidizing their use and that is not right. The way that capital is structured is out of whack as again the residential customer is subsidizing the commercial customer. There is the administrative fee which over four thousand condominiums don’t pay and that vacant parcels don’t pay and that is wrong. When you add of these up, IVGID could reduce the charges by one million dollars per year so make it fair by customer.

Margaret Martini read from a prepared statement which is attached hereto.

Sara Schmitz said that she appreciate all of you being here and that she has a question as a point of clarification. The budget for utilities has a line for services and supplies which is just under $1.7 million and that comprises twenty five percent of the overall expenditures. She is asking that this number be broken down to understand where the money is spent.
Hearing no further public comments, Chairwoman Wong asked for a motion to close the public hearing. Trustee Horan made a motion to close the public hearing on IVGID Ordinance No. 2, Sewer, and Ordinance 4, Water. Trustee Callicrate seconded the motion. Chairwoman Wong called the question and the motion was passed unanimously.

D. PUBLIC COMMENTS*

Aaron Katz said that he wants to talk about the proposed budget specifically the Recreation Fee. His statements indicate you don’t do what is not right ethically as Staff lies to the public and everything they do is a lie and he has the facts to back it up. We got the proposed report that is justifying the Recreation Fee and totals show what this money is necessary for – it is a lie. Everyone knows it is a lie except maybe Trustee Morris. Staff has a spreadsheet, which is a lie too. It says that $168 is going to Community Services Administration and it pays for various things but it doesn’t and Staff knows that. On April 16, 2016, Staff made it clear it is a phony entry, discretionary entry, which has nothing to do with it. IVGID is now paying off a bond so now there will be $268 going into a slush fund, and that is forty percent of the Recreation Fee. Staff tells you they are doing a great job. Then why has this increased – it is because Staff is stealing over two million dollars on things they are not spending on to create an artificial fund balance. This Board needs to put a stop to it, he has the facts right here, and a written statement to prove it.

Judith Miller read from a prepared statement which is attached hereto.

Margaret Martini read from her previously submitted prepared statement which is attached hereto.

Sara Schmitz said she is a candidate for IVGID Board of Trustees and that she respects that all of you, including Staff, are trying to do the right thing. As a former realtor, she decided to reach out to title companies in Reno and she learned something to take into consideration. If these transactions were handled through a title company and/or escrow company, then title and escrow are responsible and they are financially responsible as part of their job. If this transaction were not done through title and escrow, the titles could be clouded. While she didn’t have the time to do research that history, she would recommend that before the Board take anymore actions, she thinks it would be prudent to take a pause and investigate how those transactions were carried out because it may not be the responsibility of IVGID and title and escrow companies may be responsible. She is asking the
Board to not make a decision tonight and instead research the transactions and if so, hold them accountable.

Pete Todoroff said that he wanted to announce the Community Forum to be held on Friday, April 20 from 9 a.m. to 10 a.m. at the Incline Village Library. He has invited the Executive Director of TRPA, Assemblywoman Lisa Krasner will be up and she has invited Senator Ben Kieckhefer to join her and he has invited Washoe County Commissioner Berklbigler as well. This is a very good opportunity to speak with our representatives face-to-face. Mr. Todoroff said that he had a question which was sort of what Ms. Schmitz was talking about and that was what about the future taxes on these properties and on those properties that were sold. He has heard about that. Also, he went to Crosby’s when Chairwoman Wong was talking about her candidacy and the District spent forty three thousand dollars on a five thousand dollar contract and the question was asked why did we spend that kind of money and the answer was that the District didn’t like what the contract said. So we spent all of this money and now we have a government making a payment to a non-profit and why this non-profit as it is coming out of the community funding and it is something that should be addressed as he doesn’t thin a government has the right to pick the non-profit.

Ryan Luskie said that he stopped by to find out some information. He was recruited by IGT in Reno and moved to Incline Village. He lives at the Tahoe Racquet Club and knows that the Lake Tahoe School will be doing a bit of reconstruction which includes moving around some of their utilities and one of the things they want done is to get fiber installed. Mr. Luskie said he wasn’t sure if there was a group working to bring this service up to Incline Village but when you are watching Netflix and doing buffering, we all know how tedious that can get. It would be great to bring this technology up to Incline Village and he is not sure who to talk to but it would great to have it in our community.

Gail Krolick said she was here tonight to speak on General Business Item G.2, the three lots. She too has done a tremendous amount of research and that she wants to commend the District General Manager for speaking at the last community meeting and providing the history however she is a licensed realtor in the State of Nevada and it is interesting what Ms. Schmitz did and she thought the same thing. She was taken aback by Staff’s alternative recommendation of do nothing and she would suggest rejecting Staff’s recommendation and doing a little bit more investigation such as talking with our Washoe County Commissioner and speaking to the members of the Board of Trustees at that time as they are still in the community and they aren’t hard to get in touch with.
E. **APPROVAL OF AGENDA (for possible action)**

Chairwoman Wong asked for changes to the agenda. Trustee Callicrate asked for a flexible agenda as he feels that many folks would like to hear about the lot sales as well as the resolution on the Recreation Fee. Chairwoman Wong said so did Trustee Callicrate want to reorder the agenda or simply have a flexible agenda. Trustee Callicrate said he would like to move up General Business Items G.3. and G.4. after General Business Item G.1.

Chairwoman Wong restated the order of General Business Items as being 1 stays as 1, then 3 will become 2, 4 will become 3, 5 will become 4, and 2 will drop to 5. No other changes were offered so Chairwoman Wong approved the agenda as revised.

F. **DISTRICT STAFF UPDATES**

**F.1. Verbal Update – Community Services/Beaches to include additional feedback on Beach Operations (Ordinance 7 Board Work Plan Item) and propose a date that will be confirmed during the review of the Long Range Calendar, for the summer, to have a Beaches 101 Presentation (recorded) (Ordinance 7 Board Work Plan Item) (Director of Parks and Recreation Indra Winquest)**

Director of Parks and Recreation Indra Winquest gave a presentation which is incorporated herewith by reference.

Director of Parks and Recreation Winquest made a point to clarify, to a related public comment made by Ms. Martini, that Brimm’s declined to provide services at the beaches going forward and that he has a letter to that effect in which the Brimm’s thanks the District for the years for partnership and that they are moving onto other projects.

Trustee Morris said each year we always come down to the wire with Red, White and Tahoe Blue and asked if Staff thinks that process will happen a little earlier this year. Director of Parks and Recreation Winquest asked Red, White and Tahoe Blue Chairman Brad Perry to come forward and speak. Mr. Perry said that this is the third time they have submitted to Washoe County and that the most recent permit submitted is a one hundred and sixty three page document. It is the most rigorous effort put forth which will clear up some ambiguity and he is hopeful that this is the last year we will operate
from scratch. He understands the obligation by the agencies and Red, White and Tahoe Blue’s intention is that this is the most complete application that was submitted today and that it will be approved very quickly. He is hoping to get this before the IVGID Board at its April 25, 2018 meeting and thus get it done earlier. Director of Parks and Recreation Winquest reminded the Board he doesn’t bring the Memorandum of Understanding to them until the other agencies have signed off and if not at the April 25, 2018 meeting then the first Board meeting in May. The Board thanked Mr. Perry for the information.

Director of Parks and Recreation Winquest then provide the following punch card data to the Board and members of the public present:

For Fiscal Year 2012-2013 there were eighty six total additional punch cards sold to sixty seven unique parcels;
For Fiscal Year 2013-2014 there were ninety seven total additional punch cards sold to seventy two unique parcels;
For Fiscal Year 2014-2015 there were one hundred and nine total additional punch cards sold to seventy seven unique parcels;
For Fiscal Year 2015-2016 there were ninety two total additional punch cards sold to sixty nine unique parcels;
For Fiscal Year 2016-2017 there were one hundred total additional punch cards sold to seventy three unique parcels with 12,183 all area punch cards issues; and
For Fiscal Year 2017-2018, to date, there have been sixty six additional punch cards sold to fifty one unique parcels with 4,728 all area punch cards issued year to date.

