

MINUTES

REGULAR MEETING OF AUGUST 5, 2015 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 Chairman Jim Smith on Wednesday, August 5, 2015 at 11:04 a.m. at the Boardroom located at 893 Southwood 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 Bill Devine, Jim Hammerel, Jim Smith, Kendra Wong, and Tim Callicrate.

Also present were District Staff Members Assistant Parks and Recreation Director Indra Winquest, Director of Human Resources Dee Carey, Engineering Manager Brad Johnson, Director of Public Works Joe Pomroy, Director of Finance, Accounting, Risk Management and Information Technology Gerry Eick, and Marketing Manager/Public Information Officer Kayla Anderson.

Members of the public present were Aaron Katz and Pam (from the Library).

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

C. PUBLIC COMMENTS*

Aaron Katz said that he had a written statement to submit and that he is concerned that the Board of Trustees is not fulfilling its responsibility as the District's Debt Management Policy, he doesn't believe, has ever been approved and that it should be before it goes to the Department of Taxation. Staff has told the Board of Trustees that it was approving the capital projects summary for five years and the Board approved a conceptual plan which goes on to state that there will be \$13.5 million dollars in new bonds and that he doesn't think that the Board or the public knows this. He continually hears that the District is flush with cash yet now Staff talks about \$13.5 million dollars in bonds. The budget document was half created unilaterally by Staff and not approved by the Board in form thus it has misstatements in facts and includes Staff spin which he doesn't

feel is appropriate. The Washoe County Board sent a letter that invited the Board to attend a meeting and he got a copy of the letter from District General Counsel Reese declining that invitation. The public didn't get any notice of a meeting of the Board so did a Board meeting take place as he can't get an answer and he wants an answer and to know if this Board decided to decline or not. This is real simple because he doesn't believe a Board meeting took place and that this is another example of needing to rein in Staff.

D. APPROVAL OF AGENDA (for possible action)

Chairman Smith asked for any changes and hearing none deemed the agenda approved as submitted.

E. GENERAL BUSINESS (for possible action)

E.1. 2015/2016 Board Retreat

Item	Estimated Timing
District Strategic Plan Update – General Manager Steve Pinkerton	11 a.m. to 1 p.m.

General Manager Steve Pinkerton gave a recap of where we have been and what brought us to today.

Director of Public Works Joe Pomroy went over Long Range Principle #1 located on agenda packet page 7.

Chairman Smith asked about consideration about including Waste Management and Ordinance 1. Director of Public Works Pomroy said that Staff knows that we have a franchise renewal forthcoming which is a task of the Public Works Department to do and that Staff will incorporate this principle into its Request for Proposal and into the new contract. General Manager Pinkerton added that on June 4 and to get ahead of the curve, the Board agreed to have a subcommittee. Director of Public Works Pomroy acknowledged that there will be a couple of wording changes forthcoming.

Director of Finance, Accounting, Risk Management and Information Technology Gerry Eick went over Long Range Principle #2 located on agenda packet page 8.

Trustee Wong said that she agrees with putting in performance measurement here and performance management elsewhere. Chairman Smith said we have to provide the tools so improvement can occur and not just the dollars. Trustee Devine asked if there was a little snapshot example that could be provided as he agrees with the concept but is having trouble with application. Director of Finance, Accounting, Risk Management and Information Technology Eick said that the Ski Staff and he have spent time looking at their statistics for their operating days and they can't say that every day is the same as the customer count expectation is different. They have discovered it is important to say not every operating day is the same and that they need to stratify for the low, medium and high and plan staffing accordingly which is the important performance measures reflected in labor costs. Chairman Smith said so what is it that Staff is projecting to do under finance, services, wait times, etc. Director of Finance, Accounting, Risk Management and Information Technology Eick said that finance will provide the projections and talk about staffing levels times an average cost per hour and then apply more hours to the big days versus the low days and get more fine lines to manage to. Ski has developed this and is planning for a different operating day based on some factors. Golf has started to look at this as well this year. Trustee Devine said that validation may take a couple of cycles so Ski will take a look, report back to the Board, and then see how it works out. Director of Finance, Accounting, Risk Management and Information Technology Eick said they are going to try it to determine a base level of staffing which translates into performance. Chairman Smith said that something in the reporting should account for weather and that it impacts the golf course as well as it does the beaches. Since our venues are so weather dependent, it is important to input the reasons of why we did whatever we did. Director of Finance, Accounting, Risk Management and Information Technology Eick said that Ski maintains a log about weather as does Tennis and that Staff is going to put a little more time to formalize the process of a weather journal. Chairman Smith said it should be in the financial reporting as it is writing a story about what is behind the results of the revenue. Director of Finance, Accounting, Risk Management and Information Technology Eick said that the District has a terrific record with snow reporting and that it is worth noting somewhere and/or somehow in the record. His concern is what does it matter and does the Board just want to have more of a record. Trustee Devine said that weather is a really good example as he knows that it may look like we have a lot of Staff so it would help to understand why we have that many people working and thus

our measurement is defensible. Trustee Wong said that Ski, this past year, did a really good job and had a dynamic workforce planned for the low days. Trustee Devine said he would just like to have a measurement someplace. Chairman Smith said that he knows there has been three years of bad snow and that he would like it comparable. Director of Finance, Accounting, Risk Management and Information Technology Eick said that Staff will identify the methodology and work on it. Staff is very attentive to how many weekends fall within a month and knows that having five Saturdays in a month causes a whole different look. Staff will try and profile and fine tune it. General Manager Pinkerton said that the goal is a more meaningful measurement of performance. Trustee Devine said that is a danger sometimes thus take it out and talk about the performance measurement. General Manager Pinkerton said that's what the customer sees/understands.

