MINUTES

REGULAR MEETING OF MARCH 28, 2019
Incline Village General Improvement District

The special meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairwoman Kendra Wong on Thursday, March 28, 2019 at 6:00 p.m. at the Chateau Grille 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 Peter Morris, Matthew Dent, Tim Callicrate, Phil Horan, and Kendra Wong.

Also present were District Staff Members Director of Finance Gerry Eick, Director of Public Works Joe Pomroy, and Director of Parks and Recreation Indra Winquest.

Members of the public present were Pete Todoroff, Denise Davis, Aaron Katz, Mike Abel, Margaret Martini, Victor Salcido, Ricky Gourrier, Sr., Eddie Ableser, Jack Dalton, and others.

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

C. **PUBLIC COMMENTS***

Mike Abel said since he has been previously admonished that he can’t use the computer system here so he is using his iPad. Thank you to Trustee Morris for coming to our IV/CB Community meeting the other day and he said that it would be good for other Board members to show up. He would like to discuss Trustee Horan’s comments about land sales. This is white wash because the land sales that were made were illegal and there is no amount of spin that will cover the fact that they were done off a list, it was a private sale with no competitive bidding, and it doesn’t cut the mustard as far as public trust goes. His next thing is public trust. Big thing that we, as our public, trust our Trustees to do the right thing. Senate Bill 279 is up for discussion and he hopes that the Board does the right thing and bows out of the situation and he trusts that it will come out with our lobbyist being against
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the land sales. Last thing is that he has been a resident here for twelve years and again to the issue of public trust he is going to show a photograph to the Livestream audience and this picture is of Trustee Horan’s house. He did a drive by and there is snow in the driveway, icicles, and his Christmas lights are still up. It is his opinion that Trustee Horan is still not a resident and he thinks that Trustee Horan should resign as he is a resident of Reno.

Aaron Katz read from a prepared statement which was submitted.

Margaret Martini read from a prepared statement which was submitted.

D. APPROVAL OF AGENDA (for possible action)

Chairwoman Wong asked for any changes to the agenda, none were received so Chairwoman Wong approved the agenda as submitted.

E. REPORTS TO THE BOARD OF TRUSTEES*

THERE ARE NO REPORTS TO THE BOARD OF TRUSTEES FOR THIS MEETING.

F. CONSENT CALENDAR (for possible action)

THERE ARE NO ITEMS ON THE CONSENT CALENDAR FOR THIS MEETING

G. GENERAL BUSINESS (for possible action)

G.1. Review, discuss and possible provide direction regarding the Board’s Work Plan (Requesting Trustee: Chairwoman Kendra Wong)

Chairwoman Wong gave an outline of the process she wanted to go with this evening.

The Board then took a few moments to do their work as outlined with the following overall results:

Ordinance 7
Horan – In progress, Maintain
Wong – Not started, Maintain
Callicrate – Not started, Maintain
Morris – Not started, Maintain
Dent – Not started, Maintain
Comments:
Community Feedback
Separate beaches from community services
Prioritize beaches
Board workshop – Policy
Clear framework for proposals and evaluating ideas
Timeline – work on this summer
Address top three priorities by next year

Master Plan/Capital Plan
Horan – In progress, Maintain
Wong – In progress, Maintain
Callicrate – Complete; synthesize all together, Maintain
Morris – In progress, Maintain
Dent – In progress, Maintain

Comments:
Criteria for project prioritization
Synthesize all Community Services master plans
Prioritize capital with the Community Services master plans
Dog park
Incline Beach house
Set goals and timeline at May 1 meeting

Communication
Horan – In progress, Maintain
Wong – Complete, Change
Callicrate – In progress, Change
Morris – In progress, Maintain
Dent – Not started, Change

Comments:
External versus internal communication
Leverage online repositories – public records
Survey what topics the community wants more communication about
Results of community survey – deadlines
Use common language

Financial Reporting
Horan – In progress, Maintain
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Wong – In progress, Change
Callicrate – In progress, Maintain
Morris – In progress, Maintain
Dent – In progress, Maintain

Comments:
CIP Reporting – road map of existing information
Describe complexities of our calendar – calendar year, fiscal year, season
Discussion with Staff with their ideas – September/October

Other
Callicrate – Prioritize capital projects
Dent – Prioritize CIP projects

G.2. Review, discuss, and possibly provide input and guidance on legislative matters for the 2019 State of Nevada Legislative Session following a verbal presentation on legislative matters provided by Tri-Strategies representative(s)

a. Senate Bill 279 – Revises provisions relating to general improvement districts (BDR 25-246) An act relating to general improvement districts; requiring the board of trustees of a general improvement district to follow certain procedures before selling real property owned by the district; and providing other matters properly relating thereto.

Internet Link to the aforementioned Senate Bill
https://www.leg.state.nv.us/App/NELIS/REL/80th2019/Bill/6485/Overview

Tri-Strategies Victor Salcido, Eddie Abelser, and Ricky Gourrier, Sr. gave a review of where they are today and what they would like is direction – advocate in favor, against, or remain neutral. Mr. Salcido then gave a review of the high level parts of the bill.

District General Manager Pinkerton said he used to be a property manager for a municipality and this is very similar to the laws in other states however most charter cities have evolved beyond this process. They have found that if they have a small remnant piece of property they would have to change the ordinance. They didn’t want to spend ten thousand dollars on an appraisal for a one thousand dollar piece of property. For entitlements, you
are talking about prescribed legislation and it is tougher in the basin and he noted that cities have more latitude. To tell all the other general improvement districts that they have to do this, when we are very different from cities or counties, may need to have more in the IVGID code. This legislation needs to be something that caters more than to the individual general improvement districts. We would suggest the Legislature require general improvement districts to develop a land policy and make sure that is approved in Board meeting and then each public agency can do what they need. This is adding pages and pages to the IVGID code and it is not the best way to meet individual general improvement district needs. That is just Staff's thoughts as this is up to the Board.

Trustee Callicrate thanked Tri-Strategies Staff for their presentation and stated that he thinks they spelled it out pretty clearly. This is for all the general improvement districts in the state and they will all have to be compliant under one law. Because we are a super general improvement district and the Nevada Revised Statutes are not as definitive, it is an opportunity for all general improvement district to be compliant with the laws and set out some perimeters. He is in support of this bill as written and having us be able to comply. He is in support of this bill speaking as one Trustee.

Trustee Horan said in looking at the provisions of this bill that it is hard to argue against the transparency however on the other hand it could complicate our lives as we need to own our own things. There are good things in this bill as it applies to all general improvement districts. His approach would be something to have each general improvement district have something and that we would probably have most of what is included in the text of this bill.

Trustee Morris said, as he read through this bill, he felt that it was imposing a lot more onerous pieces on a general improvement district and just through the lens of Incline Village, he realizes that other general improvement districts have their own issues. In listening to the District General Manager's experiences, other government entities would have other tools to use to their advantage than we do here in Incline Village. He feels that this is something that is fairly onerous and that if each general improvement district develops a land policy that is transparent, clear, and agreed to in a public meeting that this would be a far better way to go. This bill is like taking a sledge hammer to crack a number therefore he doesn't want to do that.
Trustee Horan asked if there was any exception in the bill text to allow for disposal of property under the appraisal value.

Mr. Ableser said that he is not certain that this is the way that the others are required to act. It may have a very large or a minimal impact and that generally they determine if it has a fiscal impact and then they wait for local government who can add a fiscal note to this bill. He wanted to call attention to that part of it as it was not discussed at the last meeting. Mr. Salcido said that there are certain exceptions but not the one for the situation raised by Trustee Horan.

Trustee Morris said that the fiscal impact comment is very important and thanked the team for raising that factor. The last thing he wants to do is to have the State Legislature hand down to us an onerous process that will cost us money and while he doesn’t know how much that can be it is not zero.

Trustee Horan said that is an interesting point and that a comment to the State might be worthwhile with a dollar amount in order to take some of that fiscal onerousness away from it. Mr. Salcido said for amendment to the language of the bill, they are seeking the Board’s direction first. While it is always feasible to amend, based on the language of the bill, he is anticipating that it will stay as close to the municipal model so he doesn’t know about the sponsors being receptive. Trustee Horan said so you are saying it is not going to happen. Mr. Salcido said it is unlikely.

