

September 25, 2017 Community Forum Q&A

Let's Make IVGID Better Together



Bring your questions, issues and ideas!

Beaches, Trash, Parasol, Diamond Peak Master Plan, Effluent Pipeline, Financial Accountability and Transparency ??? Anything You Want

FREE COMMUNITY SPONSORED FORUM

Tuesday, September 5th at 6:30 PM

Sierra Nevada College
Tahoe Center for Environmental Sciences
TCES Room 139/141

CONFIRMED PANEL:

Tim Callierate, IVGID Trustee Matthew Dent, IVGID Trustee
Gail Krollick, Former IVGID Chair Jim Smith, Former IVGID Chair
Clifford Dobler, Retired CPA Linda Newman, Retired Finance

MODERATED by Kevin Lyons of FLASHVOTE

Please join us to discuss problems and explore solutions.

This event is sponsored by Clifford F. Dobler and Linda Newman – contact us at:
youractionalert@gmail.com

Following is a compilation of Questions asked by attendees and Answers by Cliff Dobler and Linda Newman, organized into 7 categories:

- Parasol
- Lawyers and Legal
- Finances
- General Manager Pinkerton
- General Questions
- Beaches and Trash
- Outside of IVGID's authority

Parasol

Q) What public meetings about Parasol are upcoming?

A) According to Chairwoman Wong, Parasol will be on the Agenda of every Board Meeting until the Board reaches a decision. She also stated that a Public Meeting would be dedicated to the Parasol Proposal

Q) What is the Parasol Purchase?

A) In the late 1990's Parasol made a pledge to IVGID citizens, the Donald W. Reynolds Foundation, private donors and community non-profits to construct, operate and maintain a Community Non-Profit Center that would comply with its long term Business Plan. In response to this commitment, IVGID citizens generously leased Parasol 2.3 acres of our land at \$1/year for up to 99 years. The Donald W. Reynolds Foundation granted Parasol \$6.5 million to construct the Center and private donors contributed millions more for the building's programming, operations, maintenance and capital improvements. Many of our local community non-profits welcomed the opportunity to occupy the Center as resident non-profits. Others also welcomed the leadership, training, meeting room space and financial support Parasol promised to offer. The Center's operations went well from 2002 through 2009. At that point, Parasol defaulted on the terms of its land lease agreement by materially changing its Business Plan without the required IVGID Board approval. Over the past few years, Parasol decided not to renew most resident non-profit leases and the tenants were forced to vacate the building. Two of the largest tenants: Project MANA and Tahoe Family Solutions no longer occupy the building. Project MANA had to find new space in the Spring of 2016 and Tahoe Family Solutions left in January 2017. At

that time, Parasol further breached its Lease agreement by decreasing the Center's occupancy. In short, they were emptying the building of the non-profits the Center was constructed to support. In March, Parasol requested IVGID amend the lease and proposed that IVGID purchase the Leasehold Improvements (the 31,500 sf Non-Profit Center) for \$5,500,000. The terms Parasol proposed included a \$1,600,000 down payment and five annual principal payments of \$780,000 plus 4.5% interest. IVGID General Manager Pinkerton presented the Parasol proposal as a great opportunity for IVGID to acquire much needed Administrative Office space. While IVGID knew Parasol was in default on the terms of its Lease, the attorney representing IVGID flat out stated that Parasol was not in default.

IVGID began their due diligence process by hiring consultants for building appraisal, space plans, retrofit cost estimates and an estimation of moving costs. They also hired a consultant to determine the cost of remodeling office space at the Rec Center into a workout room in order to relocate the 10 Recreation Center employees into the Parasol building. These employees would join IVGID's Southwood Building Administrative staff of 24 in the Parasol Building. Ironically, if the two staffs were combined, the space for all 34 already exists in the Southwood Building. The amount of exclusive Administrative Space in Parasol's proposal is essentially the same 8100 square feet available at Southwood.

At this time, the total anticipated costs have now reached \$6,236,000 and are climbing. This does not include future interest payments and other annual expenditures.