Director of Human Resources Dee Carey went over Long Range Principle #3 located on agenda packet page 9.

Chairman Smith asked Director of Human Resources Carey to explain recreation exempt; Director of Human Resources Carey said that it only applies and Ski and Golf. Trustee Devine asked how it was handled right now when someone works part time at Ski and part time at Golf. Director of Human Resources Carey said that these two venues are not open at the same time. Chairman Smith asked if it also applies with the length of time worked such as over eight hours. Director of Human Resources Carey said it is a matter of compensation and when our employees are hired they understand the length of time necessary, crunch time, seasonality of the job, and that they want the hours. Trustee Devine said so they get paid straight time pay for the hours worked; Director of Human Resources Carey responded yes. Trustee Devine said so if you keep someone for fifteen hours they get seven hours of overtime. Director of Human Resources Carey said that safety is our number one concern and we try to be fair across the board and require at least one day off a week. She gets the overtime report and works with the managers so there is consistent communication. Chairman Smith asked if this applies to our competitors. Director of Human Resources Carey said that anyone can apply for it as it is a Federal rule that applies to all resorts. Trustee Devine said with this overtime we become the place to work. Trustee Hammerel said that Mt. Rose just raised their wages to \$11 as its minimum wage. Director of Human Resources Carey said that was a big jump for them thus it will be harder to retain employees. Trustee Devine said that he heard it was done

to keep employees. Chairman Smith asked if this was included in our model for our master plan. General Manager Pinkerton said yes for the summer but not for the winter. Chairman Smith asked for a ballpark number of what it was going to cost. Director of Human Resources Carey said she had no ballpark number but that the Affordable Health Care Plan figures in so Staff has to consider that. Chairman Smith said so the District will either have to pay a lot of overtime or hire more employees. Trustee Wong suggested adding potential to the final language. Chairman Smith asked about successor training. Director of Human Resources Carey said it is in the second bullet. District General Counsel Devon Reese said that the Director of Human Resources and his office worked on the FSLA exemption along with the Affordable Health Care Act and that they have a high level of interaction. It is good to be thinking long range as the FSLA is very complex so it is good to try and stay ahead of those issues that relate to exemptions, training, etc. The Federal law extends to all recreation areas so it is hard to compare but that Staff looks at it and evaluates. General Manager Pinkerton said regarding performance measures the District has fewer workers to do the same work and that we need to point it out in the budget. Expenses were modified in Tennis as we brought in a Ski employee that we wanted to retain but that does have a cost impact offset by having someone more experienced so there is a cost associated with this but there are other economics and one is the benefit of retention. Chairman Smith said so either you have a full time employee that is salaried or two people working twenty hours a week – where do we have a savings. Director of Human Resources Carey said that the minimum for benefits is 24 hours and that the District has very strict regulations to follow to do it correctly so there are qualifications that have to be met. Chairman Smith said isn't the savings by having one less person who is more vested in the operations. Director of Human Resources Carey responded that the District has a good amount of our employees that go back and forth and that seven years ago it wasn't so. After the recession, the District has seen an increase and we have stayed steady. General Manager Pinkerton said that Staff is going to show, more explicitly, in the budget what we are doing. At the Hyatt Sports Shop, we have our Ski manager working there which brings the skill level to that operation.

Assistant Parks and Recreation Director Indra Winquest went over Long Range Principle #4 located on agenda packet page 10.

Trustee Devine asked about the Parks and Recreation certification and said that for benchmarking purposes is it hard to benchmark and worth

doing. Assistant Parks and Recreation Director Winquest said yes, it is worth doing and noted that there are national benchmarks on Parks and programming as well as benchmarking on revenue of contracted programs. There is absolutely good benchmarking available. Trustee Devine asked what the costs were to get certified. Assistant Parks and Recreation Director Winquest said that the only cost would be Staff time and that there were only a couple of hundred in the country that were certified. As you work through the process, you learn more about your agency and it creates more of a team atmosphere as everyone is working towards a common goal. He is also requiring a post financial report on each program and then discussing the value of the program. Chairman Smith referred to the Coral Bridge Partners Strategic Plan, specifically pages 8 and 9, and asked if Staff had looked at this stuff to try and incorporate it a little bit. The Board, during these sessions which Staff didn't attend, talked a lot about kindness, high level stuff, and getting a little more aggressive. Also, what about rewarding exceptional service with the employee program, he didn't know about safety, and he is happy to help and provide some ideas. Trustee Devine said that he thought that Staff already had the ability to reward employees and he does support a more aggressive pursuit of that effort. Assistant Parks and Recreation Director Winquest said there is recognition in both the Parks and Recreation Department and within the District and noted that it is an important part of employee retention and that he does try to emphasize it within the Parks and Recreation Department. We also have it throughout the District but that there is a cost to doing it and there needs to be an understanding of that as it makes our employees feel valued. Chairman Smith said what happens when you have great customer service is that there is less advertising and employee turnover and customers want to be there; he would like Staff to look at this and create some other objectives and reword it. General Manager Pinkerton said that safety needs to be incorporated here as well as in Workforce. Trustee Wong said that any of these that are operational items and fit should go into the objectives as the Strategic Plan is not an operational document and we need to make sure it says strategic. Assistant Parks and Recreation Director Winquest said he will take another look and pull what he can in to it.

