

**MINUTES**  
**TAHOE DONNER ASSOCIATION**  
**BOARD OF DIRECTORS REGULAR MEETING**  
**February 21, 2009**  
**9:00 A.M.**

A regularly scheduled meeting of the Board of Directors of Tahoe Donner Association was held at the Northwoods Clubhouse Meeting Room, Tahoe Donner, Truckee, California on Saturday, February 21, 2009. President Ron Wulff called the meeting to order at 9:00 a.m. The following Board and staff members were present:

Directors present: Ron Wulff, John Dundas, Suzan Knisley, Pat Ghiglieri & Dick Halpin

Staff present: Mike Salmon, Director of Finance & Accounting and  
Interim General Manager  
Annie Rosenfeld, Human Resources/Risk Manager  
Miguel Sloane, Amenities Manager  
Dave Drinks, Administration Manager  
Michael David, Capital Projects Analyst  
Director of Golf, Ed Leinenkugel  
Bonnie Watkins, Executive Assistant & Recording Secretary

**A. APPROVAL OF MINUTES**

The Board received the preliminary minutes of the December 20, 2008 regular meeting minutes for consideration. John Dundas made a motion and Dick Halpin seconded to accept the December 20, 2008 regular meeting minutes as presented. Motion passed 5-0

**DIRECTOR AND MEMBER COMMENTS**

General Plan Committee Co-Chair, Patty Schifferle, addressed the Board and stated that she noticed the maintenance facility project was not on this month's agenda, and explained that the GPC's concern is the limited amount of time due to regulatory and legal risks facing the Association from not proceeding on this matter. She noted that it was very productive last time having a special board meeting specifically for this topic since it is a critical issue and has been on-going for quite some time. Ms. Schifferle stated she thinks it is important to ask Staff for a time-line, as it is her understanding that the main reason this is not before the Board today is because only two of the three bids have been received. Michael David responded by saying he is still receiving information back from all of the parties that he has procured bids from. Mr. David added he doesn't want to present to the Board something that is not complete, and as soon as all the documentation is received he will develop a good time-line and present it to the Board in a proper fashion. Suzan Knisley asked Mr. David if he could be ready by the March Board

meeting, and he responded yes. Mr. David further explained that he could distribute the information to the Board via e-mail so they could review it prior to the meeting. Pat Ghiglieri said she is agreeable to Ms. Schifferle's suggestion of having a separate meeting, and explained that the Board might need to schedule a special meeting for a couple of additional issues that are coming up. Ron Wulff concurred, but he agreed with Michael David on not making a presentation to the Board until a complete package with all the information is available. Mr. Wulff also expressed his concern about the cost and how the Association is going to pay for this project, as he doesn't think there is enough money in the Building Replacement Fund to do so. Dick Halpin inquired about regulatory problems with the maintenance building and exactly what the issues are. Ms. Schifferle explained that the restrooms are not ADA-compliant and that there are also some Cal-OSHA problems with the forestry building in terms of safety; however, the real driving force is that these buildings are 35 years old and no longer efficient. She asked the Board to be "pro-active" and not wait until there's a problem. Discussion ensued regarding the December 1 special board meeting and what was voted on at that time. Ron Wulff concluded that when Michael David has all of the documentation, he can e-mail it to the Board for review and then a special meeting can be scheduled.

Director Ghiglieri commented that she and John Dundas are on the Lodge Task Force, and explained that everyone needs to be aware that the full restaurant menu is available in both the bar and main dining room. She noted that just this week two e-mails were received from members as well as one Board member who were unaware of this change. Ms. Ghiglieri stated that she wants it put in the minutes that The Lodge's entire menu is available in any room, and she presented some menus for distribution. Ron Wulff said he will mention this matter in his President's message for the March issue of *TD News*.

Director Knisley stated she had a comment regarding Dick Halpin's motion at a prior Board meeting directing Staff to develop an action plan along with time-tables for the construction of a bridge in the Euer Valley, and she wanted an update on the status. Michael David responded that he has been working with Bill Houdyschell on the different options since our Forester had previously done quite a bit of research; however, the information is somewhat dated, from 2004 and 2005, so he is gathering new information from the contractors.