Trustee Horan thanked Staff for the data on the punch cards and said that Staff is doing a terrific job in finding out who is one our beaches and that data, by user, would be very useful.

Trustee Callicrate said that this was a great overview and that when we get the information out there for planning, etc. Staff needs to make sure we hit the property owners first and foremost and then the daily users and if you have what Ordinance 7 is with a title then there will be a large participation.

Trustee Dent asked if Staff would e-mail the list on the data on the punch cards to the Board.
Chairwoman Wong said that in the Beaches 101 presentation, we should include a status report of the Incline Beach House project.

Trustee Morris suggested, for the onsite beach outreach, to include a question box at the beaches such that our users can submit questions they want answered and then the Board can review those at the last minute.

Parks and Recreation Director Winquest said that Staff wants to do this when the most people are in town and in particular both full and part time residents.

Trustee Dent asked, regarding the data, since punch cards can be used at other venues, can you provide the data on the usage at the different venues. Director of Parks and Recreation Winquest said yes that Staff can get that data and that the largest usage is at the beaches followed by the golf courses. Chairwoman Wong said she would like to see all punch card data.

Chairwoman Wong called for a break at 7:03 p.m.; the Board reconvened at 7:15 p.m.

F.2. Verbal Update – Preview of 2018 Golf Season (Director of Golf Michael McCloskey)

Director of Golf Michael McCloskey gave a presentation which is incorporated herewith by reference. Grounds Superintendent Jeff Clouthier also participated in the preview.

Trustee Morris said that he heard just yesterday that one of the fairways had a river coming down it. Grounds Superintendent Clouthier said that we have a couple of areas on the golf course where we get surface runaway and that Staff is actively working on containing that and that is not affecting things down stream.

Chairwoman Wong thanked Staff for all their hard work.

Director of Golf McCloskey said he wanted to do a public safety notice to both walkers and dog walkers on the golf courses – obviously with the increased maintenance and activity, the walkers need to please stay on the paths and with the dog walkers, please keep your dog on leash as well as on the paths. This is a concern because of safety and as Staff starts its work,
it means the use of chemicals, etc. Further, we would like to remind our dog walkers to please pick up after their dogs.

Chairwoman Wong says that she goes running and has noticed the signs that have been posted and asked when they went up. Director of Golf McCloskey said that these signs are posted to inform individuals as it is hard to catch violations.

G. **GENERAL BUSINESS (for possible action)**

G.1. Review, discuss and possibly approve Golf Play Pass rate structure for the Incline Village Golf Courses 2018 golf season (Requesting Staff Member: Director of Golf Michael McCloskey)

Director of Golf McCloskey gave an overview of the submitted memorandum.

Trustee Callicrate said that when this was discussed in December he recalls that it was all passed through all the golf organizations that use the golf courses and that Staff has done a great job and this makes complete sense so he is willing to move forward with a motion.

Chairwoman Wong asked if we used to have a Championship Golf Course only full pass. Director of Golf McCloskey answered yes and that it was about five years ago and that the idea to add the Mountain Golf Course is to create exposure to play as over the years there has been a tendency to have the play occur at the Championship Golf Course at a rate of ninety to ninety five percent and hence why the limited one is at the Championship Golf Course only.

Trustee Horan said that the use of the punch card is a great proof of concept and a great place to start this idea.

   Trustee Callicrate made a motion to approve the provided Golf Play Pass rate structure, as shown below, for the Incline Village Golf Courses 2018 season:

   Below is the list of the 2018 Golf Season Play Pass options:
### IVGID Resident Play Passes

#### Championship Golf Course

<table>
<thead>
<tr>
<th>Pass Type</th>
<th>2018 Proposed Rate</th>
<th>2017 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Play Pass</td>
<td>$720.00</td>
<td>$720.00</td>
</tr>
<tr>
<td>20 Play Pass</td>
<td>$1,300.00</td>
<td>$1,300.00</td>
</tr>
<tr>
<td>LIMITED – All You Can Play Season Pass - Individual</td>
<td>$1,950.00</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>LIMITED – All You Can Play Season Pass – Couple*</td>
<td>$3,050.00</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

*Couple is two married people or domestic partners living together in the same household as a family unit.

#### Mountain Golf Course

<table>
<thead>
<tr>
<th>Pass Type</th>
<th>2018 Proposed Rate</th>
<th>2017 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Play Pass</td>
<td>$350.00</td>
<td>$350.00</td>
</tr>
<tr>
<td>UNLIMITED – All You Can Play Season Pass - Individual</td>
<td>$650.00</td>
<td>$650.00</td>
</tr>
<tr>
<td>UNLIMITED – All You Can Play Season Pass – Couple*</td>
<td>$999.00</td>
<td>$999.00</td>
</tr>
</tbody>
</table>

*Couple is two married people or domestic partners living together in the same household as a family unit.

#### Both Golf Courses

<table>
<thead>
<tr>
<th>Pass Type</th>
<th>2018 Proposed Rate</th>
<th>2017 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNLIMITED – All You Can Play Season Pass - Individual</td>
<td>$2,450.00</td>
<td>$2,450.00</td>
</tr>
<tr>
<td>UNLIMITED – All You Can Play Season Pass – Couple*</td>
<td>$3,950.00</td>
<td>$3,950.00</td>
</tr>
</tbody>
</table>

*Couple is two married people or domestic partners living together in the same household as a family unit.

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*The IVGID Board of Trustees allows management to adjust prices to accomplish yield management provided the rate offered to the public is above the IVGID Picture Pass Holder rate.*
Trustee Horan seconded the motion. Chairwoman Wong asked for any further comments, receiving none, called the question – the motion was passed unanimously.

G.2. Review, discuss and possibly authorize Form 4404LGF as the IVGID 2018-2019 “TENTATIVE” Budget for filing with the Nevada Department of Taxation by April 16, 2018 (Requesting Staff Member: District General Manager Steve Pinkerton and Director of Finance Gerry Eick) *(was General Business Item G.3.)*

Director of Finance Eick gave an overview of the submitted memorandum.

Trustee Dent said on agenda packet page 195, at the top, should that read 2018/2019. Director of Finance Eick said yes.

Chairwoman Wong asked Staff to talk about the negative number from Diamond Peak contributing to operating. Director of Finance Eick said that in essence that Diamond Peak is able to bring down the fee and thus it is reflected as a negative. Diamond Peak provides resources to other Community Services operations. Chairwoman Wong said that intuitively it makes sense but that it is odd to have a negative number on the schedule.

Director of Finance Eick continued his overview.

Chairwoman Wong asked if the Board should be expecting an augmentation for 2017/2018. Director of Finance Eick said yes, it is possible and if it is done, it will be at the June 13, 2018 meeting but that Staff will have to wait and see how everything shapes up.

Trustee Horan said that the State of Nevada is a confusing form to say the least and that he has spent time with Staff and he can say that these numbers will tie back to the State form. Director of Finance Eick said that the comment was made, regarding pages 194 and 196, that this is like a checkbook and make it all fit in there.

Trustee Dent said, referencing agenda packet page 157, the full time equivalents for food and beverage at the beaches, and then going to agenda packet page 166, it shows it as increasing by ten; is that correct. Director of Finance Eick said yes. Trustee Dent said these are seasonal workers so it is more like twenty five. Director of Finance Eick said that not all of the ten apply to seasonal workers and there is an additional person in Engineering
and one in Buildings and there is a part time position that has become more
hours in Utilities as well as several other positions so it is almost two full time
equivalents for food and beverage. District General Manager Pinkerton
added that it is consistent with the March 13, 2018 information. Director of
Finance Eick said it is a little higher than an earlier preview and that this is
about planning for service level expectations and that roughly two thousand
hours creates a full time equivalent.