Engineering Manager Brad Johnson went over Long Range Principle #5 located on agenda packet page 11.

Engineering Manager Johnson said that he will incorporate safe/safety in the first sentence and possibly the first or second bulleted item. Trustee

Wong asked that proposed be inserted in front of Diamond Peak Master Plan. Chairman Smith asked for an explanation of the last bullet point; Engineering Manager Johnson provided an overview. Trustee Devine said so this could be extended to all kinds of things that get checked on a regular basis. Engineering Manager Johnson said it is about anything that is touched by a Staff member on a recurring basis and that annual inspection could be programmed in. He then gave an example about the loose railing which could apply everywhere. General Manager Pinkerton said we are also making sure that we don't have more assets than we need. Engineering Manager Johnson said that we will gain a better understanding from a metrics and management standpoint, it provides definition, and the ability to measure as well as when it occurs. So overview, it is define, measure, and then manage. Chairman Smith asked why investigate – is there a huge cost, not an ROI, etc. Engineering Manager Johnson said he didn't know. Chairman Smith asked if it would really take two years to investigate. Engineering Manager Johnson said that Staff may come back and say they are ready to do it early. In Utilities, there is a full time year round benefitted person who runs their program so he is not ready to commit to adding another full time year round Staff member as this requires investigation and it isn't a small undertaking and is potentially a big effort so Staff wants to vet it, establish costs, establish returns and then have a budget level conversation with the Board of Trustees. Chairman Smith said, regarding projects, is Staff analyzing the cycles of service, revenues, experience, values, etc. for the building at Incline Beach and taking a look at the whole project, etc. Engineering Manager Johnson said that is a great suggestion and that is why Staff works through the project funnel and that for the structure Staff can codify and add an additional bullet. Chairman Smith said that the District has made some mistakes with past buildings. Engineering Manager Johnson said we had a ready, fire, aim approach and that we built what the budget allowed.

General Manager Steve Pinkerton went over Long Range Principle #6 located on agenda packet page 12.

Trustee Hammerel said he was excited to see this as a principle and that he would like to remove critical and insert all. Trustee Wong said that she has a problem with the word businesses in the first line so let's remove it. Trustee Devine said on the public records requests and general questions is it overly cumbersome to post all questions and answers. Director of Finance, Accounting, Risk Management and Information Technology Eick

said that the CRM system that we are looking at logs the questions and creates a category and then a log of the responses which ends up with the top ten and an archive however Staff hasn't seen enough of it to know that it works but the demos have been impressive. Trustee Devine said so Staff is doing the research; Director of Finance, Accounting, Risk Management and Information Technology Eick said yes. Trustee Wong asked about predictive programming; Director of Finance, Accounting, Risk Management and Information Technology Eick said not sure but that he will make a note of that request. Trustee Callicrate said so an FAQ is the only next step. Director of Finance, Accounting, Risk Management and Information Technology Eick said that the program is inviting to the top ten, archive, etc. and that it is fairly intuitive. Trustee Devine said so this should allow for consistent responses. Director of Finance, Accounting, Risk Management and Information Technology Eick said yes and that it is one of the powers in creating the categories. The question will also go to the most knowledgeable people and allow us to measure the promptness of responses. It will also close a gap of topical listing and that Staff is awaiting having the right people in place before we go forward so as to have a sense of ownership. Trustee Devine asked what the estimated timeline was; General Manager Pinkerton said that the Communications Coordinator is anticipated to be hired early October. Chairman Smith noted that there was no timely or responsive included. Trustee Hammerel suggested timely be added to the second bullet. General Manager Pinkerton said responsive could be added to the third bullet.

General Manager Pinkerton said that the next step will be to draft everything up and then take a look at it during the September Board Retreat and then have it come back to the Board of Trustees for approval at the last meeting in September. Chairman Smith said that he is not seeing productivity or efficiencies and that he thought it was talked about. Trustee Devine said that this was a really good presentation that moved along well so thank you.

Chairman Smith called for a recess at 12:32 p.m. and reconvened the meeting at 1:05 p.m.

Item	Estimated Timing
2015/2016 Operating Budget* - General Manager Steve Pinkerton and Director of Finance, Accounting, Information Technology and Risk Management Gerry Eick	1 p.m. to 5 p.m.

General Manager Pinkerton reviewed the budget calendar on agenda packet page 14.

Director of Finance, Accounting, Risk Management and Information Technology Eick gave his presentation.