Director Dundas thanked all the committee members for their efforts and asked them to be patient because he realizes things often don't move as quickly as they like. In connection with the maintenance facility, Mr. Dundas stated that the Association's projects need to be "top notch" and in order to achieve this goal the Board must move forward with some of these projects and figure out how to fund them.

Director Wulff commented that he received communication from the member who talked about dog feces at last month's Board meeting with some suggestions for articles in the *TD News* as well as two examples of an international sign that the Association can post at its entrances. He said he has given this information to Mike Salmon for review and distribution. Mr. Wulff added that another homeowner had talked to him about this same issue.

Director Wulff also stated that he was contacted by another member about the regulations for amenity use. He explained that this full-time owner has two properties in Tahoe Donner, one of which is a rental with two people named on the lease and that they both cannot get passes. Mr. Wulff said this is something the Board needs to address and that this matter should be put on a future agenda for discussion, along with some other issue items that our Member Services office believes should be updated.

Director Wulff concluded by saying he was contacted by yet another member regarding the family living in the fire station located on Northwoods Boulevard. He explained that they have two young children living there, and since the property is owned by the Truckee Fire Protection District they cannot get passes to use the amenities. Mr. Wulff indicated that the member inquired if anything could be done about getting them a pass. Discussion ensued regarding prior requests for passes. Mr. Wulff stated that, unfortunately, there is not anything in the Association's regulations that would allow the Board to grant passes to a property that is not part of Tahoe Donner.

## **B. COMMITTEE REPORTS**

**Architectural Standards (ASC)** – The Board was provided with the ASC's January 7, January 21 and February 4, 2009 meeting minutes for review.

**Communications** – No report.

**Covenants** – The Board was provided with the January 2009 violations report for review.

**General Plan (GPC)** – The Board was provided with the committee's February 2009 written report for review. Co-Chair John Stubbs stated that he would like to note that Ron Wulff attended the General Plan Committee's (GPC) February 2, 2009 meeting and made a presentation concerning the possibility of building a railroad flat car bridge across Prosser Creek in the 200 acres and opening up an existing logging road access on Tahoe Donner property. The bridge would be restricted from vehicle traffic and would give the membership much better access without having to cross Euer family property in the valley. It was the consensus of the GPC, he continued, to strongly support the continued investigation of the feasibility and cost of the bridge. Additionally, Stubbs said, if the option presents itself, the GPC would support the purchase of the Sierra Pacific land, one mile square area (640 acres), as additional open space for Cross Country/Equestrian Center and hiking trails. Stubbs stated that a list of the recommended "Priorities" in the 2007 General Plan was distributed to the Board prior to today's meeting. He noted that Miguel Sloane is preparing a spread sheet of "Priority One" recommendations with a status report for each.

Dick Halpin stated that there appears to be a black hole in the General Plan, because it doesn't include funding options for the items being recommended. Halpin stated that it looks like the General Plan is stalled and nothing is being done to move forward. John Stubbs responded that some of the items have been completed, but it is true that there are no funding sources established for many of the items recommended in the 2007 General Plan. Mr. Stubbs indicated

that it is the GPC's responsibility to develop a guide for the Board regarding long-term planning for amenities that need attention; budgeting for the implementation of the recommendations is not the responsibility of the committee.

Miguel Sloane stated that there was a period of time following the completion of the General Plan where projects seemed to be stalled; however, many of the recommended projects are now underway. He indicated that from this point forward there won't be a problem, as these items will be brought forward during the budget process. Dick Halpin stated that, in essence, a year has been lost on implementing any of the items in the plan due to lack of funding options for the recommendations. John Stubbs disagreed with Mr. Halpin and stated that many projects are in progress or are completed such as the Downhill Ski Area Cafeteria remodel and the Rental Shop-Snowflakes facilities switch that is on today's Consent Calendar. However, Stubbs continued, it is true that there are no funding options for items in the plan such as the expansion of the Banquet & Event room and the deck overlooking the Golf Course at The Lodge.