The Building appraisal is only \$3,500,000 and there are several legal issues related to the land use conditions, covenants and restrictions which will determine what entities can or cannot occupy the building. There are also matters related to determining whether the Community Services Fund is the appropriate District fund to acquire the leasehold improvements.

Q) Why are we buying Parasol if we are short money?

A) At the last board meeting, General Manager Pinkerton presented erroneous numbers to the Board of Trustees through a "stress test" attempting to show the District had adequate funds. A member of the community found several mistakes in the presentation wherein there is not enough money to buy the leasehold improvements from Parasol. Trustee Horan asked Mr. Pinkerton to correct the mistakes. After two weeks the presentation has not been changed. What action the board will take is yet unknown.

Q) How do you determine if you need three or four votes for the Parasol Purchase?

A) Anything purchased for cash requires only 3 Trustee votes. If the purchase is made in installments, a resolution must be adopted by 4 of the 5 Trustees to approve the installment purchase agreement. This Agreement must also be approved by the Executive Director of the Nevada Department of Taxation.

Q) What are the other options if Parasol is not purchased?

A). Lease some space for 5 years as new Administrative Offices was not on the District's Five Year Capital Improvement Plan or in the District's Fiscal Year 2018 Budget. There is also a Plan to build a 12,000 sf building next to the Recreation Center which is actually the better idea. The District can also research other commercial buildings available for sale –if the Board has chosen to make Administrative Offices a new top priority.

Q) How do we buy Parasol when we already own it?

A) IVGID owns the land upon which the Parasol building was constructed. The law is quite clear that when the building is attached to the land, it becomes the property of the landowner. The only exceptions would be a lease provision that allows the building to be removed by the tenant at the end of the lease term or if there are terms in the lease that require the landlord to reimburse the tenant for the leasehold improvements. Parasol does not have any of these rights under the land lease agreement. What IVGID is actually buying for

the proposed \$5.5 million --is the right to take possession of the building which means terminating the existing lease. Another lease must be drafted for just the meeting and storage space which Parasol currently occupies and wishes to retain in the building.

Q) Why did Parasol "kick out" organizations such as Tahoe Family Solutions and Project MANA?

A) Parasol chose not to renew several leases, thus the tenants had to vacate. The reasons are different depending upon who you ask. One source stated that Parasol determined that the Community Non-Profit Center would best serve the community by supporting recreational and cultural oriented non-profits over those that served other essential needs and services. Another source was of the opinion that there was a back room negotiation with Senior IVGID staff open to supporting a Parasol lease buyout if Parasol could clear out the largest non-profits so IVGID could obtain exclusive use of about 8,000 square feet for administrative office space. We don't have the facts here and are only sharing others' speculation. We, however, find it quite disturbing that the two largest tenants once occupying approximately 9,000 sf of space --Tahoe Family Solutions and Project MANA which provided enormous resources to so many, including the poor and the struggling, were asked to leave and had to find alternate quarters.

Q) Why are we paying \$5,500,000 when the Chief Executive Officer of Parasol indicated the lease had no value and IVGID is the only buyer?

A) At a meeting sponsored by Get Out The Vote, Parasol Executive Director Claudia Andersen did in fact state that the building was worth nothing as IVGID was the only buyer. Since all of the data presented to date would indicate the lease buyout has little value we would expect reason would prevail and a reasonable price is presented. We, however, believe that Parasol should hand the building over to IVGID for free as they are in default and do not want to carry on with their business plan.

Q) Why would an architect be hired and paid to do a remodel plan for a building we don't own yet?

A) Smith Design Group was hired to do some schematic space planning in order to see if the existing configuration of the office space could accommodate IVGID's needs. This is quite common. As a result, it has been determined that the 24 employees from the Southwood Building and the 10 employees from the Recreation Center could fit in the space allocated for IVGID in the building. The schematic planning revealed that IVGID would receive only 26% of the space; Parasol and the remaining resident non-profits would receive 13%; the common usage areas such as meeting rooms, commercial kitchen and storage areas 25%; and 37% for corridors, stairwells, reception area, elevators, bathrooms and break rooms. So at the end of the day IVGID gets exactly what they already have at the Southwood building. The estimated costs so far above the \$5,500,000 for the building is \$736,000 for other expenditures.