Trustee Morris asked where are we in the legislative process. Mr. Salcido said it was introduced in the Senate yesterday with presentation by Senator Kieckhefer. They testified in the neutral position and stated that they wanted to work with them after they got direction from you, as the largest general improvement district. There has to be a work session in that committee where an up or down vote would occur. They will reach out to the bill sponsor and work with him and then he gets to decide. If there is a positive vote, it will go to the floor of the Senate and then it goes over to the House. We are tight on time because there is a deadline of April 12. Deadlines are a fickle thing but those are the deadlines as of now.

Chairwoman Wong said that this bill was dropped by Senators Kieckhefer and Krasner and both of them represent us; did either one of them call us or let us know about this bill. Mr. Salcido said they have not met with them but they did meet with Senator Kieckhefer when they were first retained to
introduce the new relationship of representation and they told us about a bill but didn’t work with us on the language so we didn’t see until the bill was introduced. District General Manager Pinkerton said that Staff met with him as well and there was no information shared then. District Legal Counsel has reached out to both individuals with no response for over a year. We heard they might be doing some bill but we have had zero communication so possibly that should be communicated to the Legislature.

Trustee Horan asked how this bill would affect us. District General Manager Pinkerton said with the Administration Building those proceeds from the sale of that building will be vital. A sealed bid could come in for far less due to the entitlements. There is a very good chance that this bill will have a significant fiscal impact on this effort and could possibly make it so it required us to go to the Legislature for a fix; this is the most obvious effect. Trustee Horan asked about the bits and pieces. District General Manager Pinkerton said on remnant properties there is no question that it will cost the District more money to get appraisals but that is a minor impact and will just take away from other things. At a time in the past, this type of process was more state of the art but not anymore. Trustee Horan said having heard all this information, he would like the Board to at least convey that we are concerned about the fiscal impact.

Chairwoman Wong said that the key objective of this bill is transparency and she is in favor of that. She didn’t think about the Administration Building in the scope of this bill as we have been talking about the unbuildable properties. The Administration Building could put us at a potential risk and could be a hindrance in accomplishing things with consequences to the entire community and that needs to be represented. Now might be the time to state we are in favor or opposed as it represents risks to our community.

Trustee Morris said to go further, this is a solution at the extreme end of what is needed. He agrees and believes we should have policies and clarity about land sales and that we make sure that those that are in the code that is being developed are all encompassing. This bill seems like an onerous solution in search of a more challenging problem that we, as a general improvement districts, may have instead of other entities. He would prefer that we state that this bill is not a good bill for us.

Trustee Dent said so this is similar to what other cities, towns, or counties do and that it requires two appraisals. Mr. Salcido said that the bill presenter said that this mirrored what other municipalities have. Trustee Dent said it is
straight forward and transparent and not extreme at all; he doesn’t have an opposition as it seems pretty straight forward.

Trustee Morris said it may be what other cities or counties do but ours are not the same as other and we shouldn’t compare ourselves to other cities rather compare to other general improvement districts but still we are somewhat different. We shouldn’t compare but rather look at what we do as we don’t have all the tools to deal with this that some cities do so it is not good for us.

Trustee Callicrate read Section 2 of the bill (only one appraisal for a sale) and said that this won’t make or break that sale and that we have to do this anyway under Nevada Revised Statute 318. All this does is tighten that up. He does have concerns that neither Senator Kieckhefer nor Krasner haven’t approached us but this issue has been a concern within the community. There is other property within the community so this is an opportunity to tighten it up and that he is opposed to giving that much authority to another Board. It may be onerous but he thinks it is good and holds us to a higher standard. He appreciates the comments but he doesn’t see the concerns raised. He doesn’t know what the next step is and he doesn’t have an issue with this as it is presented to us as it tightens up a lot of areas.

Mr. Ableser said that the action is the instructions to us (Tri-Strategies) and should we state that the Board of Trustees of IVGID is in support of the bill; opposed to the bill; remain neutral; ask us to work on possible amendments to solve all concerns and benefits; or talk just about the fiscal impacts to the District. They want to carry on the mission of the District and they have heard glowing praise from the sponsor about the District so they just need instructions on how to engage with the sponsor.

Chairwoman Wong said she would recommend that Tri-Strategies represent us in the neutral, being neither for or against, and to have Tri-Strategies work with our Staff to determine the magnitude of the fiscal impact and represent same and state that with respect to any land sale, we want an open and transparent process that we develop or a law through the Legislature. A transparent process is important and the key message is that we don’t want to be limited and beholden to a bid well below of fair market value via way of legislation.
Trustee Horan made a motion to instruct Tri-Strategies to stay neutral on Senate Bill 279. Chairwoman Wong seconded the motion. Chairwoman Wong asked for comments.

Trustee Morris said by remaining neutral, we are not doing some things that are important that have come up tonight such as doing the analysis on the cost impact that this may deliver to us as a general improvement district. He is also concerned that there are elements of this legislation that are going to produce a more onerous work process and restrict us from being flexible in the future with any land sale activities. He would like to have those pieces added to the instruction to Tri-Strategies.

District General Manager Pinkerton said that Staff’s goal is for this legislation to allow for a negotiated sale as that is in the best interest of the public and is the really scary restrictive part as you can’t do a negotiated sale which is behind the times of real estate.

Trustee Horan said that is a hypothetical and we need to be transparent therefore he will support his own motion.

Chairwoman Wong said that she hears what Staff is saying and hoped that there would be a way to communicate the fiscal impact without a for or against position. This still has to go through another house so our strategy could evolve as this bill progresses and she would like to take a more conservative approach.

Ricky Gourrier, Sr., Tri-Strategies, said that in staying neutral he would like to clarify that other general improvement districts could come forward but he doesn’t know under what perimeters. This bill has to get out of committee in fourteen days. Think about what other general improvement districts might do and what amendments might be added as those have to be addressed at that time. We are talking about this because of the lack of communication with the Senator.

Trustee Morris said he is in favor of the flexibility to have a negotiated sale as it is his understanding, regarding the Administration Building, that it is really important to have the ability to maximize the most value from that land. The way this legislation is written could put us in a bad position regarding that land. District General Manager Pinkerton said that it is his humble opinion especially with entitlements. Look at the elementary school site and the abatement that has to be done. That element has added a ton of
unknowns and when all of that is factored in, it will have to be purchased as it which will significantly diminish the value of the property.

Trustee Morris said he is prepared to make a motion to have Tri-Strategies work with the Legislators to have some amendment to include a negotiated sale. Chairwoman Wong said we have to vote first on the motion that we have before us and then we can discuss/entertain a different motion.

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

Trustee Horan asked Tri-Strategies representatives to keep the District General Manager apprised of the amendments that are brought forth. Mr. Salcido said absolutely and that they won’t take their eye off of this.

Chairwoman Wong said in our IVGID code and the section related to property disposition, should we start discussing that now or wait until this goes through the process of legislature as she doesn’t know if it helps or hinders.

Mr. Salcido said if there is a concern, either real or perceived, having an internal code regulation that already addressed it would help align those fears. Chairwoman Wong said we are not going to sell anything until we have a policy as our intention is to create a policy and we can layer it in as we have a blank slate.

3. Review, discuss and possibly provide direction, to Staff, on the IVGID Code (Requesting Trustee: Vice Chairman Phil Horan)

Due to time constraints, this item was deferred.

H. **DISTRICT STAFF UPDATE** *(for possible action)*

H.1. General Manager Steve Pinkerton – verbal update

Due to time constraints, this item was deferred.

I. **APPROVAL OF THE MINUTES** *(for possible action)*
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I.1. Minutes of February 27, 2019

Chairwoman Wong asked for any changes, receiving none, she said that the minutes were approved as submitted.

J. REPORTS TO THE IVGID BOARD OF TRUSTEES*

J.1. District General Counsel Jason Guinasso

Due to time constraints, this item was deferred.

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*

Due to time constraints, this item was deferred.

L. PUBLIC COMMENTS*

Pete Todoroff said that he wanted to announce his meeting tomorrow library at 9 a.m. and the Citizen Advisory Board meeting on April 1 and stated that the Arts Festival is a discussion item; the meeting starts at 5:30 at the Administration Building in the Boardroom.