Chairman Smith, referencing agenda packet page 14, said that for Golf others post their rates in December so would this be for Board action. Director of Finance, Accounting, Risk Management and Information Technology Eick said that Staff is not looking for the Board's permission rather it is to show we are ready. District General Counsel Reese said that the Legislature changed the law making it mandatory to have budget hearings on a specific date and thus there is more breathing room on the dates. Director of Finance, Accounting, Risk Management and Information Technology Eick agreed that it can be done in any meeting in May but that the Board of Trustees still has to go through the process. District General Counsel Reese said that the change of date may help with the date certain matter. Trustee Devine asked if the last two on the green lines were zero; Director of Finance, Accounting, Risk Management and Information Technology Eick said yes. Chairman Smith asked if it was per parcel; Director of Finance, Accounting, Risk Management and Information Technology Eick said yes. Trustee Devine, referencing agenda packet page 19, said that the reduction in debt over two years is shown as \$160 and he thought it was \$170. Director of Finance, Accounting, Risk Management and Information Technology Eick said that the \$170 came from two bond issues which average \$85 per parcel but that there aren't equal and that the District had one bond issue which had fluctuations so there is not a perfect relationship to that average. Chairman Smith, referencing agenda packet page 19, asked how the projection for Ski was done at (115) and (\$940,815). Director of Finance, Accounting, Risk Management and Information Technology Eick said Staff looks at cash flow and then went over the Ski budget page. Trustee Devine said so we don't include any debt service in it. Director of Finance, Accounting, Risk Management and Information Technology Eick said that is correct. Trustee Devine said so when we talk about loss and profit it gives the wrong image. Director of Finance, Accounting, Risk Management and Information Technology Eick said for budgeting, Staff is trying to get the Board of Trustees to sources and uses. Chairman Smith said looking at your schedule, debt goes down about one million dollars a year. Director of Finance, Accounting, Risk Management and Information Technology Eick

said in June of 2018, the District will make its last payment on the Ski bond which averages around \$950,000 for debt service. After the last payment is made, we will need to talk about sources at one level and then needs at another level and what will happen in 2018/2019. The next one occurs in 2022 which is when the Chateau bond will be paid off. That bond payment is closer to about \$30 per parcel. This is a totally dedicated resource so we should talk about what should be done. Trustee Devine said but this Board can't lock into that right now. Director of Finance, Accounting, Risk Management and Information Technology Eick said that is right, this Board can't but an example is if 2018 is the year to do a project that needs bonding then it could be authorized in 2017 and so when we get to 2018 the die will have been cast. You can encumber a future Board when you want to get started and have those things on the radar. Trustee Devine said so this is just a clear point of where we can cast the die. Director of Finance, Accounting, Risk Management and Information Technology Eick said it is for that reason that Staff is trying to get some operational issues out of the way so as to not impact future items and that this is why this is a great conversation and that we are talking about the individual pieces to make sure we are comfortable. Chairman Smith said so the bond payments reduce as well. Director of Finance, Accounting, Risk Management and Information Technology Eick said that the two remaining bonds are very level and that the amount year to year is level until one drops off and that there will be a dramatic drop when one is paid off.

F. PUBLIC COMMENTS*

There were no public comments made at this time.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 4:55 p.m.

Respectfully submitted,

Susan A. Herron, CMC
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 Aaron Katz: (15 pages) Written Statement to be included in the Written Minutes of this August 5, 2015 Special IVGID Board Meeting – Agenda Item C – Public Comment – Who’s running the IVGID show?

**WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS
AUGUST 5, 2015 SPECIAL IVGID BOARD MEETING – AGENDA ITEM C –
PUBLIC COMMENT - WHO'S RUNNING THE IVGID SHOW?**

Introduction: NRS 318.175(1) instructs that the IVGID Board is charged with the responsibility of "manag(ing), control(ling) and supervis(ing) *all* the business and affairs of the district." Yet instead of doing its job, this and past Boards have been all so eager to abdicate their responsibilities to unelected staff. And every time this takes place, the public is the loser. The purpose of this written statement is to make the Board and the public aware of several recent examples where rather than implementing the Board's policy, staff have created their own.

2015-16 Budget: has been published and it can be viewed on IVGID's web site at https://www.yourtahoeplace.com/uploads/pdf-ivgid/2015-2016_Budget_Book.pdf. How many of you have actually examined what staff have published online? Is this the document the Board approved on May 21, 2015 when it approved the 2015-16 budget? *The answer is a resounding NO!* Yet insofar as the world is concerned, they believe this *IS* the document the Board approved.

Inappropriate Material for a Budget Document: I have attached as Exhibit "A" to this written statement pages 139-141 of the Budget. These pages represent Staff's (rather than the Board's) message re: "Personnel." There are many things I could comment on but I want to call the Board's attention to the matter next to the asterisk I've placed on page 141. Is this appropriate for a "budget?"

Misstatement of Fact: I have attached as Exhibit "B" to this written statement pages 7-8 of the Budget. These pages represent Staff's explanation as to "what...parcel owners get for paying the[ir Beach ("the BFF") and/or Recreation ("the RFF")] Facility Fees." Here Mr. Eick tells us that the RFF/BFF pre-pay¹ for nothing more than up to five picture pass ("PPH") and/or punch cards which entitle the holder(s) to preferred pricing and/or access at the public's recreational facilities.

But that's *not* what the Board has told us the RFF/BFF pay for. Listen to ¶1 of the "Report for (the) Collection on the County Tax Roll of Recreation Standby and Service Charges (aka the RFF and BFF) which was adopted by ¶6 of Resolution No. 1837: "The following annual charges are for the (mere) availability of use of the recreational facilities above described²."

¹ I say "pre-pay" because ¶69 of Ordinance No. 7 (https://www.yourtahoeplace.com/uploads/pdf-ivgid/rec_ordinance_7_1998.pdf) states that parcel owners can secure an unlimited number of *additional* picture passes and punch cards which provide the very same "benefits." It's just that once a parcel owner exceeds five, he/she must pay an additional fee.

² See page 22 of the packet of materials prepared by staff in anticipation of the Board's regular May 21, 2015 meeting (see https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Reg_5-21-2015.pdf).