Q) Why are we not discussing the other options that IVGID is looking into besides Parasol?

A) IVGID has apparently shut the door on other options indicating that none of the vacant space in the town fits their needs. We find this remarkable since right across the street on Southwood there are two small office buildings that would meet their needs. Remember, all of this is occurring so 10 employees can move out of approximately 2,000 sf at the Recreation Center so that the 2000 sf can be converted into another workout room costing \$175,000. Using the most optimistic projections, we cannot see the creation of any new revenues that would justify such an expenditure.

Q) Why is a lease modification required rather than a bill of sale?

A) We have been confounded by this. How is it possible that one could modify a lease and cancel it at the same time? Unfortunately, IVGID legal counsel, Jason Guinasso has very little, if any, real estate experience.

His 2014 resume indicates his practice was almost exclusively on employment and labor law. A bill of sale will have to be used as that is the only mechanism to transfer personal property which is what the lease is.

Q) What was the methodology used for the remodel of Parasol?

A) A space planner was hired to determine how the building could be retrofitted to accommodate IVGID's proposed use of the space.

Lawyers and Legal

Q) Why has IVGID decided to erase emails after 30 days?

A) We cannot read their mind, but in our minds they are subverting accountability and transparency AND taking actions in violation of Nevada Law.

Q) Why are we paying \$10,000 per month for legal services?

A) The amount was proposed by GM Pinkerton to the Board of Trustees and the Board approved a two year contract guaranteeing RKG \$240,000 in retainer fees. Prior to the hiring of current counsel RKG, the Board's previous Legal Counsel had a lower monthly rate with a cap on fees not to exceed more than around \$65,000 per year. We will make a public records request for the previous law firm's contract to compare the differences between the old and new services provided. We would like to note that the \$10,000 per month retainer fee is not all inclusive. RKG can bill IVGID for additional legal services including initiating litigation and lobbying. We have reviewed the District's wire transfer and credit card payments of additional RKG invoices from January 1, 2017 through July 31, 2017. These currently exceed \$20,000.

Q) What is the process to recall IVGID Trustees?

A) Under NRS 318.0955 - Recall of Trustees - A member of the Board of Trustees is subject to recall from Office pursuant to the provisions of the Nevada Constitution and Nevada Statutes. The State of Nevada Recall Guide is published by the Nevada Secretary of State. Please visit their website to request a copy:

<http://www.nvsos.gov>

Q) How can we free the Trustees from the censorship of the lawyers?

A) Terminate RKG and hire a firm with strong government experience and reasonable fees that reports directly to the Board! About two years ago, the seated Board of Trustees voted to allow District Counsel to report directly to the General Manager rather than directly to the Board. As a consequence, the General Manager exercises greater influence and supervision over District Counsel's activities and priorities. In addition, policies recommended by the General Manager and District Counsel and approved by the Board majority have increased the General Manager and Legal Counsel's authority. This has resulted in actions that may be detrimental to the Board and the interests of our citizens.

Of additional concern, is RKG's lack of solid government experience and an understanding of Nevada Open Meeting Law and the laws relating to Public Records, NRS 318 which governs General Improvement Districts as well as NRS 350 and NRS 354 which relate to Local Government Finance, Accounting and Budgeting. At the time RKG was retained, neither Attorney Reese nor Guinasso had any significant government experience. In fact, Attorney Guinasso advertised his expertise in workmen compensation claims. What is being referred to as "censorship" may actually be RKG's loyalty to the interests of the General Manager over the interests of the

Board and its citizens as well as RKG's lack of understanding of Trustees' fiduciary responsibilities. Based upon many factually incorrect legal opinions rendered by Counsel Guinasso and Reese at Public Meetings and in memorandums, it is clear that their knowledge and command of relevant Nevada Statutes is less than optimum.

Q) Why are the books closed to the public and why can't our Treasurer get access to financial information?