Trustee Dent said, referencing agenda packet page 158, second paragraph,
that it talks about projects that are not completed, etc. and asked what is the
designation for the threshold or Board policy or is there one. Director of
Finance Eick said that the threshold is relative to the budget and that in
capital it is one hundred thousand dollars and if not in capital, it is fifty
thousand dollars and in terms of the threshold that is with the State and what
is budgeted for an individual fund.

Trustee Dent said, referencing agenda packet page 160, near the bottom,
the planned projects are one million dollars for the General Fund and the
presentation on March 28, 2018, it was one million one hundred seventy two
thousand so can you explain the difference. Director of Finance Eick said it
relates to dealing with the Administration Building and without a specific
project it was more generic to round down to one million dollars.

Trustee Dent said, referencing agenda packet page 174, the Community
Services Fund, it doesn't agree with the facilities fees summarized on
agenda packet page 195 so can you explain that. Director of Finance Eick
said it should agree with the totals and that this is an idiosyncrasy of the
forms which requires us to budget in total. Draw your attention to agenda
packet page 174, facilities fee, total fee and then look at agenda packet page
175 and you will see under contingency the lines that says transfer out and
it has six million dollars going out. Schedule T begins on agenda packet
page 188 and you will note under Special Revenue Funds it identifies that a
transfer to capital projects will be made of $3,605,360 for Special Revenue
Fund of Community Services for debt of $409,700 which ties back to agenda
packet page 195; the same relationship occurs relative to the Beaches.

Trustee Dent said, referencing agenda packet page 176, the profit of two
hundred and fifty thousand dollars for the beaches is now at one hundred
and ten thousand dollars for food and beverage so is this something that we
should have someone else do. Director of Finance Eick said it was simply
included and that we will have additional costs and labor but Staff is
budgeting no worse a result than from a concessionaire. Trustee Dent said so we are getting the same amount of profit as if it was an outsider. Director of Finance Eick said yes and he will provide the budgeted results.

Trustee Dent said, referencing agenda packet page 177, the expenditures in column three, don’t match up with agenda packet page 197 through 199 for capital projects so can Staff explain the difference. Director of Finance Eick said that the biggest issue is with the State forms. The identified projects that will be carried over is six hundred thousand for the master plan and then fifty thousand of carry over for a different master plan; those are the only differences and that he would remind the Board that when Staff does this in May, we will have a full, detailed list.

Trustee Dent said, referencing agenda packet page 160, said there is $625,000 under Community Services for the planned CIP for 2018/2019 and when you go to agenda packet page 189, we have $650,000 and $1.6 million. Director of Finance Eick said that the $1.6 is relative to the culvert and that covers that in its entirety. The $625,000 is reflective of the Diamond Peak Master Plan and it is strictly about Master Plan carryover. Trustee Dent said so that number would be corrected. Director of Finance Eick said it will grow as we will have a better opening fund balance. Chairwoman Wong said that the schedule on agenda packet page 160 are selected fund balance and agenda packet page 189 relates to transfers in. Director of Finance Eick said transfers are not necessarily always from fund balances and that the $1.6 million is for the culvert and we have said that is fund balance. Longer term, we are looking at the run out period of the Diamond Peak Master Plan and Staff has tried to make it clear that it is a multi-year process to get through entitlements where the culvert project is this year.

Trustee Dent said, referencing page agenda packet page 192, this is a list of contracts and can the Board get a list of all contracts within the District and why does it include RKG. Director of Finance Eick said RKG is marked to expire in 2018 and that these contracts, on agenda packet page 192, are very prescribed contracts by the State and that it is not intended for contracts with all vendors.

Trustee Morris made a motion to authorize Staff to execute and file the Form 4404LGF as the Incline Village General Improvement District’s “Tentative” budget for fiscal year 2018-2019, including the Budget Message therein, and order it filed by April 16, 2018 to meet
NRS 354.596 requirements. Trustee Horan seconded the motion. Chairwoman Wong asked for any further comment.

Trustee Morris said he wanted to make a quick compliment to Staff and say thank you for all the time and the time to educate us in the prior year. Director of Finance Eick thanked the Board and acknowledged the work of forty or fifty Staff members. Chairwoman Wong said thank you to Senior Staff as she knows this is a very long process and in looking at agenda packet page 201 it is something we started back in October 2017 so it is definitely a long, involved process.

Hearing no further comment, Chairwoman Wong called the question – Trustees Callicrate and Dent voted opposed and Trustees Wong, Horan, and Morris voted in favor of the motion; the motion passed.

G.3. Review, discuss, and possibly approve Resolution Number 1863: A Resolution Preliminarily Approving the Report for Collection of Recreation Standby and Service Charges, Fiscal Year 2018-2019 (Requesting Staff Members: District General Manager Steve Pinkerton and Director of Finance Gerry Eick) (was General Business Item G.4.)

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

Trustee Callicrate said that he appreciates all the work that you and your Staff have put into this as the questions that get asked got answered and so thanks for what you do as it is not an easy task. We, as a Board, should be as upfront as possible that we haven’t raised our Recreation Fee and now we are getting into some issues. In thinking about this, the Board is being a little bit disingenuous by not stating with the termination of the bond, that is sunsetting next month, and then we should probably say, we understand that maturation, and that we need maintain the $830 for the need of the additional projects and we should be able to state that we, as a Board, understand there was a sunset of the bond but would like to continue to collect that money which he thinks is a little bit clearer. We won’t get folks talking about the third raise in the fee, makes it a lot clearer, explains what we are doing as a Board, and that the monies are needed to replace infrastructure, etc. He would like to bring that narrative forward so it is a little more upfront. Director of Finance Eick said that Trustee Callicrate stated it very well and that this was the purpose of agenda packet page 195 which makes that pattern known and measured. Staff made it clear on the debt
service that it is decreasing and he thought we had a fantastic discussion on March 28, 2018 and thought we made it clear that we were waiting for this money to do projects. He supports making it clear and that this is essentially an allocation of resources, a different set of resources, and the Board has said this is how we are going to take care of it. District General Manager Pinkerton said three years ago, the Board had a study session and it has been very upfront with the approval of the Recreation Fee during our study sessions. He spent time doing some research and in pulling up the minutes of November 2011, page 48 of minutes, the Board had a two day workshop discussing the dialogue about sunsetting in the past, and it made a lot of sense to come up with a new plan for a more predictable Recreation Fee which was unanimously agreed to by the Board. The sunsetting wasn’t referred to by the Board nor was their action. There was no specific Board direction other than they understood each year they set the Recreation Fee and decide every year the Recreation Fee. It was mentioned several times since then about a more stable Recreation Fee and it has always been modeled in our CIP cash flows that those dollars would be reallocated. Our fault is not being able to communicate this expiration about future allocation and predictable Recreation Fee. This is the seventh year in a row that Staff has brought back a stable Recreation Fee. Trustee Callicrate said thank you and noted that he was around to hear from prior Boards and that for a while he knows we haven’t raised the Recreation Fee, which is not factually, because the Board has raised it because of the sunsetting. It is pedantic and not as transparent as we could be, and that he is belaboring this point but because this bond retires in May, we need everyone to understand the rationale and that the Board is saying the District needs the $830 and possibly far more for our infrastructure and while the report doesn’t spell it out as explicitly, this Board is making the determination to take the Recreation Fee down by $110 and then increasing it by $110. Trustee Dent suggested adding a paragraph to this memo that the bond is sunseting and that $110 should be falling off, and the Board is voting to move that $110 to capital and thus it is very transparent. District General Manager Pinkerton said that it was never addressed when those Recreation Fees were put in place and that there is nothing stated by the Board in the resolution/action. Trustee Horan said just so we are all on the same page, the District does its budget on a yearly basis and that the bond is maturing and this Board is looking for resources to meet our proposed expenditures. It needs to be very clear that the District budgets on a yearly basis and that when debt matures, we all look at our budget very carefully and figure out what we need to do. Trustee Callicrate said that it should take a couple of sentences – the bond matures, this Board agrees to reduce the Recreation Fee by $110 and that
this Board agrees to increase the Recreation Fee by $110 thus the Recreation Fee remains the same. District General Counsel Guinasso said that we can’t change the submitted memorandum so everyone should look at the minutes to support the action and that all the points will speak to the intent relative to what you approve. Chairwoman Wong said that she is not seeing an appropriate place within Resolution 1863 however when we go to approve the final budget on May 23, 2018 and maybe we can include a statement and/or expanded statement and/or more definitive statement in the memorandum so that the discussion will go on the record; she is proposing a more official discussion on May 23, 2018. Director of Finance Eick said that the Board will have a Staff report and Staff will add additional detail to that section so that it is on the record. Trustee Callicrate cautioned that it needs to be very clear in order to put this issue to rest. The Board discussed it on April 11, 2018, they understand that the bond is maturing/being retired and that we are appropriating those same monies to the Recreation Fee of $830 in order to meet our ever growing capital needs. Chairwoman Wong suggested it be included in the memorandum in a separate section and that it is stated that the Board recognizes the maturation of the bond, that the Board wants to maintain the Recreation Fee at $830, and that here is why we have the discussion every year and that the Board practice is that the discussion is held during the annual budget process. Director of Finance Eick said that would fit perfectly in the Comment section of the memorandum.