So who's telling the truth?

How is it that the Board can allow staff to unilaterally create an important document like this which contains misstatements of fact and totally inappropriate material for a "budget," without it being formally approved by the board? And yet the Board does *nothing*. Why not?

Debt Management Policy: NRS 350.13(1) states that "on or before August 1 of each year, *the governing body of a municipality* which proposes to issue or has outstanding any general obligation debt, other general obligations or special obligations...*shall submit* to the Department of Taxation...a written statement of the debt management policy of the municipality." Has the Board adopted a "statement of (IVGID's) debt management policy?" *The answer is a resounding NO!* Yet insofar as the Department of Taxation is concerned, the answer *IS* yes because that policy was recently posted on IVGID's web site at https://www.yourtahoeplace.com/uploads/pdf-ivgid/2015.6.30_Debt_Management_Policy_as_Filed.pdf ("the Debt Management Policy").

As the Board knows I have dubbed Gerry Eick with the title "bondman," and I want to share an example of exactly what I mean. I have attached page 4 from the Debt Management Policy as Exhibit "C" to this written statement and placed an asterisk next to the following language:

"The 5 Year Capital Project Summary approved May 21, 2015 for the period July 1, 2015 through June 30, 2020³ includes projects that may require bond issues. These include the Diamond Peak Master Plan...for \$6.45M and Community Services projects...totaling \$6.95M."

Did the Board know that ***staff has us on course to be issuing \$13.5M of new general obligation bonds within the very foreseeable future?***

How is it that the Board can allow staff to unilaterally create an important document like this without it being formally approved by the board? And yet the Board does *nothing*. Why not?

Tahoe Quarterly: We all know about this one. An initiative initiated by staff, for staff, and at local property owners' expense. How is it that the Board allowed staff to initiate an endeavor such as this beyond IVGID's *limited* powers without it being formally approved by the board? And yet the Board did *nothing*. Why not?

³ This summary was *not* approved! Rather, nothing more than a "the *conceptual framework* of the 5 Year Capital Summary for fiscal Year 2016-2017 through 2019-2020 (to be used for the District 2015 Debt Management Report)" was approved [see page 358 at the packet of materials prepared by staff in anticipation of the Board's June 24, 2014 regular meeting (https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_6-24-2015_Rev_1.pdf)].

Community Shuttle: We all know about this one. Another initiative initiated by staff at local property owner's expense. How is it that the Board allowed staff to initiate an endeavor such as this beyond IVGID's *limited* powers without it being formally approved by the board? And yet the Board did *nothing*. Why not?

The Board's Decision to Decline the County Board of Commissioner's ("the County Board's") Invitation to Explain Certain Matters on August 25, 2015: As the Board knows, on July 14, 2015 the County Board sent our chairperson a letter which invited the IVGID Board "and any other appropriate representatives" to "address several issues identified by mutual constituents of IVGID and Washoe County." On July 30, 2015 Mr. Reese sent a letter to the County Board advising of the IVGID's decision to decline the invitation⁴.

Did the Board have a meeting wherein it instructed Mr. Reese to send the letter he did and if so, when was it (as the public wasn't noticed)? Or was the decision to send the letter one made by staff and Mr. Reese? ***The public wants the answer to this question.*** Because if the answer is the latter, how is it that the Board allowed staff to initiate this endeavor without it being formally approved by the board? And yet the Board did *nothing*. Why not?

Conclusion: When is the Board going to reign in rogue staff and start "manag(ing), control(ling) and supervis(ing) *all* the business and affairs of the district?"

And You Wonder Why Our Utility Rates and Recreation/Beach Facility Fees 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).

⁴ I have attached a copy of Mr. Reese's letter as Exhibit "D" to this written statement.

EXHIBIT "A"

2015-2016 PERSONNEL HIGHLIGHTS

The employees of the District continue to be our most important and valued asset. We continue to communicate how valuable our employees are for the current and future success of the District. Each employee pledges their commitment to providing excellent customer service to the District's parcel owners and users of our services. During the current fiscal year we have seen more stability with our employees and we are hopeful that it continues in the 2015-2016 fiscal year. We continue to provide competitive wages and benefits, the District is committed to provide a workplace environment that allows our employees to work together and excel.

The District's Value Statement focuses on this commitment:

"We are dedicated people providing quality service, for our community and environment, with integrity and teamwork"

The District offers its benefited position employees, a competitive and comprehensive benefit package. This includes employer paid health insurance that provides coverage for medical, dental, vision, life, short term and long term disability. There is also a retirement pension plan including deferred compensation, an employee assistance program, as well as vacation, sick leave and 11 paid holidays.

Recreation privileges such as golfing, skiing, tennis, and use of the Recreation Center facility are available to District's employees at no cost. This continues to be a great recruiting and retention tool that is offered to employees.

This year, under a new General Manager, we've undergone new culture training called Gung Ho!, where staff created new core values for all employees; Teamwork – Integrity – Service – Excellence - Responsibility. Gung Ho! focuses on helping workforce alignment with its purpose, values and goals. It emphasizes frontline, not top-down decision making and responsibility and celebrating workforce successes no matter how small. This work will improve employee morale and productivity, reduce employee turnover and develop a sense of purpose at the personal and corporate level. The three central principles around Gung Ho are doing worthwhile work, putting your workers in control of achieving their goals, and cheering each other on. So far we have introduced this into our District Orientation, Customer Services Trainings, Gung Ho! moments posted each week on the intranet, and mouse pads. More exciting evolution to come from Gung Ho!