M. ADJOURNMENT (for possible action)

The meeting was adjourned at 7:52 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 (1 page)

Submitted by Aaron Katz (26 pages): Written statement to be included in the written minutes of this March 18, 2019 regular IVGID Board meeting – Agenda Item D – Public Comments – “We might as well (just) go home” Mr. Morris
3-28-2019

To: Members of the IVGID Board

Please these add these comments to the minutes of this meeting

Hello and welcome back. How was your trip?

I would like to know exactly what this board as a board outlined to accomplish prior this trip to Washington DC. I am assuming that the board got together and planned exactly what they wanted to accomplish in Washington DC.

Mr. Dent were you aware of the purpose of this trip prior to the trip taking place? Yes or no will be fine.

Mr. Callicrate were you aware of the purpose of this trip prior to the trip taking place? Yes or No will be fine.

Have the travelers shared with you exactly what they accomplished? Again, yes or no will do.

I am assuming that the three individuals, Wong, Pinkerton and Windquist filed a report with the board prior to their departure and I’m sure they will have and extensive report on their accomplishments in Washington DC.

I am making a public records request at this point to see both reports and the total expenses for the three persons who made this trip.

As this is a money discussion, I would also like to request from the board exactly how much has been spent on the legal representation trying to collect the legal fees from Mr. Katz’s lawsuit. It seems as if you are spending (chasing) $250K to collect $250K. Don’t you think that a settlement would have been in order as a time and money saving proposition? And this could all have been avoided in my opinion had IVGID just given the public records he requested as he had the right to know as a property owner.

As Treasurer of this board, and a member for few years now, Mr. Morris, you should have the figures at the tip of your tongue. Do you? Show us you are qualified for the position as Treasurer of this board.

[Signature]

[Name]

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**Introduction:** I was struck by something Trustee Morris said at the Board’s last (March 18, 2019) meeting when discussing staff’s proposed capital improvement plan (“CIP”) budget for fiscal year 2019-20. The discussion centered upon how we can continue to get bigger and bigger, by acquiring more and more, when we don’t have the funds nor projected revenues to continue down this path. Listen to Trustee Morris:

“I think we need to have this discussion now about whether or not this Board is going to look to raise bonds because frankly, there’s no way that I can see, except if we don’t do anything…If we don’t bond and we still want to do something for the community, we’re going to have to raise the Rec Fees quite considerably. And I think it’s an ‘either or.’ Either we raise…the Rec Fees…or we’re going to have to bond. Otherwise, we...might as well go home.”¹

What Mr. Morris has touched upon is really the seminal issue we face as a community. It’s the one we’ve been marching towards that my wife and I first recognized and were vocal about when we moved to Incline Village twelve or more years ago. Do we continue to grow bigger and bigger, acquiring more and more, and for the benefit of our nearly 1,000 employees² and the world’s tourists, rather than “the inhabitants...of (Incline Village/Crystal Bay) and of the State of Nevada” as NRS 318.015(1) instructs. And do we continue to finance this growth on the financial backs of local parcel/residential dwelling unit owners rather than mandating that each of our recreational venues operate on a revenue neutral or positive cash flow basis? Or do we put our collective feet down and just say no? That’s the purpose of this written statement.

**How We Got Here – IVGIDs Creation:** Many residents think IVGID was granted the basic power of “recreation” when it was first created by the Washoe County Board of Commissioners (“County Board”) on April 20, 1961. If I am describing you, then I’m sorry to say your belief is not accurate. The County Board’s initiating Ordinance No. 95 which declared that IVGID’s initial basic powers were *limited* to paving, curbs, gutters, sidewalks, storm drainage, sewer disposal and water supply. Ordinance No. 95 did *not* include the grant of recreation because that power did not exist at the time (it was not added to NRS 318 as a possible additional basic power until 1965).

**How We Got Here – IVGID’s Acquisition of the Supplemental Basic Power to Furnish Facilities for Public Recreation:** Shortly after IVGID’s creation the developer of Incline Village [Crystal Bay

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Development Co. ("CBD") began selling real property. And by 1968 over three thousand homes had been built.\(^3\) Representations were made to each purchaser of property in Incline Village that the beaches at Lake Tahoe (Burnt Cedar and Incline) would be a private homeowner amenity only available\(^4\) to property owners/their guests\(^5\). As part of their purchase of Incline Village property, each property owner contracted to pay the beach HOA "yearly dues sufficient to purchase, improve and maintain these community beaches."\(^6\) Notwithstanding, the beaches were not made available for local property owners' actual use until May 30, 1964\(^5\). And by then, CBD realized it did not have the financial wherewithal to transfer ownership of the beaches to the homeowner association CBD had created to own and operate the beaches. So it lobbied the State Legislature and then the County Board, to grant IVGID the power to furnish facilities for recreation with the intent the beaches would be sold to IVGID so the latter could pass on those costs to local property owners.

**How We Got Here — IVGID’s Representations to the County Board and the Public Insofar as its Future Use of the Basic Power to Acquire and Operate Recreational Facilities:** On October 25, 1965 the County Board considered IVGID’s request that its existing basic powers be expanded to include public recreation. IVGID’s request was supported by the testimony of a single witness; IVGID Board ("Board") member Harold Tiller. Notwithstanding the fact that CBD’s vision for Incline Village was as "a complete recreational area (consisting of)...two great golf courses; the finest tennis facilities in the world...a major ski development; riding stables (and)...trails to the very crest of the (Sierra) mountains...gaming and related night club entertainment...a cultural center with related youth programs...(and) use of Lake Tahoe, the most important and actually the very heart of a complete recreational base...(with) family parks for picnics and swimming and...boating access to the Lake for fishing and water skiing,"\(^6\) Mr. Tiller testified that if IVGID’s requested new power were granted, it would only be used to acquire “park properties [including...two (Lake Tahoe) beaches to]...assure...property owners...forever...access to and use of Lake Tahoe.”\(^6\) According to Mr. Tiller, all of the other recreational facilities identified above would “be, privately owned...operated”\(^6\) and presumably financed.

**How We Got Here — IVGID’s Representations to the County Board and the Public Insofar as Funding For the Acquisition and Operation of Proposed Recreational Facilities:** Given the granting of IVGID’s request was pre-conditioned upon the County Board making a finding that the proposed grant would be “economically sound and feasible,”\(^7\) Mr. Tiller testified acquisition, improvement and

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\(^3\) See https://www.clubtahoe.com/history-of-incline-village/.

\(^4\) Exercised through an homeowners’ association ("the beach HOA") whereby each owner of an Incline Village parcel had an equal vote.

\(^5\) See the May 15, 1964 letter from Robert McDonald “to Recreation Association Members.” A copy of that letter is attached as Exhibit “A” to this written statement.

\(^6\) See Mr. Tiller’s October 25, 1965 letter, on behalf of the IVGID Board, to the County Board. A copy of this letter is attached as Exhibit “B” to this written statement.

\(^7\) See NRS 318.055(4)(c)(2).
operation of the beaches would be funded from IVGID’s issuance of $1.458 million of bonds whose
premiums would be paid from its share of existing and future projected of *ad valorem* taxes. In other
words, not as they are financed today through a Beach Facility Fee (“BFF”).

**How We Got Here – IVGID’s Acquisition and Funding of the Beaches:** Based upon Mr. Tiller’s
representations, on November 15, 1965 a divided (3-2) County Board formally adopted Ordinance No.
140 which granted IVGID the supplemental basic power of public recreation. This action sparked a
series of lawsuits brought by local property owners against the County, IVGID and CBD. Those cases
resulted in a comprehensive settlement filed with District Court on April 11, 1968 which:

1. Dissolved the beach HOA;
2. Allowed the beaches to be purchased by IVGID from CBD for $2.1 million;
3. To finance that purchase and create a sufficient reserve fund, allowed IVGID to issue and
   sell $2.685 million of Revenue Bonds;
4. After purchase, the then beach fee would not exceed $50 annually for each fiscal year
   ending June 30 beginning with fiscal year 1968-89 (see below); and,
5. Dismissed the pending lawsuits.