Trustee Horan made a motion to adopt Resolution Number 1863 which preliminarily approves the report for collection of recreation standby and services charges (also known as the Recreation Facility Fee and Beach Facility Fee) and sets forth the public hearing date of Wednesday, May 23, 2018 at 6:00 p.m. at the Chateau, 955 Fairway Boulevard, Incline Village, Nevada. Trustee Callicrate seconded the motion. Chairwoman Wong asked for comments, receiving none, called the question – the motion was passed unanimously.

Chairwoman Wong called for a break at 8:17 p.m.; the Board reconvened at 8:26 p.m.

G.4. Review, discuss and possibly approve a payment to the Washoe County Treasurer’s Office in the amount of $33,177.81 consistent with Nevada Revised Statutes 361.603(4) and defer disposition of any other parcels that were acquired via Nevada Revised Statutes 361.603 until a Formal Land Disposition Policy (or its
equivalent) can be developed and incorporated into the forthcoming Incline Village General Improvement District Code (Requesting Staff Member: District General Manager Steve Pinkerton) (was General Business Item G.5.)

Trustee Horan made the following statement:

The Board packet gives a very good summary of this issue and I encourage everyone to read the entire packet. The highlights are as follows:

- IVGID had the legal authority to take this action. We are subject to NRS 318 when selling property and not the NRS applicable to counties, cities, etc. NRS 318 is applicable to all GIDs in the state.
- This was not done in secret. This is well documented in the documents that are part of the packet. If anything that could have been done better, it would be the documentation of conversations that were held with the County about our intention to sell the property. Payment of the back property taxes to the County were part of the discussion and when the transfer was made without restriction that was brought to the attention of the County. I have examined the Quitclaim deed issued by the County for the parcels and it states the approval was based on the determination that a public purpose would be served by the acquisition of the property. I think that it is interesting that the County did not question when the lots were sold and placed back on the County tax roll.
- When this subject was brought up at the end of last year, three people were severely criticized, General Manager Pinkerton, Finance Director Eick and Counsel Guinasso. Regarding both Pinkerton and Guinasso, this process predated their employment by the District. The third parcel sale that was completed at the end of 2015 was one that began before their employment and they allowed to complete. However, they both recognized the way the lots were being sold needed to be revisited and a hold was placed on the process. Finance Director Eick was unjustifiably accused of illegal activity. This had no basis in fact. As stated earlier, all these actions were handled in an appropriate manner.

I have the upmost respect for Mr. Eick and feel that he maintains the highest standard of knowledge, professionalism and ethical standards.
He is very well respected by his peers, within the industry, and the Nevada State regulatory bodies that oversee our activities.

District General Manager Pinkerton gave an overview of the submitted materials.

Chairwoman Wong said that we heard a public comment about future taxes and it is her understanding that the taxes become the responsibility of the purchaser. District General Manager Pinkerton said as do the Recreation Fee and that the property taxes are about five dollar per year.

Trustee Horan said that in the execution of this he would like to have a signed agreement, with Washoe County, that they are going to give the District the specific amount back in Recreation Fee. District General Manager Pinkerton said he thought a letter of some sort might be possible. District General Counsel Guinasso said that he will speak to Washoe County General Counsel to memorialize that understanding.

Trustee Dent said we also heard a public comment about the possibility of a title company having some responsibility. District General Manager Pinkerton said that at the time these parcels were sold, Washoe County didn’t ask for any outstanding taxes thus this request to pay taxes. Chairwoman Wong said that the net cost is $1,600 and this research would cost more in Staff time. District General Counsel Guinasso said that he has looked at the merits and that the transfer was made under the applicable section of the Nevada Revised Statutes so there was no reason for the title company to tag that issue and therefore no issue for the title company to have any responsibility as the change was made at a future date when it went from NRS 361.603(5) to NRS 361.603(4).

Trustee Dent said that there has been a lot of discussion on social media about picture passes and punch cards and getting unlimited punch cards; do we know how many are issued on these three parcels. District General Manager Pinkerton said that none of them have requested any additional punch cards other than the five and that one parcel only has two.

Trustee Horan made a motion to pay the Washoe County Treasurer's Office $33,177.81 in delinquent taxes owed on Assessor Parcels 126-294-18, 126-294-28 and 126-294-29, consistent with Nevada Revised Statutes 361.603(4) and to direct Staff to defer disposition of any other parcels that were acquired via Nevada Revised Statutes 361.603 until
a Formal Land Disposition Policy (or its equivalent) can be developed and incorporated into the forthcoming Incline Village General Improvement District Code. Trustee Morris seconded the motion. Chairwoman Wong asked for any comments.

Trustee Callicrate said that he didn’t like the fact that the District is having to do this and in a sense it is going back and undoing this to pay these monies but because all of a sudden we are collecting the Recreation Fee, Washoe County wants to get the monies back, it is a very bad way to conduct business. He was against this from the beginning and how it has proceeded. He doesn’t think it is a clean way to do this thus he will not be supporting this motion.

Chairwoman Wong said she will be supporting this motion as it was done in the past and we have done our due diligence and this motion takes the step to do that. In terms of Washoe County changing their mind, we don’t have control over that and it is costing us $1,600 for a maybe it was or maybe it wasn’t which is a small price to pay for moving forward.

Trustee Horan said that the District did collect forty six thousand dollars and we are getting twenty four hundred dollars in Recreation Fees which we can talk about, etc. but it is time to develop a policy and move forward. It is not worth the Staff or Legal time so he will be supporting this motion.

Trustee Dent said he will not be supporting the motion because Nevada Revised Statutes 318.160 is pretty clear and the Board didn’t authorize this sale. How do we know what the parcels are worth as we probably, could have gotten quite a bit more so he is not supporting this action.

Trustee Morris said he is supporting this motion as he doesn’t see any point of spending any more money, let’s put it to bed, and move forward.

Hearing no further comments, Chairwoman Wong called the question – Trustee Morris, Wong, and Horan voted in favor of the motion and Trustees Callicrate and Dent voted opposed; the motion passed.