Our field management team had a great full day training with Ruby Newell-Legner from 7 Star Service. Her expertise and knowledge in Customer Service was well received by staff. We are excited to bring her back to instruct on cycles of service, recognition, and customer experience council expansion.

We hold "All Employee" meetings semi-annually bringing employees from all venues together to share information, ask questions, recognize longevity milestones, and present Customer Service Awards to recognize employees who demonstrated exceptional Customer Service Empowerment in keeping with IVGID's Culture of Customer Service Excellence. We also held a holiday breakfast with another large turn out with over 150 employees in attendance. Again, this year at the holiday party we distributed thanks to all of our active employees in the form of a \$10 IVGID bucks for their excellence in Customer Service. At our summer picnic BBQ the field management team cooked and served staff. We also had a variety of games for employees to play and music to listen too. It was a great time had by all.

The Employee P.E.R.K. (Positive Employee Recognition – Kool) program is designed to value the Dis-

trict's non-benefited returning employees who work more than 325 hours during a season and return to work for another season. Seasons are defined as winter (December – April) and summer (May – October). HR is getting closer to revamping this recognition program for new and improved conditions and awards.

The District's employee population is made up of non-union and union employees who are employed in full and part time positions. The District considers all of our employees, seasonal and year-round, to be critical operational assets who significantly contribute and will continue to make a difference in the future success of the District.

Specific Matters for the 2015-16 Fiscal Year:

Changes in benefited positions for this fiscal year include:

- Elimination of one full time benefited position
 - ◊ Recreation Administrative Clerk

- Re-classify/Title Changes
 - ◊ Public Works Administrative Manager to Salary Grade 32
 - ◊ Engineering Manager to Director of Asset Management Salary Grade to 44
 - ◊ Director of Public Works to Salary Grade 44
 - ◊ Director of Finance, Accounting, IT Salary Grade 39 to 40
 - ◊ Reclassify one employee from Mechanic I to Mechanic II
 - ◊ Beach Host Manager to seven months
 - ◊ Aquatics Maintenance Specialist from PT to FT
 - ◊ Hyatt Shop Manager & Director of Skier Services from MY1 to MY2
 - ◊ Information Technology Web Content Coordinator

- Created seven new full-time year round positions
 - ◊ Principle Engineer Grade 38
 - ◊ Sr. Parks & Recreation Clerks (2) Salary Grade 18
 - ◊ Mechanics Assistant Salary Grade UC3
 - ◊ Communication Coordinator Salary Grade 29
 - ◊ Solid Waste Enforcement Tech Salary Grade 18
 - ◊ IT Manager Salary Grade 30

- Changes in Salary Ranges, Wages and Benefits for this fiscal year:
 - ◊ Year round employees in benefited positions will receive a 3% increase to their base rate of pay. The District continues to survey the comparable markets of our different venues to monitor competitive compensation levels.
 - ◊ Year round employees in non benefited positions will receive a 2% increase to their base rate of pay. The District continues to survey the comparable markets of our different venues to monitor competitive compensation levels.
 - ◊ We continue to evaluate salary ranges for their competitiveness with the competitive market for all year round positions including union positions. All of these relationships are evaluated and contribute to the decisions about staff growth, working within classification, and the relationship in the competitive market to meet the long range principle for our workforce. Internal equity is also evaluated and is important to the District.
 - ◊ Another great benefit renewal for medical benefits with a 0% increase for health, and only 12% combined increase for both dental and vision for two year contracts.
 - ◊ The Supervisory bargaining Unit finished negotiations for a new three (3) year contract expiring June 30, 2018 with a 3% increase each year.
 - ◊ The Finance and Accounting bargaining Unit is into their last year of their three (3) year contract, expiring June 30, 2016. Based on their MOU they will receive an increase 3% effective July 1, 2015 and possibly a 1% increase shall be added on June

- 30, 2015 if over achieving District's Operating Income budget by 10%.
- ◇ The Superintendent bargaining Unit is into its second year of a three (3) year contract expiring June 30, 2017. Based on the MOU they will receive an increase of 3% effective July 1, 2015.
 - ◇ The Non-supervisory bargaining Unit is into its second year of a three (3) year contract. Based on their MOU they will receive a 3% increase effective July 1, 2015.
 - ◇ With the ever changing Affordable Health Care Act we are continuing to monitor, from a long term perspective, the seasonal and variable hour employees to ensure that the District continues to be in compliance with the Affordable Health Care Act and the Employer Shared Responsibilities. At this time we do not have to offer medical benefits to the approximate twenty (20) additional employees as mentioned in the last few years.

Challenges and opportunities for this fiscal year include:

- Continuing to provide the high level of customer service excellence that our residents and customers have to come to expect, while holding staffing to a new higher minimum.
- Continuing to roll out the District Wide Customer Care Card so all employees will have a tool to support being able to build a stronger level of Customer Service at all venues. This Customer Care Card works for all venues and can be distributed whether they are off or on the clock.
- Being a government agency, with an elected Board, it is inherently difficult for the Board to learn their new role. It is incumbent upon the electorate that their elected official is capable, competent, and knowledgeable on how and what a Board member is responsible for. Our elected officials struggle with trying to meet their campaign promises that still coincide with the Districts Vision and Mission statements. This uncertainty, struggle and instability of the Board is felt throughout all levels of staff.
- Staff is excited with the new General Manager and the opportunities he has brought to the District with the Gung Ho! training and exceptional customer service training with Ruby Newell-Legner. Our staff feels she is bringing a sense of unity to the District.
- Continuing to work with our current HRMS provider on their new HR and Payroll systems for the future. We hope to move to the new platform this fiscal year; however the HR and payroll departments need to continue to evaluate its efficiency and effectiveness.
- Continued monitoring of the Affordable Health Care Act and being armed with communication regarding this Federal change, and where to direct employees to the Nevada Exchange for employees that do not qualify for District medical benefits.