With no further obstacle to IVGID’s acquisition of the beaches, and in anticipation of the
aforesaid judicial settlement, on October 5, 1967 the Board adopted Resolution No. 419 which
pursuant to NRS 318.197(1) fixed rates, tolls and charges for the alleged “availability to use” [i.e., an
alleged NRS 318.197(1) standby service charge] the beaches. The resolution stated these measures
were necessary so that these charges be fixed prior to the adoption of a resolution providing for the
issuance of revenue bonds, in order to create the funding source to acquire: Burnt Cedar Beach and
the improvements thereon, to improve the area known as Incline Beach, and to pledge the net
revenues to be derived from these rates, tolls and charges to be fixed to pay for the acquisition of
Burnt Cedar and Incline Beaches, and the services and facilities thereof. This resolution marked the
beginning of the Recreation Facility Fee (“RFF”), and it established the basic annual rate FOR FISCAL
YEAR 1968-69 ONLY.

At the same time Resolution No. 419 was being adopted, the Board adopted Resolution No.
420 which authorized the issuance of $3.6 million of Revenue Bonds to pay for the acquisition of
Burnt Cedar and Incline Beaches. On June 4, 1968 Village Development Co. (the successor to CBD)
was paid with the proceeds of the Revenue Bonds of 1968, and the beaches were deeded to IVGID.

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8 This settlement was described in a March 7, 1968 letter to local property owners. A copy of this
letter is attached as Exhibit “C” to this written statement.

9 This recital violated Mr. Tiller’s October 25, 1965 representations to the County Board and the public
(see Exhibit “B”).

10 On April 16, 1968 the Board adopted Resolution No. 450 which in part, reduced the amount of
proposed Revenue Bond funding to $2.685 million.
How We Got Here – IVGID’s Acquisition and Funding of Our Two Golf Courses, Diamond Peak and The Chateau: Since the RFF (instead of ad valorem taxes as Mr. Tiller had represented) had worked so well insofar as paying for the servicing costs on the Revenue Bonds of 1968 (whose proceeds were used to purchase the beaches) and their operational costs, on March 19 and June 30, 1976 IVGID purchased the Mountain and Championship Golf Courses, Diamond Peak (formerly known as Ski Incline), Incline Bowl, The Chateau, and unimproved recreational acreage (now used as the Championship Golf Course’s driving range), for $2.7 million. To finance this purchase and to refinance the then outstanding principal balance due on the Revenue (beach) Bonds of 1968, on or about July 19, 1976 the Board adopted Resolution No. 1262 which called for the issuance of $5.71 million of new bonds (“the Special Obligation Bonds of 1976”). In part to service these bonds and pay increased operational costs, on July 13, 1976 the BOT adopted Resolution 1261 which doubled the RFF from $50 per parcel annually, to $100.

How We Got Here – IVGID’s Acquisition and Funding of All of Our Remaining Recreation/Other Venues and the Services Offered Thereat: Following this “playbook,” IVGID has acquired property for and/or constructed: a skateboard park, a disc golf course, a fitness trail, a mountain bike pump track, the Tennis Center, 5 acres near Incline Lake (for a future cross-country ski resort), a multi-use Recreation Center (complete with an indoor swimming pool), another (in addition to The Chateau) community/meeting/event center (Aspen Grove), the upper Incline High School Athletic Field, several athletic fields (Incline Park, Village Green and Preston Field), a Wetlands Enhancement Facility, several restaurants, food courts, bars selling alcoholic beverages, facilities for the sale/rental, at retail, of clothing, soft goods, and sports equipment, an administrative building, the land underneath the Parasol and Visitor’s Buildings, a regional and senior transportation system, a magazine publisher, and more! Given the revenues from these facilities and the programs/services offered thereat are inadequate to support the expenses staff incur operating, maintaining and improving those facilities, and IVGID engages in non-revenue producing initiatives well beyond those

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11 This purchase violated Mr. Tiller’s October 25, 1965 representations to the County Board and the public (see Exhibit “B”).

12 This resolution violated Mr. Tiller’s October 25, 1965 representations to the County Board and the public (see Exhibit “B”).

13 See Resolution No. 419 above.


15 Even inside the Hyatt Lake Tahoe Hotel’s shopping mall.

16 Such as operating the public’s facilities as if they were private, commercial, “for loss,” business enterprises; operating over 100 recreational programs out of the Recreation Center including child care and senior transportation; operating a regional transportation system (disingenuously called a “ski shuttle”); publishing a quarterly magazine (IVGID Quarterly) and selling advertising therein; lobbying for/against State legislation; lobbying Congress/our congressional delegation; and, engaging in massive philanthropy.
recognized in NRS 318.116 and/or granted by the County Board\textsuperscript{17}, the RFF has become IVGID's "dependable and reliable" "go to" funding source\textsuperscript{18} to service a series of recreation bonds and subsidize the difference between revenues and expenses assigned to "recreation,"\textsuperscript{19} system wide. And what started out as $50 per residential parcel assessed annually\textsuperscript{13}, has increased to an $830 per parcel/dwelling unit annual charge, and today it totals nearly $7 million annually\textsuperscript{20}.

How We Got Here – Don’t People Understand Incline Village/Crystal Bay’s Geographical Location and Demographics Cannot Financially Support All of This “Stuff”? Incline Village was designed to be the premier residential bedroom community on the shores of Lake Tahoe. It has no real business infrastructure, and its economy is seasonally driven. Its location is geographically remote and rugged. Its base elevation is nearly 20% higher than “mile high” Denver\textsuperscript{21}. It is separated from our county seat by Mt. Rose; the highest summit open year-round in Nevada. Its opposite border is truncated by 32 miles of Lake Tahoe; the largest alpine lake in North America. Minimum temperatures of 32°F (freezing) or lower occur on an average of 231.8 days annually; more than Fairbanks, Alaska and rivaling Truckee. And they occur in every month of the year. Incline Village averages 484 inches of snow per year.

Although the population is reported as roughly 8,700 persons, this number is hard to believe given there are roughly 8,000 residential dwelling units and according to GM Pinkerton, two-thirds of

\begin{footnotes}
\item[17] Although IVGID will likely point to NRS 318.100(2) and 318.210, given Nevada is a State without home rule, Dillon's Rule limits IVGID's powers to those expressly granted by the Legislature. And if there be "any fair, reasonable, substantial doubt concerning the existence of power (it is (to be) resolved...against the corporation" [Legislative Counsel Bureau Research Division Policy and Program Report on State and Local Government (http://www.leg.state.nv.us/Division/Research/Publications/PandPReport/19-SLG.pdf), p.5 (April 2014)].
\item[18] In other words, we now budget to spend based upon the revenue a flat RFF/BFF generate rather than upon the just, reasonable and necessary costs staff incur "for the proper servicing of (recreation)...bonds and...the administration, operation, maintenance, and improvement of (our recreation venues, their)...equipment and facilities" [see ¶II of Resolution No. 1863 at page 208 of the packet of materials prepared by staff in anticipation of the Board’s April 11, 2018 meeting ["the 4/11/2018 Board packet" (https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet-Regular_4-11-2018.pdf]) after applying revenues from other sources such as fees and sales charges.
\item[19] According to former IVGID Trustee Chuck Weinberger, “everything the BOT votes on affects the RFF.”
\item[21] Denver is located 5,280 feet above sea level. Incline Village is located 6,225 feet above sea level.
\end{footnotes}
their owners are rarely here inasmuch as their homes are second/vacation rentals. Even many of those who are full time residents are rarely here during winter months. They migrate to warmer climates earning the name “blue birds.” And unlike “many governments that rely on a majority of revenue from tax sources, the majority of the District’s sources (come from) charges for services.”

So with these facts, how can Incline Village/Crystal Bay financially support two (let alone one) municipal golf courses? Or a ski resort? Or two multi-purpose recreation centers? Or seasonal restaurants? Or seasonal retail sales facilities? So why acquire and operate them with public employees? And you’re surprised?

How We Got Here – Don’t People Understand That the District’s Recreational Facilities and the Services They Offer Were Designed to be “Under-Utilized?” These recreational/other facilities are far larger than necessary to accommodate a population of 8,700. Which means they’re designed to be “under-utilized.” Which now sets the stage to operate these facilities as commercial business enterprises which are primarily offered to the world’s tourists rather than the inhabitants of Incline Village/Crystal Bay. Which is exactly what we’ve got. And you’re surprised?