G.5. Review, discuss, and possibly approve Resolution 1861 for Proposed Amendments to Sewer Ordinance No. 2 and review, discuss, and possibly approve Resolution 1862 for Proposed Amendments to Water Ordinance No. 4 that includes a utility rate
increase (Requesting Staff Member: Director of Public Works Joe Pomroy) *(was General Business Item G.2.)*

Director of Public Works Pomroy gave a brief recap of the submitted materials.

Trustee Horan made a motion to approve Resolution 1861 amending IVGID Sewer Ordinance No. 2, entitled “An Ordinance Establishing Rates, Rules and Regulations for Sewer Service by the Incline Village General Improvement District”. Trustee Morris seconded the motion. Chairwoman Wong asked for comments.

Trustee Callicrate said that his concern is that monies that are earmarked specifically for the Effluent Export Pipeline and set aside for related projects should not be siphoned off for other projects therefore he will not be supporting this motion.

Hearing no further comments, Chairwoman Wong called the question – Trustees Callicrate and Dent voted opposed; Trustees Horan, Morris, and Wong voted in favor; the motion passed.

Trustee Horan made a motion to approve Resolution 1862 amending IVGID Water Ordinance No. 4, entitled “An Ordinance Establishing Rates, Rules and Regulations for Water Service by the Incline Village General Improvement District”. Trustee Morris seconded the motion. Chairwoman Wong asked for comments, hearing none, called the question – Trustees Callicrate and Dent voted opposed; Trustees Horan, Morris, and Wong voted in favor; the motion passed.

H. DISTRICT STAFF UPDATE*

H.1. General Manager Steve Pinkerton

District General Manager Pinkerton had no update and the Board had no questions.

I. APPROVAL OF MINUTES *(for possible action)*

I.1. Regular Meeting of March 28, 2018
Minutes
Meeting of April 11, 2018
Page 20

Trustee Dent said that the Board received an e-mail from Mr. Alexander which stated that there were areas in the minutes that were incorrect and asked if the Board wanted to make those corrections. Trustee Horan said that the minutes are a summary and not verbatim and that Mr. Alexander circulated his objections and he sees no reason to make the adjustments.

Trustee Dent said under Nevada Revised Statute 241.035 1.(e). that he is requesting that the e-mail from Mark Alexander Jr dated Sunday, April 8, 2018 at 4:00 p.m. be attached to the minutes of the meeting of March 28, 2018. Chairwoman Wong asked the District Clerk to include the requested e-mail at the end of the minutes of March 28, 2018.

Chairwoman Wong deemed the minutes of March 28, 2018 approved as amended.

J. REPORTS TO THE IVGID BOARD OF TRUSTEES*

J.1. District General Counsel Jason Guinasso

District General Counsel Guinasso said that the IVGID code is being worked as is the District’s Retention Schedule. There is work that still needs to be done at the State level. Staff may be bringing back to the Board some policies to look at and that those will be incorporated into the ultimate work on the IVGID code.

Trustee Callicrate asked if there were any new Open Meeting Law complaints and what remains as outstanding. District General Counsel Guinasso said there are no new ones but two remain outstanding and the District is awaiting the response.

Chairwoman Wong asked if there was any update on the Katz litigation. District General Counsel Guinasso said that Mr. Katz submitted his request for reconsideration and that our attorneys are awaiting court direction. On the attorney fees part of the litigation, we are expecting, at some point, for the court to direct a briefing schedule and he will let the Board know when that happens.

K. BOARD OF TRUSTEES UPDATE (NO DISCUSSION OR ACTION) ON ANY MATTER REGARDING THE DISTRICT AND/OR COMMUNITIES OF CRYSTAL BAY AND INCLINE VILLAGE, NEVADA*
Trustee Callicrate stated that he didn’t travel as previously stated.

L. **CORRESPONDENCE RECEIVED BY THE DISTRICT**

District Clerk Susan Herron stated that correspondence had been received from Mark Alexander Jr., Cliff Dobler, and Brenda Kiesel (which was related to the public hearing and mentioned by Director of Public Works Pomroy).

M. **PUBLIC COMMENTS** - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration; see Public Comment Advisory Statement above.

Brad Perry said that he wants to address some rumors about safety concerns about Red, White and Tahoe Blue and specifically the rumors involving fireworks and their safety, storage, etc. This issue is one reason the Board shopped around as well as the risk to Board and residents that was posed by previous arrangements. The new vendor is turnkey and will be bringing their product into town the same day as it is loaded on the barge. This vendor takes liability for the barge and secures it overnight. As to finances, he is very proud of this Board and its forward thinking on that direction. We have a failsafe plan in that we are dedicated to having zero debt this year. We will have a Plan B which uses much less of IVGID’s resources and that is removing Village Green from the plan which removes a $50,000 thus maintaining a balanced budget.

Pete Todoroff said that he wanted to announce that on April 28 he is going to Bulgaria, his native country and where his parents come from, and he will be staying in hotel and drinking wine that has his name on them and that he will be gone until May 15. Regarding the safety concerns about Red, White, and Tahoe Blue, he brought up that topic at the CAB (the storage of the fireworks) so that’s why Mr. Perry spoke about it.

N. **LONG RANGE CALENDAR**

District General Manager Pinkerton went over the Long Range Calendar and the Board decided they would like to have the Beaches 101 Presentation conducted on Wednesday, July 11, 2018.

O. **CLOSED SESSION** – The Board may consider a motion to enter into closed session to have a discussion regarding the Union Negotiations with the Operating Engineers of Northern Nevada pursuant to Nevada Revised Statutes 288.220
Trustee Horan made a motion to enter into closed session to have a discussion regarding the Union Negotiations with the Operating Engineers of Northern Nevada pursuant to Nevada Revised Statutes 288.220. Trustee Morris seconded the motion. Chairwoman Wong called the question and the motion was passed unanimously. The Board of Trustees entered closed session at 8:58 p.m.

Trustee Horan made a motion to exit closed session. Trustee Morris seconded the motion. Chairwoman Wong called the question and the motion was passed unanimously. The Board of Trustees exited closed session at 9:08 p.m.

P. **ADJOURNMENT (for possible action)**

The meeting was adjourned at 9:08 p.m.

Respectfully submitted,

Susan A. Herron
District Clerk

Attachments*:

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

Submitted by Margaret Martini (2 pages): April 11, 2018 IVGID Board of Trustees Meeting Public Comment: By: Margaret Martini – to be included with the Minutes of the Meeting

Submitted by Judith Miller (1 page): Public Comment IVGID Board of Trustees Meeting 4/11/2018

Submitted by Aaron Katz (8 pages): Written statement to be included in the written minutes of this April 11, 2018 regular IVGID Board Meeting – Agenda Item G(4) – Approval of a report for the collection of “taxes” which are misnmered as “fees” – the proposed resolution should be rejected because the Recreation (“RFF”) and Beach (“BFF”) facility fees cannot be collected against property using the vehicle of NRS 318.201, et seq.
April 11, 2018 IVGID Board of Trustees Meeting Public Comment:
By: Margaret Martini – to be included with the Minutes of the Meeting

I am truly at a loss in understanding how this District can be so badly mismanaged. Having lived, raised children, volunteered and worked in this Community most of my adult life, I simply cannot fathom the depth of the dishonesty that now permeates every one of our public meetings. Tonight you are presenting changes to Ordinance 2 and Ordinance 4 with another hefty increase in our Water and Sewage rates Mr. Pomroy or Mr. Johnson will drag out the same tired old slide of how much everyone else pays around the area. This ridiculous slide is not relevant. What is relevant is the fact that this department should and must operate to the maximum cost effective efficiency as their fiduciary financial duty to the residents of this community. That is their job. We expect nothing less regardless of other utility districts. Three of you will approve these rates although the financials demonstrate that you are using the money collected for the Effluent pipeline to be repurposed to cover operating costs and other capital project expenditures. When you collect millions of dollars for a specific purpose and use it for something else, that is dishonesty. Tonight, you will also be approving a combined Recreation and Beach Fee of $830. You will claim, once again that you are not raising these fees although $110 will continue to be collected for the debt service of a 2008 Bond that has matured. That will mean that approximately $280 or close to third of the $6,700,000 you collect from us annually will continue to be collected for the 2003 and 2004 bonds that we have already paid off –and that money will be repurposed for staggering increases in our operating expenses and new capital projects. Perhaps the GM or Director of Finance can also explain why almost 25 cents of every dollar of our Rec Fee is going to Community Services Administration? Does anyone know exactly what Community Services Administration is? All I have seen is that it transfers hundreds of thousands of dollars to the Beach Fund to cover punch card transactions? And speaking of the Beaches, I see that the District has decided to terminate Brimm and provide its own Food and Beverage services. Do the numbers add up for this change? No, revenues increase but the bottom line declines. You can’t make this stuff up.