A) IVGID continues to make access to financial records which are in fact public records very difficult to obtain. This is a violation of the Nevada Public Records Act NRS 239. The Board and each individual Trustee has a fiduciary responsibility to ensure that the District complies with Nevada Law and requires the General Manager and Staff that is under his supervision comply with the law and provide all public records to all Trustees and Citizens that request this information. Aiding the concealment or destruction of public records is unlawful. One might ask why everything is hidden if the District is operating above board and has nothing to hide?

Finances

Q) Is there a long term liability for IVGID retirement and if so what is it?

A) IVGID makes annual contributions to two pension plans and two deferred compensation plans. According to Note 10 and Note 11 on pages 50 and 51 of the 2016 Comprehensive Audited Annual Financial Report (CAFR) for June 30, 2016, IVGID contributed \$1,368,000. The long term liability we believe would be the requirement to fund these Plans in the future.

Q) Why are you not addressing the Army Corps of Engineers funds for the Effluent Pipeline? This question was asked of Mr. Dobler after his presentation on the District's finances and the Utility Fund's deteriorating financial condition.

A) IVGID currently employs a Washington D.C Lobbyist to procure funds from the Army Corps of Engineers and/or other Federal programs to help with the cost of this \$23,000,000 project. The Lobbyist has been working on this for quite some time. The Board of Trustees has not announced any Army Corps or other Grant funding for the Effluent Pipeline to date.

Q) Why have operating expenses at the beaches grown so much since 2014?

A) IVGID's budgeting process aggregates most of the Beaches operating expenses. This limits everyone's ability to identify the specific causes for the escalating increases in operating our beaches and limits specific measures for prudent cost reductions. General Manager Pinkerton has pointed to increasing the days of Beach operation, additional staffing, professional services, rising supply costs and ongoing maintenance for the increased expenses. Over the last two years, Trustees Dent and Callicrate have challenged the District's escalating operating expenses and failure to adhere to the District's own approved Policies and Practices and have voted NO on approving the District's Budgets. On the other hand, Chair Wong and Trustee Horan have not raised any objections to the General Manager's Budgets and have always voted Yes. This year newly elected Trustee Morris joined Wong and Horan in what appears to be another rubber stamp for the General Manager's wishes.

Q) Why has IVGID added so many new employees?

A) Since 2014, IVGID budgeted for 104 full time and 452 part time employees. The 2018 budget has 114 full time and 496 part time employees. The stock answer we have heard is to provide superior service.

Q) Why are you not addressing depreciation in your presentation as it is good business practice? This question was directed to Mr. Dobler based on his presentation of IVGID finances.

A) Prior to 2016, all of the District's Funds other than the General Fund were accounted for under Enterprise fund accounting and reporting which required depreciation to be an expense of operations. We think it is a good business practice. After Pinkerton's arrival, he along with Director of Finance Eick convinced the then seated Board that the District should be using Governmental Fund accounting which does not require depreciation to be reported as an expense of operations. We disagree with the change in accounting as it violates NRS 354. By eliminating depreciation it makes operations look so much better.

Q) Why didn't our Rec fees go down when the bonds were paid off?

A) When the bonds were issued, the Trustees at the time assured us that when the bonds were paid off the Rec Fees would be reduced. Instead, when the 2003 and 2004 bonds were retired in 2013 and 2014 the \$170 of our Rec Fee that was no longer needed to pay down the bond principal and interest the Rec Fee was not reduced. Instead this money was repurposed to fund operating costs and some capital projects. In 2018 another bond will be retired and the \$110 of our Rec Fee collected for this Bond will be repurposed for the funding of NEW capital projects like the Diamond Peak Master Plan and the Parasol Lease Buyout.

Q) Why is there so much opposition to IVGID financials?

A) Over the past three years, we have found several misleading financial disclosures and a long District track record of incorrect, improper or inaccurate accounting and reporting. We have developed several memorandums on each subject which have either been ignored by the Board majority and Audit Committee or answered with empty statements that did not address the issues. We will continue to press forward. We have engaged forensic accountants to review our memos and they have agreed with our conclusions. We will not rest until the District makes all the necessary corrections and commits to providing accurate and complete financial accounting and reporting.