The following personnel schedules contain information on Full time Equivalents (FTE) Budget on Budget Changes for the current and prior two budget plans, a list of position Classifications, FTYR Authorized Positions, Part-time, Temporary and Seasonal Positions, and adjusted Salary Grade Ranges.

EXHIBIT "B"

Utilities Fund – an Enterprise Fund type that contains the operations for water, sewer, and solid waste activities. It also includes the administration the District provides for the Tahoe Water Suppliers Association.

Community Services – a set of governmental fund types in the form of Special Revenue, Capital Expenditure, and Debt Service that contains the operations of the Championship and Mountain golf courses, the Chateau and Aspen Grove facilities, Diamond Peak Ski Resort, Recreation Center, Community Programming, Tennis, and Parks. It also administers Ordinance 7 for Recreation Privileges.

Beach – a set of governmental fund types in the form of Special Revenue, Capital Expenditure, and Debt Service that contains the operations for Hermit, Ski, Incline and Burnt Cedar Beaches.

Internal Services – a Proprietary Fund type that contains the operations for Engineering, Fleet, Buildings Maintenance, and Workers Compensation that provides their services to the other funds. The operating funds pay for these services. They are charged out at cost to be as efficient and effective as possible.

What comprises the major Sources, Use and Objects used by IVGID?

The budget items presented on object level financial statements represent the nature of a transaction. Objects for revenue are generally grouped as taxes, charges for services, standby charges, and other (which include grants, investments, rents and fines). Objects for expenditures general identify what the District accomplishes by its employees through wages and benefits and through professional services or by vendors as services and supplies. We also isolate insurance, utilities, and Central Service Cost (allocations for Accounting and Human Resource services provided by the General Fund), as part of operating activities. The separate Capital Expenditure and Debt Service expenditures represent the process of asset acquisition, replacement, or upgrade to infrastructure and equipment paid from current resources or over time.

How are the revenue sources determined for IVGID?

The District revenue sources includes taxes, user fees, community support in the form of the standby charge (facility fee), operating grants, internal services, investment income, capital grants, and other items. Ad Valorem and State Consolidated taxes are determined and controlled by a State of Nevada formula. The District received notice of these amounts as an estimate for the coming fiscal year. The District's Trustees set the Facility Fee for Community Service and Beach each May along with adopting the budget. During the budget process, the District Staff indicates the expected fees and level of usage to arrive at user fees. Staff also identifies expected grants and other sources. The individual venues and the overall District present a variety of metrics and Key Rates to identify related revenues that are available to finance expenditures one fiscal year at a time.

What do Parcel Owners get for paying the Facility Fees?

Each parcel that pays the Recreation Facility Fee can have five cards issued in the form of picture passes and/or punch cards or a combination of both. The Picture Passholder gets Preferred Pricing and/or Preferred Access to the District's major venues or programming. Often, Key Rates identify those benefits or you can discuss them with the venue Staff. A Punch Card Holder receives the opportunity, at designated venues, to reduce their user fees from the rack rate to



Picture Passholder Rate based on an allocated value assigned each June 1.

What does Fund Balance represent and why is it presented?

Each fund reports its assets and liabilities for a statement of net position in the annual audit. The remainder difference between assets and liabilities is Fund Balance, also known as net position. For budget purposes, an amount is reported representing the non-restricted amounts of that calculation as a reflection of what is carried to support cash flows to operate and to have emergency funds. It can also represent amounts held for future events as is the case for Utilities' Effluent Pipeline Project and the Incline Beach building.

Fund balance is part of the format on the State of Nevada forms. It is required reporting for all governmental fund types. The General Fund, Community Services and Beach Special Revenue, Capital Expenditure, and Debt Service funds all have the requirement. The District chooses to also report a balance for Utilities and Internal Services in its own budget document.

How is the presentation of budget and financial statements selected?

The District's budget format is set by Nevada Revised Statutes. In an effort to provide greater detail to the community, the District publishes a budget document and monthly financial statements for individual operating departments and venues. All of these are based on the same set of accounting records but utilize a high degree of aggregation for the State of Nevada requirements (the Fund level), while the District utilizes the venue level. The annual audit is performed as the Comprehensive Annual Financial Report which uses generally accepted government accounting principles that call for both fund level and District-wide financial presentations.

Where can I find more of the detailed information on the budget and annual audit?

It is best to identify user objectives when selecting a report. The budget document is focused on the next fiscal year. The District has past budgets and annual audits posted on its website at www.ivgid.org.

Utility Rate Study

A Utility Rate Study was presented that provided resources for planned infrastructure improvements along with a five year analysis of operating conditions. The approval for the ordinance changes was given on April 29, 2015 which resulted in an increase in rates of 3%.

Combined Recreation and Beach Facility Fee

The operating and capital budget plans plus scheduled debt service drive a total combined Facility Fee.