Miguel Sloane explained that Staff is preparing a spreadsheet to show the status of the "Priority One" projects. He said many of the "Priority Two" projects recommended in the plan will require funding. For these projects, he continued, Staff plans to present to the Board an estimate of the costs of those projects, a timeline associated with them, and how such costs could be budgeted for. Mr. Halpin stated that when the next General Plan is completed and presented to the Board, it should include funding.

A lengthy discussion ensued regarding where the responsibility lies for developing funding for items in the General Plan.

John Dundas stated that four years ago when the Board was investigating the addition of a third well on the Golf Course, they didn't know how to fund the proposed two million dollar project, so they just put it off. Now, he continued, because the Board didn't allocate funds to set aside or increase the annual assessment dues to pay for the project, we're now at a point where several buildings need to be replaced and we don't have the funds. Mr. Dundas stated that, in his opinion, the responsibility for funding these projects lies with the Board. A decision needs to be made, he continued, to increase the annual assessment next year to start acquiring funds for these projects. He said, while some funds were set aside by the prior Board, it isn't nearly sufficient enough to cover all that is going to be necessary for the projects coming up. The question is, he continued, do we want to be a quality HOA or continue to put band-aids on our amenities.

Ron Wulff stated that one of the ideas coming out of the Finance Committee regarding Capital Funding is for the Association to obtain a line of credit. This would mean, of course, going out to the membership for a vote.

A discussion ensued regarding the pros and cons of raising the annual assessment or obtaining an equity line of credit to fund future projects.

Miguel Sloane stated that he wanted to go back to Dick Halpin's original question about the General Plan not having funding options attached to the recommendations. He indicated that Mr. Halpin was correct and that, going forward, he would identify all the "Priorities" in the 2007 General Plan that require funding and make certain that, through the budget process for 2010, those projects come to the Board with an estimate of the costs and the manner in which they could be budgeted.

Suzan Knisley commented that in a recent conversation she had with a Truckee Donner Public Utility District (TDPUD) representative, she was informed that having a third well on the Golf Course would save Tahoe Donner a considerable amount of money. She explained that one reason water rates are so high here in Tahoe Donner is the cost of pumping the water from the valley to the holding tanks at the top of the hill. The savings would come from the use of less electricity to pump the water.

Ron Wulff stated that, as he recalled, the pay-back time on the cost of the proposed third well was ten years. The biggest discussion surrounding this proposed project related to the costs of an aboveground tank versus an underground tank. If the tank is above ground, he said, it would have to be camouflaged by vegetation of some sort. Mike Salmon interjected that an extensive amount of research has already been done regarding this project, and the Association has spent approximately \$100,000 on it thus far. He indicated that a ten-year pay back on a well that is going to last fifty years is very good.

Further discussion took place regarding the possibility of state mandated water rationing, water usage and associated costs for the Golf Course, TDPUD water rate increases, and the quality of the Association's underground aquifer.

**Finance** – The Board was provided with the committee's February 12, 2009 written report for review.

**Employee Retention/Recruitment (ERRC)** – No Report

**Ad Hoc Roads** – No Report

**DISCUSSION: COMMUNICATIONS COMMITTEE OBJECTIVES FOR 2009**

The Board was provided with a proposed list of objectives for this committee to pursue in 2009 for consideration. Pat Ghiglieri reviewed these objectives with the Board.

A discussion ensued regarding the committee working with Tahoe Donner's Communications Department on future Webcasting of Board meetings. Administration Manager Dave Drinks explained that this was a proposal made by the Communications Committee and there is a software program available called "Swaggit," which would allow Staff to broadcast Board meetings. Drinks said this is a program that is used by entities such as city councils in the Bay Area. He indicated that Staff has not investigated the costs associated with the purchase of the software.