How We Got Here – When We Abdicate Responsibility to Unelected Staff For the Financial Decisions Which Are Made on Local Parcel/Dwelling Unit Owners’ Behaves, This is What We Get: Past Board have adopted Resolution No. 1480 and Policy No. 3.1.0.6(f) whereby the Board has abdicated virtually all powers to its GM. Therefore is it any wonder IVGID’s employees see the GM as their boss? And that they see their jobs as marketing the public’s recreational facilities to the world’s tourists rather than “the inhabitants...of (Incline Village, Crystal Bay) and of the State of Nevada” as NRS 318.015(1) instructs? And that its senior staff have learned to use the public’s assets to marshal the votes of large special interest groups to ensure that those few qualified elector property owners remaining who take a different view of their duties and powers, are never elected/re-elected? This state of affairs is buttressed by staff’s misbelief that IVGID is only a “quasi-public agency” of the State. And it explains why staff regularly conceal the public’s financial records because they don’t want the public to know, criticize or interfere with their self-anointed misbelief. And you’re surprised?

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22 See page 11 of the 2018-19 Budget.


26 The particulars of IVGID’s financials are hidden from the public. It maintains at least three sets of books and the set which discloses the precise uses of IVGID’s major funding source are called “internal” rather than “public,” and they are hidden from public examination. To maintain the charade, staff go to unprecedented lengths to confuse, misstate, misrepresent and conceal the truth.
How Staff Have Manipulated Their Proposed 2019-20 Budget to Fund All of Their Operationally Money Losing Facilities/Pet Projects Without Bonding: Listen to Gerry Eick’s explanation:

1. “Following the plans and known parameters that we have, we cannot achieve this without some sort of ‘time payment(s)’ (i.e., leasing versus purchasing and bonding)...My keynote approach to laying out this outline is” as follows:

“...The facility fee for community services and beach (i)s not going to (de)crease over the (next) five year period of time.” In other words, it remains as a dependable funding source\textsuperscript{27}. So I (have) built ...in...a facility fee available for capital replacement of $405...per parcel/(dwelling unit) for (a total of $3,322,215\textsuperscript{27} for)...community services;”

2. “As I looked at the listed projects that came through the process of our staff identifying their needs...we came up with a list that was larger than (just) the facility fee... (So) where is the (deficiency) going to come from?

Reluctantly...I (first) looked to the General Fund being able to provide some flexibility...So I have put...$561,800\textsuperscript{27}...into the plan...coming from the (current) General Fund\textsuperscript{28} (balance);”

3. For the same reasons, I have put $200,000\textsuperscript{27} into the plan coming from the current community services fund balance for replacement of the Mountain Course fuel storage tank\textsuperscript{29};

4. For the same reasons, I have put $250,000\textsuperscript{27} into the plan coming from the current community services fund balance for repairs to the Diamond Peak Lakeview chairlift\textsuperscript{30}; and,

In fact \textit{unbelievably}, IVGID’s trustees don’t have access to financial material other than what is sparsely published by staff on the public’s web site.


\textsuperscript{28} The problem here is staff have been accumulating sums in anticipation of a different General Fund option; replacing the Administrative Building. Taking this money for a different use now means that ultimately, the monies taken will have to be replaced from somewhere when it comes time to replace the Administrative Building.

\textsuperscript{29} The problem here is staff have been accumulating sums in anticipation of other Community Services CIP options such as replacing the Mountain Golf Course Fuel Storage tank. Taking this money for a different use now means that ultimately, the monies taken will have to be replaced from somewhere when it comes time to replacing the fuel storage tank.

\textsuperscript{30} The problem here is staff have been accumulating sums in anticipation of other Community Services CIP options such as repairing the Diamond Peak Lakeview chairlift. Taking this money for a
5. For the same reasons, I have put $700,000\textsuperscript{27} into the plan coming from the current community services fund balance for renovation of the Tennis Center facility\textsuperscript{31}.

By “adding th(e)se (additional)...sources...gives us an adequate amount to cover the(se 2019-20) expenditures.

But...in arriving at that total...I had to also propose use of time payments for...

1. Acquisition of the...58...Mountain Course golf cart fleet ($54,136/year spread out over 5 years versus an initial acquisition cost of $288,000\textsuperscript{32} - ‘the beauty is you’re spreading out time payments’\textsuperscript{33},

2. A(n approximately $46,000 the first year versus an initial acquisition cost of $290,000 for acquisition of another) snowcat for the ski resort,”\textsuperscript{34} and

3. “I’ve actually also got a $92,000 mower being leased because I needed to shift that money too.”\textsuperscript{35}

Stated a bit differently, and reiterated by GM Pinkerton,

“To stay at the $405 that we’ve allocated (from the RFF) along with $39 (we’ve allocated from the BFF for the)...beaches\textsuperscript{21}...requires the golf cart lease...the snowcat lease (and the mower lease) this year assuming we don’t want to (adversely) impact (i.e., reduce) fund balance any more than we have already proposed. To make it this year, we have to do those leases.”\textsuperscript{36}

But There’s MORE! The Controlling Majority of the Board Now Admit There’s No Way to Fund All of Their Pet Projects Starting in Fiscal Year 2020-21 Without Bonding: Recall Trustee Morris’ words of wisdom announced at the Board’s March 18, 2019 meeting:

different use now means that ultimately, the monies taken will have to be replaced from somewhere when it comes time to repairing.

\textsuperscript{31} The problem is that staff have been accumulating sums in anticipation of other Community Services CIP options such as renovating the Tennis Center. Taking this money for a different use now means that ultimately, the monies taken will have to be replaced from somewhere when it comes to renovation of the Tennis Center.

\textsuperscript{32} See page 68 of the 3/18/2019 Board packet.


\textsuperscript{35} See 3:03:55-3:04:01 of the 3/18/2019 livestream.

"Frankly...this Board is going to...(have to) raise bonds...or...raise...the Rec Fees...Otherwise, we...might as well go home."\(^1\)

Now listen to Chairperson Wong who has reiterated Trustee Morris' conclusion:

"Given “currently we don’t have anything in our (proposed) capital plan related to the community services (“CSMP”) [or for that matter the Diamond Peak (“DPMP”) Master Plan(s, or the dog park, or the Mountain Golf clubhouse or cart storage building, or the Championship Golf maintenance building, or the Incline Beach restaurant)...where we’re at...in order to meet...all of...our needs for capital planning...regardless of what way you cut it, we’re going to need to bond.”\(^37\)

Now look at page 65 of the 3/18/2019 Board packet: $2.75 million of bonding for K Rail and Ski Way in 2021-22, $2.1 million of bonding for Ski Way Roundabouts in 2022-23, and $2 million of bonding for replacing the Burnt Cedar Pool in 2020-21. **That’s a total of $6.87 million of bonds plus at least an additional $250,000 in issuance/underwriting costs** and remember,

1. An additional $500,000 or more in yearly lease costs for the next 5 years for Mountain Course golf carts, a Diamond Peak snowcat, and a $92,000 mower; and,

2. **None** of these bonds provides funding for: the CSMP, or the DPMP, or a dog park, or the Mountain Golf clubhouse or cart storage building, or the Championship Golf maintenance building, or the Incline Beach restaurant, or anything else for that matter! By the time staff fills in these blanks, well...you do the math. No wonder Trustees Morris and Wong tout that “any way you cut it, we’re going to need to bond.”

**The Chickens Are Finally Come Home to Roost:** Or as the Tahoe Daily Tribune Newspaper (“the Tribune”) reports Trustee Morris’ very words, “the day of reckoning is coming.”\(^38\) For years Frank Wright and I have warned that IVGID is broke and broken and its staff and trustees just didn’t realize the truth. Well now we can all see that these observations were absolutely right on.