And the elephant in the room is the absence on this agenda for any disciplinary action against our Public Records Officer and Director of Finance Eick’s dishonest denial for the public records of the buyer’s waiting list for the unbuildable parcels in Mr. Eick’s possession. Three citizens asked for a list. After many months, the
citizen who was told by Mr. Eick that he was on the list -- was finally able to obtain it by asking for the "folder" which contained the scraps of paper comprising Mr. Eick's "secret" list.

I no longer know who the Board Chair, the General Manager, the Director of Finance, and Legal Counsel actually serve. But, I do know that they do not serve our Citizens.
Margaret Martini
Incline Village
We were told just last year that smoothing (keeping the Rec Fee at the same elevated level, even after several bonds were paid off) would be used to accumulate resources for legacy projects so they could be accomplished without fluctuations in the Rec Fee. So for several years the “fund balance” has been growing by millions of dollars. Well, last week, Chair Wong supported staff’s suggestion of using nearly $4M of the “slush fund” for the Diamond Peak Master Plan, even though our community survey made it clear that 68% of us want our priority to be our existing facilities, not new initiatives. She argued that to her the DPMP was not a new initiative because it has been in the CIP for several years. The draft budget documents clearly refer to the project as type A – NEW INITIATIVES.

Governments are not supposed to accumulate huge cash fund balances with no designated purpose or restrictions. Yet that is the situation we now have. Instead of using the funds for legacy projects, they can be used by the GM for any purpose, or used by the Board majority for whatever project they favor. Reserve/contingency funds at least require Board approval before they are spent. But we have no reserve fund. A bond that requires voter approval can only be used for the purpose the taxpayers approved in voting for the bond. But IVGID uses the excuse that bonds will be paid by pledged revenue (i.e. the rec fee), so they never have a bond election.

You are approving a budget tonight that still calls for continued “smoothing”, with no reduction in the Rec Fee, even though more than $200 of the fee was imposed for debt service that no longer exists.

Recently our Board Chair expressed her opinion that the former Boards should never have made promises that the Rec Fee would be reduced once bonds were paid off. But they did make those promises, and the current Board should have honored them. Otherwise, property owners would never have tolerated the bonds in the first place.

Please do not approve the budget that has been presented. Honor the promises, and reduce the Rec Fee until after the Community Services Master Plan is reviewed, and all legacy projects and new initiatives, including DPMP, are prioritized. Then we will have a clear picture of the resources needed. Let the property owners decide what they wish to support. At a minimum, insist on the creation of a reserve fund that you have the power to control.

Judith Miller
WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS
APRIL 11, 2018 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(4) –
APPROVAL OF A REPORT FOR THE COLLECTION OF "TAXES" WHICH ARE
MISNOMERED AS "FEES" – THE PROPOSED RESOLUTION SHOULD BE
REJECTED BECAUSE THE RECREATION ("RFF") AND BEACH ("BFF")
FACILITY FEES CANNOT BE COLLECTED AGAINST PROPERTY
USING THE VEHICLE OF NRS 318.201, et seq.

Introduction: In generally accepted accounting principles ("GAAP"), "fees" are charges for
"exchange" or "exchange-like" goods or services. Each party receives or gives up something of
essentially equal value\(^1\). "Taxes" are charges where one party (a government) gives (or receives)
something of value without directly receiving (or giving) equal value in return\(^1\). Thus if those who are
assessed IVGID's Recreation ("RFF") and Beach ("BFF") Facility "Fees" receive nothing of equal value in
return, those "fees" are the product of an "imposed non-exchange transaction" and considered a
"tax." Because "special revenue" funds are used to report IVGID's receipt and expenditure of
RFFs/BFFs, this is an admission the RFF/BFF are "taxes" rather than "fees." And if "taxes," the
procedure staff are using to cause their collection on the county tax roll (here NRS 318.201, et seq.) is
improper. And that's the purpose of this written statement.

IVGID's Funds Structure: In order to understand the differences between exchange and non-
exchange transactions, one needs to understand how each is accounted and reported. Local
governments must establish, by resolution, one or more accounting funds\(^2\). And because the financial
statements and other schedules required for a local government's funds must be prepared in
accordance with GAAP\(^3\), GASB\(^4\) Standards apply.

In Nevada the term "fund" is defined to mean "a fiscal and accounting entity having a self-
balancing set of accounts, recording cash and other financial resources together with all related
liabilities and residual equities or balances, or changes therein, which are segregated for the purpose

\(^1\) See Government Accounting Standards Board ("GASB") Standard 33

\(^2\) NRS 354.612.

\(^3\) NRS 354.612(2).

\(^4\) GASB is an independent, private-sector organization that establishes accounting and financial
reporting standards for U.S. state and local governments that follow GAAP. GASB develops and issues
accounting standards intended to promote financial reporting that provides useful information to
taxpayers, public officials, investors, and others who use financial reports. GASB standards are
recognized as authoritative by state and local governments, state Boards of Accountancy, and the
American Institute of CPAs (AICPA)
[http://www.gasb.org/cs/ContentServer?c=Page&pageName=GASB%2FPage%2FGASBSectionPage&cid=1176168081485].

1
of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.\(^5\)

Each local government must maintain, according to its own needs the following kinds of **governmental** funds\(^6\):

(a) General fund;
(b) Special revenue fund;
(c) Capital projects fund;
(d) Debt service fund; and,
(e) Permanent fund.

Each local government must maintain, according to its own needs the following kinds of **proprietary** funds\(^7\):

(a) Enterprise fund; and,
(b) Internal Service fund.

Although local governments must also maintain fiduciary funds\(^8\), since they are not relevant to this subject, they are not discussed.

With this primer in mind, let's examine the accounting funds IVGID has created. Since IVGID staff propose approving a tentative 2018-19 budget at agenda item G(3) for this meeting\(^9\), everything we need to know about IVGID's fund structure is at our finger tips.

IVGID's governmental and proprietary funds are identified in the index to the tentatively approved budget\(^10\) proposed to be transmitted to the Department of Taxation ("DOT"). Insofar as **governmental** funds are concerned, there we see IVGID maintains a General fund, two Special Revenue funds, two Capital Projects funds and two Debt Service fund. Insofar as **proprietary** funds are concerned, there we see IVGID maintains a Utility enterprise fund, and an Internal Services fund.

So now you know IVGID's funds structure.

\(^5\) NRS 354.530.

\(^6\) NRS 354.604(1).

\(^7\) NRS 354.604(2).

\(^8\) NRS 354.604(3).


What is an Enterprise Fund? A local government's Enterprise fund(s)\(^{11}\) are used to primarily account for operations: (1) which are financed and conducted in a manner similar to the operations of private business enterprises, where the intent of the governing body is to have the expenses (including depreciation) of providing goods or services on a continuing basis to the general public, financed or recovered primarily through charges to the users; or, (2) for which the governing body has decided that a periodic determination of revenues earned, expenses incurred and net income is consistent with public policy and is appropriate for capital maintenance, management control, accountability or other purposes. In other words, enterprise funds are used to primarily account for revenues derived from "exchange" or "exchange-like" transactions.