Following discussion, by consensus the Board directed Staff to investigate the costs associated with purchasing “Swaggit” and bring the item back to the Board for consideration at the March Board meeting.

Following further discussion, Dick Halpin made a motion and Suzan Knisley seconded to approve the Communications Committee’s 2009 Objectives as presented, with the exception of “Webcasting”, until the Board receives a report at the March meeting from Staff regarding the costs to provide this communication vehicle. Motion passed 5-0

The Board discussed the possibility of utilizing “YouTube” for Candidate’s Nights. Following discussion, Dave Drinks stated that he would bring information back to the Board on this item at the March meeting as well.

**DISCUSSION: FINANCE COMMITTEE CHARTER**

Dick Halpin stated that Finance Committee Chair Jim Stang did an excellent job on the committee’s revised charter.

Pat Ghiglieri made a motion and Dick Halpin seconded to approve the Finance Committee Charter as presented. Motion passed 5-0

**C. COMMITTEE OBJECTIVES FOR 2009**

The Board was provided with the proposed Committee Objectives for 2009 for consideration from the following committees: Employee Retention & Recruitment Committee (ERRC), General Plan Committee (GPC), and Finance Committee.

Dick Halpin questioned whether it is appropriate for the ERRC to make an analysis of the Association’s benefit package in relation to our competitors in the local market. He indicated that, as there is the necessity of keeping the responders to a survey confidential, the fact that committees hold their meetings in open session means there is the possibility of this confidentiality being breached.

A discussion ensued regarding the pros and cons of the ERRC participating in the Association’s benefit package analysis.

Following discussion Dick Halpin made a motion to approve the ERRC 2009 Objectives, with the exception of participating in an analysis of the Association’s benefit package. Motion died for lack of a second.

Following further discussion, John Dundas made a motion and Pat Ghiglieri seconded to approve the ERRC, GPC, and Finance Committee’s 2009 Objectives as presented. Motion passed 5-0

**Break**

(10:05 a.m.)

The regular meeting reconvened at 10:15 a.m.

**D. CONSENT CALENDAR**

The Board was provided with the following items for consideration:

- Finance Committee Appointment (Van Wey)
- Finance Committee Chair Appointment (Stang)
- General Plan Committee Appointment (Nelson)
- Ratify Prior Decision to Hold a Third Party Event - 'Trails and Vistas' on Tahoe Donner Property
- Reserve Replacement (NMEF) New Machinery & Equipment Fund and Blanket (AFE) Authorization for Expenditure Approval
- Blood Pressure Machine Purchase
- Downhill Ski Racing Equipment
- Rental Shop/Snowflakes Facilities Switch

Dick Halpin pulled the “Reserve Replacement (NMEF) New Machinery & Equipment Fund and Blanket (AFE) Authorization for Expenditure Approval” and Rental Shop/Snowflakes Switch items for discussion. Pat Ghiglieri pulled the Blood Pressure Machine Purchase item, and Ron Wulff pulled the Downhill Ski Racing Equipment item.

John Dundas made a motion and Dick Halpin seconded to approve the following items as presented: Finance Committee Appointment (Van Wey), Finance Committee Chair Appointment (Stang), General Plan Committee Appointment (Nelson), and Ratify Prior Decision to Hold a Third Party Event - 'Trails and Vistas' on Tahoe Donner Property. Motion passed 5-0

Ron Wulff indicated that the Board has a lot of questions on this Reserve Replacement item and, in the interest of time, it would be best to place it on the March agenda for consideration. Dick Halpin stated that it is going to take a long time to go through the Reserve Replacement list, due to the fact that the Directors have a lot of questions. However, he continued, there are about five items coming up that require immediate attention that the Board should consider. Additionally, Mr. Halpin suggested re-instituting the requirement that any purchase over \$10,000 must come to the Board for approval.

Mike Salmon indicated that he was comfortable with the proposal to require that anything over \$10,000 come to the Board for approval, and should there be an emergency situation Staff can bring that item directly to the Board for approval.