**The Reason We Are at a Financial Crossroads is Because Staff and Three Trustees are Hell Bent on Expanding IVGID’s Footprint Even Further at a Cost of at Least $65-$74 Million:** According to the Tribune\(^38\), the reason why three members of the Board insist on bonding rather than drawing down the Community Service Fund’s balance is because of “the-in-the-works CSMP”\(^39\) which is destined to come up with tens of millions of dollars (actually, anywhere from $48.85 to $57.75

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\(^{39}\) Which was presented to the Board on July 24, 2018 for receipt, review and possibly moving forward.
milllion) in additional “must have” recreation CIPs\(^4\). And not that I believe any of the phony numbers staff routinely throw out to justify their many endeavors, but add the $4,113,774 staff wants held back now for phases 1A and 1B of the DPMP\(^4\) plus the additional $12,294,688 in capital expenditures that plan calls for\(^4\), and some of us can clearly see that these three members of the Board insist upon bonding to enable the purchase of an additional $65,258,462-$74,158,462 of new CIP expenditures!

And We Are at This Crossroads Because Staff and Three Trustees Refuse to Listen to the Voices of Local Residential Parcel/Dwelling Unit Owners: As part of the CSMP, IVGID’s contractor surveyed a segment of the population insofar as their wants and needs\(^4\). Not that I believe in IVGID’s pattern of skewed and deceitful questions which tend to generate pre-determined and biased results, but IVGID’s contractor reports it affirmatively reached out to/contacted “3,134 owners/occupants) of residential properties within IVGID’s boundaries,”\(^4\) and as a result, out of roughly 8,200 local property owners, received 838 responses; a 26.7% response rate\(^4\). Of those who responded, 68% stated that IVGID should “focus on taking better care of what we have (by)...improv(in)g the condition and appeal of (our existing) recreation facilities” rather than “invest(in)g in building or expanding recreation facilities.”\(^4\) Yet both the CSMP and DPMP are chock full of proposed CIPs which represent building new or expanded facilities. Translation: by perpetuating these plans, three members of the Board are rejecting the wants and desires of over 2/3 of local property owners!

And We Are at This Crossroads Because of the Basic Conflict in What IVGID Has Turned Into, and Where It Goes From Here: Resident Margaret Martini described this crossroads several years ago with her observation about how we’d all like shiny new Jaguar automobiles in our driveways, that we can’t afford, as long as they’re paid for by someone else (here local parcel/dwelling unit owners). Our community simply cannot afford all this “stuff” which exist as an attractant for:

1. A local tourist based economy rather than the inhabitants of Incline Village/Crystal Bay; and,

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\(^4\) See page 66 of the 3/18/2019 Board packet. This sum is broken down as follows: $150,000 for DPMP “Entitlements & Permits,” $2,206,000 for DPMP “Phase 1A Activities,” and $1,757,774 for DPMP “Phase 1B Activities.”


\(^4\) See pages 7, 8 and 13 of the survey.

\(^4\) See page 13 of the survey.

\(^4\) See page 27 of the survey.
2. The nearly 1,000 employees staff employ² to uneconomically maintain/operate them.

So do we continue down this road? Or do we put our collective foot down and just say no? That’s the seminal issue we as a community face, and I agree with Trustee Morris that the time for determination is now rather than later.

Given There is No Way the District Can Finance the Projects Contemplated Under the Proposed CSMP and DPMP Without Massively Increasing the RFF/BFF to Service Bonds Used For This Purpose, the Time Has Come For the Board to Ask Local Parcel/Dwelling Unit Owners if They Are “Willing...to Pay for (Any of These Proposed) Future Enhancements via New Bonding.”⁴⁷: Why would we ask Trustee Morris? After all,

1. Since Mr. Morris Isn’t a Local Property Owner, He Doesn’t Have to Pay a RFF Used to Pay the Servicing Costs on These Bonds: In other words, he doesn’t feel our pain and really shouldn’t be making decisions such as these on local parcel/dwelling unit owners’ behalfs; and,

2. Don’t You Remember the Candidate Forum: where Peter Morris was asked whether he would vote to require voter consent as a pre-requisite for the issuance of future general obligation bonds⁴⁸ (“GOBs”) if elected? And what was his disingenuous response⁴⁹?

“I haven’t heard anything about a propose bond. Have you? Even though trustees are elected to the Board to make tough decisions such as these (rather than deferring them to voters), if I am a member of a future Board that proposes issuing a bond, I will study the issues then presented to determine whether it should be conditioned upon voter consent.”⁵⁰

Given his current views on bonding, what do you think his answer to the question would be today?

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⁴⁷ The Board and the public are reminded that part of the scope of work for creating the CSMP was to "assess...available funding options and gaug(e) the community’s willingness to pay for (the Plan’s proposed) future enhancements" (see page 18 of the 7/24/2018 Board packet).

⁴⁸ NRS 350.020(3) instructs that where payment of a GOB is proposed to be secured, in part or in whole, “by a pledge of gross or net revenue of a project to be financed by its issue” (and here the RFF well be pledged for this purpose), IVGID may not “incure this general obligation without an election unless...[its Board] determines, by an affirmative vote of two-thirds of [its] members” that those bonds may issue without an election.

⁴⁹ I state “disingenuous” because I and others firmly believe that Mr. Morris knew exactly what he would do (i.e., vote to dispense with an election). However, he answered as he did because he did not want to share the truth fearing it would compromise his candidacy.

⁵⁰ This was not Mr. Morris’ literal response. Notwithstanding, I believe I have accurately paraphrased the gist of his response.
Nevertheless, at least two members of the Board have answered this question by stating they are in favor of voter consent. And if this be the case, this Board will not be able to issue future GOBs without first obtaining voter consent.

**Which now sets up a special election to obtain voter consent to issue new GOBs to finance the Board’s and staffs’ future vision for IVGID.**

**Conclusion:** So there you have it! A “day of reckoning” Mr. Morris.

So let’s recap:

IVGID lied to the County Board and the public on October 25, 1965 when it represented that if it were granted the new basic power to furnish facilities for public recreation, that power would only be used to acquire parks and the beaches;

IVGID lied to the County Board and the public at the same time when it represented that if it were granted the new basic power to furnish facilities for public recreation, the Championship and Mountain Golf Courses, and Diamond Peak, would be owned, operated and financed by private persons;

IVGID lied to the County Board and the public at the same time when it represented that if it were granted the new basic power to furnish facilities for public recreation, the costs associated therewith would be paid for with IVGID’s share of then current and future *ad valorem* taxes;

IVGID lied to the County Board and the public at the same time when it represented that it acquisition and operation of the public’s recreational facilities including the beaches would be “economically sound and reasonable;”

IVGID lied when it entered into the agreement we know as the beach deed, whereby it represented that only qualified local property owners would be entitled to beach access, for their recreational use only, and then turned around and adopted Ordinance No. 7 which at ¶68 gives the District the discretion to “issu(e) recreation privileges to employees, former Board members, or anyone else (for that matter), in the past, present or future” whether or not they own qualified parcels/dwelling units with beach access.

IVGID lied to the public in 2000 when its then trustees represented that if the public supported a recreation bond for renovations to The Chateau, which would be paid for with an increased RFF, the RFF would be decreased by a like amount when that bond was repaid in March of 2013;

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51 Nor vote to lease Mountain golf course carts, a Diamond Peak snowcat nor a $90,000 mower because such leases are really “installment purchase agreements” which require the votes of four IVGID Trustees [NRS 350.087(1)].

IVGID lied to the public when its trustees represented that it would adhere to the wishes of a majority of property owners responding to the CSMP survey to not “invest in building or expanding (existing) recreation facilities.” If this were true, the Board would not be continuing to prosecute the CSMP given it is chock full of proposed CIPs which represent new or expanded facilities;

And if this were true, the Board would not be continuing to prosecute the DPMP given it is chock full of proposed CIPs which represent new or expanded facilities;

IVGID lied to the public when its trustees represented that the DPMP would not be reliant in any way, shape or form upon the RFF. To date over $800K of our RFF has been appropriated for expenses associated with the DPMP. Moreover, page 66 of the 3/18/2019 Board packet reveals that staff have accumulated a fund balance from past RFF “smoothing” which includes another $4,113,774 dedicated to the DPMP;

Three members of the Board want to bond now so they can enable the purchase of an additional $65,258,462-$74,158,462 of new CIP expenditures which are destined to forever shackle parcel/dwelling unit owners because the District has no means of paying for the servicing costs on those bonds without the subsidy of the RFF/BFF; and,

These three members of the Board have no intention of allowing voters to thwart their plans by voting no to new bonds.