Q) Why does IVGID oppose a State Law that would require the state to audit their books? (This proposed law never made it out of Legislative Committee)

A) Trying to derail more oversight?

General Manager Pinkerton

Q) Why does the GM keep moving jobs every couple of years?

A) Pinkerton's Resume shows that he spent 13 years at Stockton and subsequently, less than three years at Manteca and less than three years at Davis. Rather than speculate, we recommend you contact Steve Pinkerton directly at 775-832-1206 or sjp@ivgid.org and ask him.

Q) Why isn't the GM here and why are we renegotiating his severance package after a few months?

A) Our Community Sponsored Forum provided an open invitation for everyone in our Community to attend. We don't know why General Manager Pinkerton chose not to participate. As to the proposal on his employment contract which includes a salary and benefit increase as well as changes to clauses related to his resignation or termination, it seems rather ill-timed to us. The GM originally had a two year contract with an

option for three more years. The option required the Board to provide six months advance notice and in August of last year, the GM contract was extended taking effect this past April. Although General Manager Pinkerton earns more than Governor Sandoval and Attorney General Laxalt and a number of other high ranking Nevada government officials, he considers himself vastly underpaid. He has asked for a raise and additional contract termination provisions which could be classified as a golden parachute.

The General Manager's request for additional compensation and severance benefits was placed on the September 13th Board Meeting Agenda by Chair Wong. At that meeting, Legal Counsel Guinasso acknowledged that he was responsible for writing the new clauses for Pinkerton's golden parachute. Counsel Guinasso took exception to any objections from Trustees on these changes and stated that he had found them on a website showing employment contract provisions for municipal employees. After considerable Trustee discussion opposing these new terms, Pinkerton withdrew this part of his request. However, Chair Wong and Trustees Morris and Horan voted to approve Pinkerton's salary and benefit increase. Trustees Callicrate and Dent voted NO.

Q) Why is the General Manager still employed given the fact operating expenses have grown?

A) Considering that Chair Wong and Trustees Horan and Morris just voted to give him a raise, one might conclude that their standards for job performance do not consider his extravagant spending habits any cause for concern.

General Questions

Q) How do you have a dialogue take place with a Trustee other than three minutes at a Board Meeting?

A) Attend the Meet and Greet time scheduled before each Board Meeting when Trustees and Senior Staff are available to speak with the community at large. You can also call or email any Trustee and set up a meeting.

Contact Information:

Chair Trustee Kendra Wong 916-251-9664 Wong_trustee@ivgid.org Trustee Phil Horan 775-544-6561 Horan_trustee@ivgid.org Trustee Matthew Dent 775-530-1345 Dent_trustee@ivgid.org Trustee Tim Callicrate 775-336-9925 Callicrate_trustee@ivgid.org Trustee Peter Morris 415-613-5664 Morris_trustee@ivgid.org

Q) Why does IVGID not have any public involvement on Board Committees?

A) This is determined by the Board. Trustees Callicrate and Dent have been strong advocates for citizen participation on Board and General Manager Committees. To date, the Board majority has not recognized the vast knowledge and experience our citizens are willing to contribute and have maintained policies that preclude citizens from joining these Committees. If this is an issue important to you, request the Chair place this issue on the agenda for a full Board discussion and vote.

Q) Why are all property owners not allowed to vote in elections?

A) Prior to 1977, all residents as well as non-resident parcel owners were eligible to vote in General Improvement District elections. In 1977 the Nevada Legislature changed the law and restricted voting to legally domiciled residents.

Q) How do we bring a Hispanic member representative?

A) Recruit and support qualified IVGID Trustee candidates that best represent your interests and views.

Q) What do you think it would take to make the IVGID Quarterly a monthly magazine?

A) Voice your request during Public Comments at a Public Meeting. Call or email Trustees and request this item be placed on the next Board Agenda.

Q) Why did IVGID buy the land at Incline Lake and not build the cross country facility?