Human Resources/Risk Manager Annie Rosenfeld explained in detail the process Staff goes through in developing and monitoring the items in the Reserve Replacement list. Capital Projects Analyst Michael David provided additional input regarding the process.

The Board discussed the items in the Reserve Replacement list that needed to be addressed today.

Pat Ghiglieri stated that she feels Staff has done an excellent job with the preparation of the Reserve Replacement list and that the Board is just micromanaging. She advocated approving the list as presented.

Discussion continued regarding items needing Board approval today.

Following discussion, Dick Halpin made a motion and Suzan Knisley seconded to approve the following expenditures in the Reserve Replacement list: Asphalt Maintenance, Golf Maintenance, Golf Complex, Facilities Administration, and MIS. Further, the Board approved the NMEF expenditures as presented. Motion passed 4-1 (Ghiglieri No)

The Board directed Staff to place the remaining Reserve Replacement list on the March Board meeting agenda as a Consent Calendar item.

Pat Ghiglieri stated that she had voted against the rental of the blood pressure machine for Trout Creek a couple of years ago because she questioned the health benefits of a public machine. She indicated that they have limited value, due to the fact that they may be incorrect. From her background as a nurse, she said, she feels that it is best to have your blood pressure checked in a medical facility or in a community screening program with trained staff.

A discussion ensued regarding the pros and cons of the accuracy of the blood pressure machine and the value of making it available to the membership.

Capital Projects Analyst Mike David explained that the machine requires very little maintenance and, due to its popularity, it makes sense to purchase the machine and eliminate the \$200.00 monthly payment. John Dundas inquired why, if the manufacturer has stated that the useful life of the machine is ten years, Staff anticipates that it will last twelve years. Mike David responded that this is due to the fact that our machine will not have the high volume of usage that a machine in a pharmacy or grocery store would have.

Following discussion, John Dundas made a motion and Dick Halpin seconded to approve the Blood Pressure Machine Purchase as presented. Motion passed 4-1 (Ghiglieri No)

Ron Wulff inquired if Staff was requesting to replace all the Downhill Ski Racing equipment. Additionally, he inquired why Staff is purchasing the 18 volt cordless drill. Miguel Sloane explained that the Reserve Replacement schedule is set up to replace all the race equipment in 2010. However, he continued, when Staff opened up the storage unit this year and tested the equipment, the timer was not functioning and replacement parts were no longer available.

After taking a critical look at all the equipment, while much of it would still function to a certain extent, Staff found them to be in fairly poor condition. Since Tahoe Donner has a very intense race schedule, Sloane said, Staff felt it would be best to replace all the equipment this year. As for the 18 volt cordless drill, it does stay with the racing equipment.

Suzan Knisley made a motion and Dick Halpin seconded to approve the acceleration of funds for the Downhill Ski Racing Equipment line item for an amount not-to-exceed \$7,500. Motion passed 5-0

Dick Halpin inquired why there was only one bid for the not-to-exceed \$10,000 request for the Rental Shop/Snowflakes Switch project. Miguel Sloane responded that Staff does plan to obtain three bids for each phase of the project before entering into a contract. He indicated that the bid for the architectural services is from Lot C Architecture and the bid for engineering services is from FNW Engineers. The total of these two bids, he said, is the price we have so far. Dick Halpin questioned if this is just one bid, and Mr. Sloane responded yes.

Discussion took place regarding the need to obtain two additional bids for the project, especially in light of the fact that Jason Wooley is the owner of Lot C Architecture and is also Chair of the Architectural Standards Committee.

Following discussion, Dick Halpin made a motion and Suzan Knisley seconded to delay taking action on the Rental Shop/Snowflakes Switch item until two additional bids are received. Motion passed 5-0

#### **E. GOLF CART LEASE TERMINATION**

The Board was provided with a memorandum from Director of Golf, Ed Leinenkugel, regarding the renewal of the Association's golf cart lease for review.