Yes Trustee Morris. Let’s have the discussion now rather than later. Let’s ask voters what they really want. And then let’s commit to follow their wishes. If you can’t agree to this simple proposition, then it’s time for you to just go home.

And you the reader wonder why the RFF/BFF Are as High as They Are? I’ve now provided more answers.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!
EXHIBIT "A"
May 25, 1964

TO RECREATION ASSOCIATION MEMBERS:

As many of you probably already know, the new Olympic-size pool and bath house on the Burnt Cedar Community Beach have been completed and will be in operation May 30. In addition, picnic tables are being purchased and the entire area is being irrigated so it can become a luxurious place for your enjoyment. This is all being financed as an extra-semester requirement by the house members at Incline Village. All these improvements have been financed by means advanced to the Recreation Association from the Crystal Bay Development Co.

To remedy for those who may have forgotten some of the details, two large beach areas in Incline Village have been set aside for the use of the Recreation Association. These two beaches have a total line of about 2500 feet, over one-half mile. As part of the consideration for the parcel of property, every purchaser at Incline Village has contributed to the general fund of the Association, but such dues are not to exceed $20.00 per year.

Since the members of the Recreation Association are also providing the financial wherewithal, it is only proper that the use of these facilities be limited to its members. In accordance, the following regulations have been adopted:

1. No person may use any of the facilities of the community beaches in Incline Village unless personally accompanied by a member.

For each guest, accompanied by a member, the following charges will be collected and paid into the general fund of the Recreation Association. Adults: $1.50, Children: $0.75.

These regulations have been set up to prevent theft and are subject to change. It is planned to have a meeting of the entire membership about July 15. By this time it is hoped that any possible changes will have been worked out. At that time a full report of finances and operations will be available and suggested changes in operations can be considered. Also at this meeting, discussions can be held concerning election of officers.

On receipt of the information requested on the enclosed sheet, membership cards will be sent for each member of your immediate family and a sticker for your car or cars will be furnished. It will be necessary to have these cards in your possession to obtain admittance to either beach. Also no cars will be permitted in the parking area without a sticker affixed to it.

Burnt Cedar Beach is located 3 blocks west of the junction of State Highways 27 and 28. The Incline Village Community Beach is near the Sierra Tahoe Hotel, and a boat launching ramp for members is being provided here. Hoping this is all satisfactory to the members,

Sincerely yours,

INCLINE VILLAGE RECREATION ASSOCIATION

Robert R. McBride, President
EXHIBIT "B"
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

October 25, 1965

Board of County Commissioners
Washoe County
Nevada

Re: Ordinance to add power to acquire and operate recreation facilities to present powers of Incline Village General Improvement District

PUBLIC CONVENIENCE AND NECESSITY

Incline Village is designed to be a complete recreational area. To this end, when completed, there will be two great golf courses; the finest tennis facilities in the world in the Tahoe Racquet Club; a major ski development; riding stables with a want area for activities such as trails to the very crest of the mountains and to remote places for evening and all-night cookouts, both by horse back and wagon hay rides; gaming and related night club entertainment and a cultural center with related youth programs.

After all of the foregoing, you have to consider the availability of the use of Lake Tahoe the most important and actually the very heart of a complete recreational base. To this end, it seems highly desirable to acquire facilities for such use and to acquire them as public property (public to the property owners within the District). With the acquisition of the two pieces of lake frontage (see attached maps) the property owners of the Incline Village General Improvement District would be assured forever of access to and use of Lake Tahoe. Those two lake front properties would be used as family parks for picnics and swimming and for boating access to the lake for fishing and water skiing.

ECONOMIC FEASIBILITY

All of the recreational facilities except the park properties (including the two beaches) are, or will be, privately owned and operated. The assessed value of Incline Village General Improvement District, together with its expected growth, will readily finance the acquisition and operation of the two beaches. The feasibility of a bond issue to acquire these properties will have to be passed upon and approved by the Washoe County Bond Commission. For your present consideration and future use by the Bond Commission, the Trustees of the Incline Village General Improvement District present their projection of taxes necessary to finance the acquisition of the beaches and the operation thereof. The projection is based upon the following assumptions:
1. That the benefits can be acquired for $1,250,000.00;
2. That the operating expense will average $20,000.00 annually;
3. That the bonds can be sold at 3 1/2% yield;
4. That the bond issue includes a working capital bond reserve for the first two years due to the Nevada property tax being one year behind on collection together with the fact that it will take another year to get the tax levied to apply on the debt retirement; and
5. That the total bond issue amount to $1,450,000.00 for costs, acquisition and working capital and reserve.

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<tr>
<td>1971-72</td>
<td>116,277.00</td>
<td>20,000.00</td>
<td>136,277.00</td>
<td>45 M</td>
<td>0.298 M</td>
</tr>
<tr>
<td>1972-73</td>
<td>112,712.00</td>
<td>20,000.00</td>
<td>132,712.00</td>
<td>50 M</td>
<td>0.263 M</td>
</tr>
<tr>
<td>1973-74</td>
<td>109,147.00</td>
<td>20,000.00</td>
<td>129,147.00</td>
<td>55 M</td>
<td>0.235 M</td>
</tr>
<tr>
<td>1974-75</td>
<td>106,582.00</td>
<td>20,000.00</td>
<td>126,582.00</td>
<td>60 M</td>
<td>0.211 M</td>
</tr>
<tr>
<td>1975-76</td>
<td>104,017.00</td>
<td>20,000.00</td>
<td>124,017.00</td>
<td>65 M</td>
<td>0.206 M</td>
</tr>
<tr>
<td>1976-77</td>
<td>101,452.00</td>
<td>20,000.00</td>
<td>121,452.00</td>
<td>70 M</td>
<td>0.174 M</td>
</tr>
<tr>
<td>1977-78</td>
<td>98,887.00</td>
<td>20,000.00</td>
<td>118,887.00</td>
<td>75 M</td>
<td>0.159 M</td>
</tr>
<tr>
<td>1978-79</td>
<td>96,322.00</td>
<td>20,000.00</td>
<td>116,322.00</td>
<td>80 M</td>
<td>0.145 M</td>
</tr>
</tbody>
</table>

Tax rates to continue to decrease as an assessed value goes up and principal is retired. At this point, the tax for the first two years, the bond proceeds would be used as follows:

- Acquisition: $1,250,000.00
- Working capital bond reserve: 178,510.00
- Expenses of bond issue: 20,490.00

Total: $1,450,000.00

Submitted for the record by
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By: [Signature]

Inclined Village, Nevada

Attachment:
Development Map
Summary of Appraisal by
Real Estate Research Corporation

Certified copy of the recorded in my office.

Clerk of the Board of County Commissioners
Deputy

327
March 7, 1968

Property Owners
Incline Village, Nevada

Dear Property Owner:

Over the past several weeks, all of us have been meeting to resolve mutual misunderstandings and apprehension and to create some basis upon which all of us can foresee our future development - namely, Crystal Bay Development Co., Incline Village General Improvement District, Incline Village Recreation Association, Howard Smith, Roger Howard, David L. Quandt, and various participants in pending litigation.

It would appear that a mutual lack of communication has given rise to misunderstanding and apprehension on all sides. We desire that our discussions and their result - a settlement of all pending litigation - be clearly understood by all. And we hope that the terms and nature of this settlement serve to resolve such doubts as you may have.

Specifically, we all are in accord with and propose terms of settlement as follows:

I.

RELATIONSHIP OF DEVELOPMENT COMPANY AND IMPROVEMENT DISTRICT

Crystal Bay Development Co. agrees not to sell to the Incline Village General Improvement District any real property save and except certain Lake Tahoe beach property referred to herein and such real property as the Development Co. and the District may hereafter agree to sell and purchase for the purpose of creating a park or parks.

II.

BOARD OF TRUSTEES OF INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

It is naturally in the best interests of all concerned, the District, the Company and the residents, that the Board of Trustees of the Improvement District be occupied by qualified and impartial individuals who are generally accepted
as both qualified and impartial. Whether for sound reasons or not, some apprehension was voiced by certain parties that the entire Board was not impartial. Several individuals have been nominated by property owners to serve on the Board and they have consented to serve, which will effect a re-organization of the Board as follows:

GEORGE SAYRE  
C. R. HERDA  
HOWARD SMITH  
ROGER HOWARD  
DAVID L. QUANDF

Those offering to resign from the Board have graciously done so in the interest of promoting a feeling of new understanding - as expressed by this letter - and they are sincerely thanked for their hard work and long hours.

