

MINUTES

AUDIT COMMITTEE MEETING OF APRIL 1, 2020 Incline Village General Improvement District

The Audit Committee meeting of the of the Incline Village General Improvement District was called to order by Trustee Tim Callicrate on Wednesday, April 1, 2020 at 4:00 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

On roll call, present were Trustees Tim Callicrate and Sara Schmitz. Trustee Matthew Dent joined the meeting, via telephone, during public comment.

Also present was Director of Finance Paul Navazio.

There were no members of the public present (State of Nevada, Executive Directive 006)

(7 individuals in attendance at the start of the meeting which includes Trustees and Staff.)

Trustee Tim Callicrate made some announcements about the meeting and the directives of the State of Nevada.

B. PUBLIC COMMENTS* - Limited to a maximum of three (3) minutes in duration.

Dick Warren said why does the management continue to employ obstruction in their reporting? He sent an e-mail to the Interim District General Manager asking why the District sent one thing to the State and another to the residents; he has received no response as of this date. It is pretty pathetic how IVGID runs its operations. He suggests bringing in an outside group to run it and noted that in the very old days, that is how it was run. Today, we run it our way and run it with our employees and we don't make money rather we lose money because IVGID doesn't talk about expenses. Recently, the Interim District General Manager admitted this is the way IVGID is run, community services benefit the community, these are really, really important programs that don't break even but that IVGID needs to supply them because if they don't then it is almost like the social fabric would break down. Well, if the participants like them, they can support them financially and not with a subsidy. Mr. Warren concluded by stating that he is very

concerned about the management of IVGID and its always operated this way so that is why he questions. It needs to change quickly and dramatically.

Frank Wright said that he is a candidate for the Board and there are concerns that are going around that our financials are unapproachable as we can't get printouts of bottom lines and now that we have a new Board in place, we thought by now, we would have total financial transparency. We also thought we would have access. More important is that this virus has shut down all of our facilities so that lack of income will have an impact and the relief will come from the Recreation Fee. If we don't have our facilities open, why continue to subsidy them and not get any reduced Recreation Fee or a refund. How many full time employees have been furloughed or put on lease – are we still paying a full Staff? Are we going to be subsidizing employees at full time pay scales? They will be released eventually as this could go on for quite a while. What is going to happen in our District?

Hearing no further public comments, Trustee Callicrate closed this item.

C. APPROVAL OF AGENDA (for possible action)

Trustee Callicrate asked for any changes; none were received so the agenda was approved as submitted.

D. GENERAL BUSINESS ITEM (for possible action)

D.1. Review, discuss and possibly take action to approve the Audit Committee Charter which will replace the content of Policy 15.1.0 (Requesting Trustee: Sara Schmitz)

Trustee Schmitz said she would like to extend a welcome to the new Director of Finance Navazio and express the appreciation to the time provided as he provided thoughtful ideas, in an email, to the Audit Committee Charter, and noted that it is wonderful to have the collaboration. In reviewing the comments from other Trustees and the Director of Finance, she didn't feel it was necessary to make any modifications to the draft presented today. Only thing added is the very last page - agenda packet pages 13 and 14. One of the things that is new is the participation of the at large members. It talks about the at large members and the method for appointment. It will be externally advertised such that we are looking for people to submit an application for those at-large positions and then it will go through a process that was similar to the appointee process. Our District Clerk was very kind and took the same documents that were used during the appointment

activity and updated them. The only thing that would be different, referencing agenda packet page 14, is the declaration stating that you are a resident in the community; not sure if that should be a requirement to be an at-large member of the Audit Committee.

Chairman Dent said he had no questions at this time or stage so let's get this out of the committee and to the Board and that he might have a couple of suggestions at that point. Trustee Callicrate said he doesn't have any comments either. This is a great opportunity to move this forward and have it go to the greater Board.

Trustee Schmitz said she had one question for the committee – in the past, IVGID Audit Committee has been three members which is a quorum. She didn't speak with Washoe County but she did talk with our Director of Finance, who said that the Audit Committee shouldn't have a quorum of the Board. Washoe County has one County Commissioner and one alternate. We could go down to two and then three at-large members because it needs to be an odd number. The Board of Trustees is the ultimate decision maker and the present makeup doesn't give the Board an opportunity to be the final decision maker. Trustee Callicrate said he agrees and he too spoke with the Director of Finance and this is something we need to address.