For the last five years, the District has planned to accumulate current resources for a point in time of increasing needs for capital expenditures. These expenditures were planned to occur after the District had retired two bond issues. The report on the components of the Facility Fee indicates the changing pattern of less collected for debt service and more for capital expenditure. Two significant factors of the change in the operating component for 2015/2016 is the Community Services Director, with an anticipated cost of \$187,500, and the decision to reduce the number of skier visits for Diamond Peak. By using 107,300 skier visits versus the previous 115,000 skier visits, this results in a reduction of expected revenue by about \$350,000. The

EXHIBIT "C"

None of the presently outstanding bond issues use a tax levied on the assessed valuation of property in the District to meet debt service requirements. Each issue has been or will be repaid from the identified resources developed from user fees or the Recreation and Beach Facility Fee which is collected on specified parcels within the District's boundaries.

Sources Available to Pay Existing, Authorized Future and Proposed General Obligation Bond Indebtedness

The District's annual operating budget process considers the use of resources in an order of priority. User fees and the Recreation and Beach Facility Fee are set at levels to assure the proper coverage of debt service requirements from each activity for its related bond(s). The capital improvement charges, which are a part of utility rates, are adopted by ordinance and are established in a process that allows public notice and input, before setting a schedule for the coming several years and forward. The District's elected Board of Trustees adopts utility rates through an ordinance amendment. The Recreation and Beach Facility Fee is set each year and includes a matter of public notice and hearing before adoption in connection with the fiscal operating budget.

The assumptions for rate of collection have proven to be at adequate levels so that amounts realized are sufficient to meet intended needs including debt service requirements.

The 5 Year Capital Project Summary approved May 21, 2015 for the period July 1, 2015 through June 30, 2020 includes projects that may require bond issues. These include the Diamond Peak Master Plan (not yet approved or authorized) for \$6,450,000 and Community Services projects (not yet approved or authorized) totaling \$6,950,000. The potentially bonded projects are scheduled during a period from 2017 to 2020. Neither of these issues would significantly affect the District's Debt Limit. 

General Obligation Debt Limit

State statutes limit the amount of indebtedness to no more than 50% of the District's total assessed valuation. Based on the reported 2014-2015 assessed valuation of \$1,456,574,018 the available debt limit is \$728,287,009. With an outstanding balance of \$11,807,667 as of June 30, 2015, this leaves approximately \$716,479,342 available. Other factors to be considered include District revenues, market conditions and the types of projects to be funded.

Prepared by: Incline Village General Improvement District Finance and Accounting

EXHIBIT "D"



Devon T. Reese *
Susanna Truax Kintz §v
Jason D. Guinasso §

D. Geno Menchetti *Ω
Kimberly Marsh Guinasso *Ω
David M. Doto **Ω§
Ryan W. Herrick *Ω

Alan R. Wechsler §
Eric C. Werner §
Jessica Dummer †

§ Yvonne L. Murphy

* Licensed in Nevada
† Licensed in California
§ Licensed in Nevada and California
‡ Licensed in Pennsylvania
√ Licensed in Illinois
☆ Resident, Las Vegas Office
Ω Of Counsel
⌘ Non-Attorney/Government Affairs
Director

SENT VIA U.S. MAIL

July 30, 2015

The Honorable Marsha Berkbigler
Chairwoman of the Washoe County Commission
1001 E. 9th Street
P.O. Box 11130
Reno, Nevada 89520

**RE: Response to July 14, 2015 invitation to attend Washoe County
Commission Meeting of August 25, 2015**

Dear Commissioner Berkbigler:

As you are likely aware, our office acts as legal counsel for the Incline Village General Improvement District ("IVGID"). I have received, and thank you for your letter of July 14, 2015, the contents of which I note.

By your letter, you have graciously invited IVGID to attend a public meeting of the Washoe County Commission scheduled for August 25, 2015. IVGID must respectfully decline your invitation at this time.

First, the issues you have identified in your invitation are the subject of ongoing and/or threatened litigation and/or are the subject of inquiry from two State agencies with jurisdiction to review the issue(s) and render determinations. Therefore, it would be inappropriate for IVGID to comment on these issues at this time.

Second, specific issues and questions IVGID residents and homeowners have about IVGID's decisions and policies should be directed to the IVGID Board of Trustees and their Staff. While constituents of IVGID are also constituents of the County as you point out, the issues you have identified are solely within IVGID's purview under NRS Chapter 318. There are no topics of mutual interest and the issues you have identified are exclusively reserved to IVGID. IVGID has always been, and will continue to be, committed to a mutually respectful and beneficial partnership with Washoe County.

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PAGE 2
JULY 30, 2015

We are more than happy to have a productive dialogue on matters where we share a common goal and as such our door is always open for further discussions. If you believe a meeting would be helpful to create such a dialogue we will make ourselves available. Please do not hesitate to contact me if you have any questions.

Kindest regards -



Devon T. Reese, Esq.
IVGID General Counsel

cc: IVGID Chairman Jim Smith
IVGID Vice-Chairman Tim Callicrate
IVGID Secretary Jim Hammerel
IVGID Treasurer Kendra Wong
IVGID Trustee Bill Devine
IVGID General Manager Steve Pinkerton
IVGID Clerk Susan Herron
Assistant Washoe County
District Attorney, Paul Lipparelli (plipparelli@da.washoecounty.us)
Washoe County Manager John Slaughter