Let me give an example. User fees are charged at essentially all of IVGID's recreation revenues. Play a round of golf and you are charged a fee. Purchase a lift ticket at Diamond Peak and you are charged a fee. The "fee" is exchanged for the right to "use" a particular recreational facility.

What is a Special Revenue Fund? A local government's Special Revenue fund(s)\(^{12}\) are used to account for specific revenue sources, other than sources for major capital projects, which are restricted by law to expenditure for specified purposes. Because of GASB 33's identification of the "four classes of non-exchange transactions" (see discussion below), special revenue funds are used to account for revenues the product of "imposed non-exchange transactions" where they total a "substantial portion" of inflows [i.e., a minimum of twenty percent (20%) of the total revenue flow assigned to those funds\(^{13}\)].

Insofar as the RFF/BFF are concerned, according to page 54 of IVGID's 2016 Comprehensive Annual (Audited) Financial Report\(^{14}\) ("the 2016 CAFR"), at Note 17, IVGID admits that: "a significant source of revenue for these functions for operations, capital expenditure and debt service comes directly from a facility fee assessed by parcel for each function and expenditure type...The operating portion of the facility fee is combined with charges for services to provide the resources (i.e., money) for providing services."

And according to page 55 of the 2016 CAFR, at Note 20, IVGID admits that: "Effective July 1, 2015, with a new fiscal and budget year, the District began utilizing Special Revenue, Capital Project and Debt Service governmental fund accounting for the Community Services Fund and the Beach Fund. (Prior thereto,) through June 30, 2015, they were accounted for as enterprise funds."

Consequently, the RFF/BFF Must Either be "Taxes" or "Assessments:" GASB 33\(^1\) provides guidelines for accounting and financial reporting of "imposed non-exchange transactions." In order to

\(^{11}\) NRS 354.517.

\(^{12}\) NRS 354.570.


qualify for Special Revenue fund accounting, a substantial portion of the fund must be one or more of the following four classes of non-exchange transactions based on shared characteristics that affect the timing of recognition:

1. Derived tax revenues, which result from assessments imposed on exchange transactions (for example, income taxes, sales taxes, and other assessments on earnings or consumption);

2. Imposed non-exchange revenues, which result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (for example, property taxes and fines);

3. Government-mandated non-exchange transactions, which occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform); and,

4. Voluntary non-exchange transactions, which result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (for example, certain grants and private donations).

Since the RFF/BFF represent involuntarily imposed non-exchange revenue against property, totaling twenty percent (20%) or more of the total revenue flow assigned to IVGID's special revenue funds, and it has reported the same to the DOT\(^6\), IVGID admits these fees represent revenue derived from either property taxes or assessments.

**The RFF/BFF Must be "Taxes:"** Because by definition NRS 318.197(1) instructs that the RFF/BFF cannot be assessments ["the board may fix, and from time to time increase or decrease...recreational facilit(y)...rates, tolls or charges other than special assessments"], they can only represent taxes against property.

**Since IVGID Staff Admit the RFF/BFF Represent "Imposed Non-Exchange" Revenue, in Essence They Admit the RFF/BFF are Taxes:** According to page 54 of the 2016 CAFR, at Note 17, IVGID states as follows: "The District provides recreation functions through two individual special revenue funds." Since GASB 33\(^1\) states that in order to qualify for Special Revenue fund accounting, a substantial portion of the fund's revenues must come from non-exchange transactions, the RFF/BFF revenue IVGID assigns to its Community Services and Beach Special Revenue funds must be taxes.

**IVGID's General Manager Admits the RFF/BFF are Taxes:** Sometimes a "slip of the tongue" can reveal the truth. And here our esteemed GM has slipped. Agenda item G(5) for the Board's regular April 11, 2015 meeting\(^8\) asks for approval to pay the County Treasurer $33,177.81 in delinquent taxes\(^15\) which were waived against three parcels conveyed by the County Treasurer to IVGID in 2014 pursuant to NRS 361.603(4). But in Mr. Pinkerton's memorandum in support of this action item, he describes how most of this sum ($31,584) represents delinquent "fees" (i.e., RFFs/BFFs): "IVGID's

\(^{15}\) See page 211 of the 4/11/2018 Board packet.
recreation and beach fees comprise $31,584 of the total due with the balance of $1,593.81 owed to the respective taxing entities...Therefore, the net cost (to IVGID will)...be less than $1,593.81.\textsuperscript{16} So what are they Mr. Pinkerton? Taxes or fees? Or to you is there really any difference?

\textbf{IVGID's Auditor Admits the RFF/BFF are Taxes:} Testifying in support of IVGID's Special Revenue fund reporting, on December 16, 2015, Dan Carter, EideBailly Audit Engagement Partner, represented to the Board's Audit Committee that the RFF/BFF are taxes. According to Mr. Carter, the fact there's a restriction on their use means they "meet...the definition of...imposed non-exchange revenue."\textsuperscript{17} On May 23, 2016, in a memo to the Chairman of the Audit Committee, Mr. Carter "clarified" his prior testimony\textsuperscript{17}: "enterprise fund accounting is primarily used when exchange fees (for example, the fee to play a round of golf) support (enterprise)...fund(s)." Special revenue fund accounting on the other hand is used when "imposed non-exchange [fees {'for example, property tax or other assessment(s')}...result from assessments imposed by governments on individuals." Because the payor(s) of these fees receive \textit{nothing} of value in return\textsuperscript{1}, Mr. Carter testified that "\textit{classification may be more appropriately accounted for in...Special Revenue Fund(s).}"

\textbf{Since Today’s RFF/BFF Are No Different Than 1967’s RFF, IVGID’s Admissions Mean it Has Been Lying to Local Property Owners and the Public for Over Fifty (50) Years!} ¶4 of the first IVGID resolution which adopted the RFF (Resolution No. 419) describes this fee as an "annual charge...for the services of the lands and facilities of the community beaches...the furnishing of the services thereof...the availability of the services thereof, and...the standby of said lands and facilities and the services and operation thereof." How is this description any different than ¶11 of the preliminary Report for Collection...of Recreation Standby and Service Charges...for...Fiscal Year Ending June 30, 2019\textsuperscript{18} ("the following annual charges are for the availability of use of the recreational facilities...described") attached to today’s proposed Resolution No. 1863\textsuperscript{19}? If the RFF has been an involuntarily imposed non-exchange fee\textsuperscript{1} since inception, does this not mean that IVGID is guilty of having impermissibly assessed and collected millions of dollars of taxes against property\textsuperscript{20}?

\textbf{Only "Fees" Can be Collected on the Tax Roll Using the Procedure the Subject of This Agenda Item:} The subject agenda item proposes using "the provisions of NRS 318.201" to order collection of

\textsuperscript{16} See pages 212-13 of the 4/11/2018 Board packet.

\textsuperscript{17} I have a written transcript of that testimony should it be deemed useful or of interest.

\textsuperscript{18} See page 207 of the 4/11/2018 Board packet.

\textsuperscript{19} See page 204 of the 4/11/2018 Board packet.

\textsuperscript{20} NRS 361.445 declares that "the only basis for property taxation by any...district (shall be)...the assessment made by the county assessor and by the (DOT), as equalized according to law." Given the RFF/BFF are levied by IVGID and are uniform in amount, they are expressly prohibited. Moreover, Article 4, §20 of the Nevada Constitution prohibits the Legislature from "pass(ing) local or special laws in any of the following enumerated cases...for the assessment and collection of taxes for state, county, and township purposes."
fiscal year 2018-19's RFF/BFF on the county tax roll. Given: NRS 318.197(1) states that "the board may fix...recreational facilit(y)...rates, tolls or charges other than special assessments, including...standby service charges, for...the availability of service;" according to LVGID staff the RFF/BFF are "annual charges are for the availability of use of...recreational facilities;" and NRS 318.201(1) states that "any board which has adopted rates pursuant to this chapter may, by resolution...elect to have such charges for the forthcoming fiscal year collected on the tax roll;" it seems clear NRS 318.201, et seq. is a procedure to collect "rates, tolls or charges" (i.e., fees) on the tax roll. It is not a procedure to collect "taxes."