Trustee Schmitz said that she would like to get input on the application process and that she did have a question about the boundaries in IVGID and get feedback from the Audit Committee if this is a requirement that want to include or not. Chairman Dent said he doesn't know the answer to the boundary question and that he is curious about the Director of Finance's experience. Director of Finance Paul Navazio said if the at-large members were meant to be members of the public versus voting and non-voting, there are issues and concerns with voting, he is okay with a non-resident participating but voting is different. Voting privilege should be limited to geographic boundary. Interim District General Manager Indra Winquest said he agrees with the Director of Finance and stated that it is important to whomever they select that they have a solid understanding and history of the District so there should be some criteria. Are you looking to require that the at-large members be full time residents or can they live here a certain time of the year or are you okay with them just being a parcel owner? To be a Board member, he thinks you have to be a full time resident but we should get clarification. Chairman Dent said it is probably a legal question as this is uncharted territory for us. Trustee Schmitz said that she will take this as an action item.

Trustee Callicrate made a motion to approve the Audit Committee Charter as presented. This charter will replace the content of Policy 15.1.0. If approved, the Audit Committee Charter will be reviewed, discussed and possibly approved by the Board of Trustees at their meeting on April 1, 2020, at 5 p.m. Chairman Dent seconded the motion. Trustee Callicrate called the question and the motion was passed unanimously.

**D.2. Set the date/time for the next Audit Committee Meeting
(Requesting Trustee: Audit Committee Chairman Matthew Dent)**

Chairman Dent asked if we have anything to work on at this time and that we can just set a placeholder for the last meeting of the month. Trustee Schmitz said that there is old business relative to internal controls and relative to the issues that need to be clarified on the Comprehensive Annual Finance Report. We should pencil it in and then determine what we will have on that agenda. Trustee Schmitz concluded by stating that she would like to have the approval of the application for the at-large members.

Interim District General Manager Winquest said that the next Board meeting is May 6. Chairman Dent said that a placeholder for May 6 is fine and that we can always set a date prior to that if needed. Trustees Callicrate and Schmitz concurred; the next Audit Committee meeting will be May 6 unless it is necessary to have one earlier.

E. APPROVAL OF THE MEETING MINUTES (for possible action)

E.1. Audit Committee Meeting of March 11, 2020

Trustee Callicrate asked if there were any changes; there were none so the minutes were approved as submitted.

Trustee Callicrate called for a break at 4:24 p.m. to allow people to call in for public comment; the Audit Committee reconvened at 4:30 p.m.

F. PUBLIC COMMENTS* - Limited to a maximum of three (3) minutes in duration.

Frank Wright said that he would like to point out when you make your committee, the committee of a diverse group of people, the panel should include a representative from Crystal Bay. There should be one position for a person from Crystal Bay, when we select this panel as it should be a diverse group of selection

people so we get a fair and equitable group of people on this committee. It shouldn't be the Interim District General Manager or the Director of Finance rather it should be a wide variety of people so we have a good group.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 4:31 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 Dick Warren (1 page): Written statement

Dick Warren
947 Incline Way, Unit 185
Incline Village, NV

Why does the management of IVGID continue to employ obfuscation in their financials? Yesterday I sent an email to the interim GM Indra, as to why IVGID says one thing to the State in their Form 4404LGF filings, and something else to the residents of Incline Village. I have not received an answer yet, but that is understandable; unfortunately, when Indra responds, it will be an answer that does not address any of the questions I raised. But that's Indra, address any question with an answer for another question that no one cares about, or a total non-answer.

It is pretty pathetic how terrible IVGID runs operations. I have suggested to our interim GM Indra to bring in outside groups to run operations like Golf, concessions at the Beaches, etc. In the very old days that's how IVGID ran things, and they did well, even making a profit. But today, we seem to want to run it our way, with our employees and our infrastructure costs like employees and equipment. Unfortunately, in this model we do not make money; in fact we lose money, and it's mainly because IVGID never focuses on expenses. IVGID loves to talk about how one increases revenues, but cutting expenses, forget it.

Recently, within 2 days, interim GM Indra has admitted to me that "this is the way it is with IVGID, historically IVGID has never made money, mainly due to all the Community Service Programs that have really benefitted the Community. Really? Depending upon who is doing the counting, Community Service Programs range from 60 to around 115. So let me get this right, these are really, really important Programs, and even though they do not breakeven, IVGID needs to supply them. It's almost as if the social structure of Incline Village would break down if these Programs were not available. If residents thought they were really great, would they not be willing to contribute to keep them going? Spare me, but if the participants in these Programs really liked them, wouldn't they support them financially instead of looking for other residents (not participating) to pay the Rec Fee to subsidize them?

I am very concerned about the management of IVGID, current management seems to take the position that this is the way IVGID has always operated, so why does anyone question it?

I do, it is irresponsible how IVGID operates today, and it needs to change quickly and dramatically.