Those nominated to become new members of the Board have examined the certified audit made of the District through the fiscal year ending June 30, 1967, by Ch enslor, Barbieri and DeWitt, Certified Public Accountants, and believe that the affairs of the District are in order.

III

SALE AND PURCHASE OF BURNT CEDAR AND INCLINE BEACHES

The most feasible method of acquiring ownership of the beaches from Crystal Bay Development Co. and financing that acquisition is by a purchase by the Improvement District rather than the Incline Village Recreation Association. We now believe that the Recreation Association does not have the means to obtain financing for the purchase because it lacks any practical means of collecting revenues therefor; collections by the Association must depend at bottom on voluntary contributions and individual collection suits by the Association are impractical.

Such a purchase, to be equitable, should be at fair market value for our purposes, no more or less. The fair market values of Burnt Cedar Beach and Incline Beach have been determined by appraisal as indicated below. These fair market value figures were determined by three (3) MAI Appraisers, namely BRICE J. LEGGETT and the REAL ESTATE RESEARCH CORPORATION, who had already appraised those beaches for the Crystal Bay Development Co., and PAUL BENSON, MAI, who appraised the beaches.
March 7, 1968

for the Improvement District, which paid his costs and fees.

The appraisals were made as follows:

<table>
<thead>
<tr>
<th></th>
<th>Burnt Cedar Beach</th>
<th>Incline Beach</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEGGETT</td>
<td>$1,040,500</td>
<td>$1,062,500</td>
<td>$2,103,000</td>
</tr>
<tr>
<td>NERCO</td>
<td>$1,340,000</td>
<td>$840,000</td>
<td>$2,280,000</td>
</tr>
<tr>
<td>BENSON</td>
<td>$1,150,000</td>
<td>$1,139,000</td>
<td>$2,289,000</td>
</tr>
</tbody>
</table>

The low appraisal figure for both beaches as rounded to $2,100,000 has been accepted by us all as a fair and equitable purchase price.

IV

FINANCING THE PURCHASE OF THE BEACHES

In order to finance the purchase of Burnt Cedar and Incline Beaches, the Improvement District shall proceed with the issuance and sale of revenue bonds in the total sum of $2,685,000.00 to cover the purchase price of the beaches of $2,100,000.00, to create sufficient reserve funds to be held on deposit by the District as a margin against the first year's interest and one year of principal, which revenues are expected to pay, to cover the amount of the discount (6%) at which the bonds are sold, and to pay the various expenses of the bond issue itself.

Eliminated from the issue and sale as originally proposed are funds for the construction of a marina and various pool and bathhouse facilities. The presently outstanding bonds and the payment schedules therefore as of June 30, 1967, have been reviewed and as the proposed issue and payment schedules for this issue. The assessable charges thereunder, for each subdivided lot or unsubdivided parcel constituting a single family homesite, zoned for a single family residence structure, whether or not so improved, will not under any circumstances exceed FIFTY DOLLARS ($50.00) for each fiscal year ending June 30 commencing July 1, 1968.
The following rates, tolls and charges are prescribed for each fiscal year ending on June 30 and commencing with July 1, 1968 for the various classifications of property as follows:

Developed Single Family Lots

1968-69 through 1978-79  $50.00 per year per lot

Developed Multiple Units

1968-69 through 1978-79  $50.08 per year per unit

Developed Hotel - Motel Property

1968-69 through 1978-79  $25.00 per year per room

Undeveloped Single Family Parcels

<table>
<thead>
<tr>
<th>Year Span</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968 - 1969</td>
<td>$10.00 per acre</td>
</tr>
<tr>
<td>1969 - 1970</td>
<td>$15.00 per acre</td>
</tr>
<tr>
<td>1970 - 1971</td>
<td>$15.00 per acre</td>
</tr>
<tr>
<td>1971 - 1972</td>
<td>$10.00 per acre</td>
</tr>
<tr>
<td>1972 - 1973</td>
<td>$10.00 per acre</td>
</tr>
<tr>
<td>1973 - 1974</td>
<td>$5.00 per acre</td>
</tr>
<tr>
<td>1974 - 1975</td>
<td>$1.00 per acre</td>
</tr>
</tbody>
</table>

Undeveloped Multiple Family Parcels

<table>
<thead>
<tr>
<th>Year Span</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968 - 1969</td>
<td>$200.00 per acre</td>
</tr>
<tr>
<td>1969 - 1970</td>
<td>$200.00 per acre</td>
</tr>
<tr>
<td>1970 - 1971</td>
<td>$150.00 per acre</td>
</tr>
<tr>
<td>1971 - 1972</td>
<td>$150.00 per acre</td>
</tr>
<tr>
<td>1972 - 1973</td>
<td>$100.00 per acre</td>
</tr>
<tr>
<td>1973 - 1974</td>
<td>$50.00 per acre</td>
</tr>
<tr>
<td>1974 - 1975</td>
<td>$5.00 per acre</td>
</tr>
</tbody>
</table>

DISSOLUTION OF THE INCLINE VILLAGE RECREATION ASSOCIATION

We think it best for all concerned - in view of
acquisition and management of the beaches by the Improvement District - that the Incline Village Recreation Association be dissolved and the monies placed on deposit therein by shareholders, or payors, approximately the sum of $57,600.00, be distributed to them as provided in Nevada Revised Statutes. This can be done only upon the written request of two thirds (2/3) of the Association membership, addressed to the Directors. If so requested, dissolution will be administered by four persons we have nominated, namely GREG ENGELHARDT, MRS. PAULA C. GURNEY, REVEREND DAVID GRAHAM, and C. R. HERDA.

VI

DISMISSAL OF LITIGATION

In view of the foregoing, orders of dismissal with prejudice will be entered upon stipulation of the parties of pending litigation, namely,

(a) Arden D. Connick, et al., plaintiffs, vs.
Commissioners of Washoe County and Trustees of the Incline Village General Improvement District, defendants, No. 225863, Department No. 4,

(b) Crystal Bay Development Co., plaintiff, vs.
A. D. Connick, et al., defendants, No. 240864, Department No. 1,

(c) Crystal Bay Development Co., plaintiff, vs.
A. D. Connick, et al., defendants, No. 240863, Department No. 4,

(d) Seamount, Inc., plaintiff, vs. A. D. Connick, et al., defendants, No. 241359, Department No. 5, and

(e) Arden D. Connick, et al., plaintiffs, vs.
Commissioners of Washoe County, Trustees of the Incline Village General Improvement District, Crystal Bay Development Co. and Incline Village Recreation Association, Defendants, No. 240307, Department No. 3.

We are enclosing a form of letter which we jointly ask you to execute which constitutes a written request.
to the Directors of the Association to dissolve Incline Village Recreation Association. Enclosed also is an addressed envelope for return mail to those four impartial individuals who will count the requests and, if sufficient in number, administer dissolution itself.

Very truly yours,

CRYSTAL BAY DEVELOPMENT CO.

By

ARTHUR L. WOOD, President

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By

GEORGE SMYTH, Chairman, Board of Trustees - pursuant to Board resolution

INCLINE VILLAGE RECREATION ASSOCIATION

By

CARL E. SHAFER, Chairman, Board of Directors - pursuant to Board resolution

HOWARD SMITH

ROGER L. HOWARD
March 7, 1968

OLIVER CUSTER & RAYNER KIRKSEN as
Attorneys for A. D. Larsen, A. D.
Connick, C. K. Conick, R. C. Gebert,
F. C. Gebert, H. S. Smith, P. G.
Gurney and A. E. Peterson, parties
to litigation.

By

By

VARGAS, BARTLETT & DIXON as
Attorneys for W. W. Jones
and Nancy S. Jones, parties to
litigation

By

STREIGHT, SAIA & MCAULIFFE as
Attorneys for Seamount, Inc.

By

ON THE BASIS OF THE EVIDENCE
PENDED
HERE IS NO PROOF ON FILE WITH THE
SECOND JUDICIAL DISTRICT COURT, WASHOE
COUNTY, RENO, NEVADA

DEPUTY CLERK
DATE

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