Because the RFF/BFF are Really Taxes "in Sheep's Clothing" (see discussion above), the Board Should Not Vote in Favor of a Collection Procedure Limited to the Collection of "Fees."

Only "Fees" Which Have Been Adopted Can be Collected on the Tax Roll Using the Procedure the Subject of This Agenda Item: Given the subject agenda item proposes using "the provisions of NRS 318.201" to order collection of fiscal year 2018-19's RFF/BFF on the county tax roll, NRS 318.201(1) only permits charges "which ha(ve been) adopted...pursuant to this chapter" to be collected on the tax roll.

Putting Aside the Fact the RFF/BFF are Really "Taxes" Rather Than "Fees," Because 2018-19's RFF/BFF Have Not as of Yet Been Adopted Pursuant to This Chapter, the Board Should Not Vote in Favor of Their Premature Collection: The procedure for adopting rates, tolls and charges under NRS 318 is set forth at NRS 318.199(2): "whenever the board of trustees proposes to change any individual or joint rate, toll, charge, service or product, or any individual or joint practice which will affect any rate, toll, charge, service or product, the board of trustees shall hold public hearings after 30 days' notice." NRS 318.199(5) states that only "after public hearing...if...the board of trustees determines that the proposed action is required...shall...the board...adopt a resolution establishing the new or changed rates, tolls, charges, services to be performed or products to be furnished." Given no resolution has been adopted establishing a new 2018-19 RFF/BFF, the Board should not vote in favor of their premature collection.

Only Parcels of Property Actually Receiving "Services" and "Facilities" Can Have Rates and Charges for Those Services and Facilities Involuntarily Collected on the Tax Roll Using the Procedure the Subject of This Agenda Item: NRS 318.201(1) states that where "rates (have been) adopted...pursuant to this chapter...any board...shall cause a written report to be prepared...which shall contain a description of each parcel of real property receiving such services and facilities and the amount of the charge for each parcel for such year." NRS 318.201(5) states that "the secretary shall cause notice of the filing of the report and of a time and place of hearing thereon." NRS 318.201(9) states that "after the hearing, when the board has made a final decision on a service charge or fee to be collected on the county tax roll, the secretary shall prepare and file a final report, which shall contain a description of each parcel receiving the services and the amount of the charge."

\[21\] See pages 204-05 of the 4/11/2018 Board packet.
Because IVDID Staff Propose Collecting the RFF/BFF Against Residential Dwelling Units Rather Than Just Parcels of Property, the Board Should Not Vote in Favor of Using the Procedure the Subject of This Agenda Item: When the Board approves the Final "Report for Collection...of Recreation Standby and Service Charges...for...Fiscal Year Ending June 30, 2019" on May 23, 2018 at 6:00 P.M. or thereafter, just like ¶11(A) of the subject Preliminary Report, history demonstrates it will assess all residential dwelling units constructed on parcels of property. Given IVDID staff propose assessing residential parcels of property with multiple dwelling differently than residential parcels of property with one or less dwelling units, the Board should not vote in favor of the subject proposed resolution.

There's another reason why the Board should not vote in favor of the subject proposed resolution and that is Article 4, §21 of the Nevada Constitution which declares that "in all cases...where a general law can be made applicable, all laws shall be general and of uniform operation throughout the State." Because here IVDID's own recreation policies are not uniform, the Board should not vote in favor of the subject proposed resolution.

Putting Aside the Fact the RFF/BFF Provide Benefits to Persons Rather Than Those Parcels Which Are Assessed, the Parcels Assessed the BFF Do Not Receive Beach Access in Consideration of Their Payment: IVDID staff perpetuate the myth that somehow the BFF pays for an owner with beach access' availability to use the beaches. This is wrong. The beach deed by which IVDID took title to the beaches grants each property within IVDID’s 1968 boundaries, its owner(s), successor(s) and assign(s) an easement to access and use the beaches. Thus the availability to use is not conferred as a result of paying the BFF but rather, by way of easement.

Moreover, there are at least three reported judicial decisions (involving Crystal Bay residents Steve Kroll and Frank Wright) which declare the beaches to be private property. That being the case, NRS 318.015(2) prohibits IVDID from using "the provisions of (NRS) chapter (318)...to provide a method for financing the costs of (its) development." Given NRS 318.201, et seq. is part of Chapter 318, it cannot be used to provide involuntary financing for the beaches.

Because the Overwhelming Majority of Parcels of Property Assessed the RFF/BFF Do Not Receive IVDID's Recreational Services and Facilities, the Board Should Not Vote in Favor of Using the Procedure the Subject of This Agenda Item: Listen to Gerry Eick's admission in his April 11, 2018

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22 See page 204 of the 4/11/2018 Board packet.
26 Wright v. Incline Village General Improvement District, 597 F.Supp.2d 1191 (2009), Wright v. Incline Village General Improvement District, 665 F.3d 1128 (9th Cir. 2011).
letter "message" addressed "to the Board of Trustees and Citizens of Incline Village and Crystal Bay" with respect to "the tentative budget plan for...IVGID for fiscal year 2018-19" where he answers the question "What Privileges do Parcel Owners (i.e., people rather than property) get for paying...Facility Fees:"

"Each parcel that pays the (RFF) can have five cards issued in the form of picture passes and/or punch cards or a combination of both...Picture Passholder(s) [i.e., people rather than property] get...preferred pricing and/or preferred access to the District's major venues or programming...Punch Card Holder(s) [i.e., people rather than property] receive...the opportunity, at designated venues, to reduce their user fees from the rack rate to (the) Picture Passholder rate...based on an allocated value assigned (by the Board) each June 1."

Thus rather than being a legitimate standby service charge levied for an assessed property's mere "availability to use" the public's recreational and beach facilities as well as the services offered thereat, the RFF/BFF represent nothing more than the forced pre-purchase of up to five (5) membership, value, access cards similar to Costco or Sam's Club Cards offering "reduce(d)...user fees...at designated (recreation) venues from the rack rate to (the) Picture Passholder rate, issued to people.

Given the RFF/BFF pay for benefits to people rather than parcels of real property, the Board should not vote in favor of their collection against property on the tax roll.

Conclusion: For all of these reasons, and given staff represents the Board need not approve the subject item ("the Board can direct staff to revise, change, reduce or modify the" RFF/BFF), the Board should not vote in favor of the subject agenda item.

And You Wonder Why Our RFF and BFF Which Impermissibly Support This And Other Equally Colossal Wastes Are as High as They Are? I've now provided more answers. Respectfully, Aaron Katz (Your Community Watchdog Because No One Else Seems to be Watching).

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29 Protestor says "pre-paid" because Article VIII, ¶69 of Ordinance No. 7 (see page 14 at https://www.yourtahoeplace.com/uploads/pdf-ivgid/rec_ordinance_7_1998.pdf), "An Ordinance Establishing Rates, Rules and Regulations for Recreation Passes and Recreation Punch Cards by...IVGID," instructs that "any owner (may)...purchase (an unlimited number of) additional Recreation Passes or Recreation Punch Cards (simply)...by paying an additional fee equal to one-fifth of the current District Recreation Fee (i.e., 1/5 of $830 = $166) for each Pass or Card for the parcel in question." Because an unlimited number of resident picture passes and punch cards are readily available for purchase, the RFF/BFF really represent nothing more than forced pre-payment for up to five such passes and/or cards.