A) We can only provide the facts. The land area is five acres and was purchased in 2008 for \$1,000,000. IVGID represents that it only provided \$250,000 of the funding with the remaining \$750,000 supplied by the Nevada Division of State Lands. This sum was raised through Question One Bonds (via sales tax increases). The last we heard from IVGID on the future use of this property was what they stated in the 2013 Certified Audited Annual Financial Report: "The District has not set any plans in place for the Incline Lake property other than the property use will benefit the majority of the community."

Q) Why did the Community Master Plan Survey go to non-property owners?

A) Often, when non-scientific surveys are conducted to expand facilities, activities, services and other amenities, consultants aim to reach the largest pool of respondents irrespective of those that will be most responsible for bearing the costs of these expansions. Short term renters and tourists do not have a stake in the quality of everyday life here or the expenditures required to support these expansions –so if the aim of the survey is to garner support for more activities, opening the survey to everyone’s participation will often provide supportive unscientific results. We believe this survey was designed and controlled poorly and is of little value as it did not specifically target the parcel owners who will be responsible for underwriting and subsidizing the costs for expansion of activities that are of marginal interest to our community and will increase the need for additional staff, overcrowd our facilities during peak seasons and primarily benefit tourists.

Q) What is IVGID doing to protect wildlife and bears?

A) IVGID points to its Zero Tolerance Trash Enforcement Policy. More information can be obtained by visiting: <https://www.yourtahoeplace.com/public-works/solid-waste-services> You can also address your questions, concerns and ideas with General Manager Steve Pinkerton: sjp@ivgid.org Office: 775-832-1206 Mobile: 209-639-3313

Beaches and Trash

Q) Why has IVGID not addressed Ordinance 7?

A) Ordinance 7 has not been amended since March, 1998 because the primary complaint is the increase in usage of the beach facilities and lack of adequate parking. Unfortunately, when the Ordinance has 32 different Family Tree members able to obtain a Picture Pass, an unlimited amount of Punch Cards which can be purchased, daily guest access tickets, white papers, and other means of access: why would anyone think that usage will go down? Ironically, we believe the \$3 million proposed Incline Beach House will only increase usage. As IVGID adds more Beach facilities, services and activities does anyone expect Beach usage to go down?

The General Manager has established an Ordinance 7 Committee which includes Trustees Callicrate and Horan to study areas of Ordinance 7 to address. Stay tuned...

Q) Why do we have an expensive recycle program?

A) We have no comparisons to determine if the program is expensive or not. Recycling is partnered with Trash Service in your monthly fees. Whether you recycle or not, your trash pick-up will remain at the same rate. For more information contact GM Pinkerton at: sjp@ivgid.org Office: 775-832-1206 Mobile: 209-639-3313

Q) How does one put garbage collection on vacation?

A) We like our garbage picked up weekly so a vacation for pick up is out of the question. HA! For serious information, please visit: <https://www.yourtahoeplace.com/public-works/solid-waste-services>

Outside of IVGID's authority

Q) Why are we lining the drainage ditches with rocks? There is no parking.

A) This is a Washoe County project. It probably has to do with water clarity but darned if we know. IVGID Trustee Phil Horan is also on the Washoe County Planning Commission. Perhaps you can contact him and request an answer. Horan_trustee@ivgid.org 775-544-6561

Q) Why weren't there public meetings with Washoe County regarding roads and drainage construction?

A) We are only studying IVGID but believe Washoe County has public meetings with its Commissioners. Visit their website at: https://www.washoecounty.us/parks/planning_and_development/public_meetings.php
You can also learn more about our Washoe County Commissioners at: <https://www.washoecounty.us/bcc/>

Q) How can this community give better input and control to issues other than IVGID?

A) Depending upon the issues and concerns, you can directly contact the North Lake Tahoe Fire District, Washoe County Sheriff Department; Washoe County Commissioners; Washoe County Planning Commission; Washoe County Board of Equalization; Tahoe Regional Planning Agency (TRPA); U S Forest Service; Nevada State Assembly and Senate; Governor, Office of the Attorney General, State Treasurer and Controller. You can also contact IVGID Trustees and request their guidance in finding other sources or contacts with outside agencies.