Mr. Leinenkugel stated that during the 2008 golf season, Staff began to experience golf cart battery failure. He said, while we have a 5-year operating lease with Ingersoll-Rand, the warranty on the batteries ended in year four, which left us with the obligation to replace the batteries. With installation and tax, Leinenkugel continued, the cost of each battery would be \$760.00. He indicated that, due to the nature of the Tahoe Donner Golf course, golf cart batteries experience hard use that results in a shorter life span. Should each of our cart batteries die before the end of the lease, the Association could incur a total equipment replacement cost in excess of \$60,000. Consequently, in light of the potential expense, Leinenkugel said, he contacted the lease agent to explore other options. He indicated the best option is to upgrade to a new golf cart fleet prior to the 2009 season. Ingersoll-Rand is willing to terminate the lease agreement at no cost with the understanding that we sign a new five-year lease with them, which comes with a four-year warranty on the batteries. Mr. Leinenkugel stated that signing the new contract would increase our annual lease payment by \$6,800.00.

He stated that the new carts are an improvement over the carts we currently have since they come standard with a windshield, which has been an issue with many of the Golf Course patrons

in the past. Leinenkugel reviewed some of the features and advantages of the proposed new golf cart.

Mr. Leinenkugel then fielded questions from the Board and members present.

A discussion ensued regarding the possibility of negotiating for a four-year lease or a five-year warranty.

Following discussion, Dick Halpin made a motion and Suzan Knisley seconded to direct Staff to explore a four-year lease or a five-year warranty with Ingersoll-Rand. Motion passed 5-0

#### **F. PIZZA ON THE HILL**

The Board was provided with a memorandum from Annie Rosenfeld regarding a proposed remodel of the Pizza On The Hill operation for review.

Ms. Rosenfeld stated that the purpose of the memorandum is to give the Board a rough estimate of the potential costs to remodel and potential funding sources, as well as to generate discussion on the scope of the proposed project. Ms. Rosenfeld reviewed the proposed project components with the Board.

Ron Wulff stated that he was strongly opposed to opening Pizza On The Hill because he felt it would be direct competition for The Lodge. He indicated that he is quite concerned with the losses at the Pizza On The Hill operation and with the interior decoration issues; however, he noted he does not have concerns about the employees who manage the operation. He said, while he agrees that there is a need to improve the interior look of the operation, he would like to see a turn around in the business before putting too much money into a remodel.

Suzan Knisley stated the restaurant obviously needs some interior improvements, and she would be in favor of the Board looking into some improvements such as painting, lighting, the bar area, etc.

Pat Ghiglieri stated that is was her original idea a few years ago to consider making the restaurant a pizza operation. She indicated that since the restaurant does have a following and offers homeowners an alternative to The Lodge, some improvements should be made to it.

Suzan Knisley said since we all want to give Pizza On The Hill an opportunity to prove itself financially, it makes sense to make a minimal investment in improving the appearance. Hopefully, with the improvements and some change in the menu, the operation can turn itself around.

Mike Salmon stated that doing a remodel takes some lead time. As such, he continued, the best time to close the operation and complete a remodel would be mid-April to mid-May and be ready to open for the summer season. He said there is approximately \$82,000 in Replacement Reserve Components for this project. He noted that nothing has been done as far as improvements to this

restaurant in many years, and he is aware of people who won't even go into the restaurant because of its appearance. Ron Wulff stated that most of the pizza operations in Truckee have closed, which may bring more business to Pizza On The Hill. Mike Salmon stated that he believes the closings will bring in more business, but the interior décor will still be dated and possibly turn people off.

Director of Food and Beverage Mike Peters indicated that he believes there is a demand for the restaurant, as it offers an alternative dining experience to The Lodge. He indicated that he believes the restaurant can be taken to the next level by improving the visual impact as well as offering more diversity on the menu. During peak times when homeowners are in Tahoe Donner, The Lodge is often at capacity. He stated that if an owner wants to have dinner at The Lodge and there are only late reservations or no availability, they would most likely look to Pizza On The Hill. He said the way to success with the operation is to offer a quality product and service, nice atmosphere, and great value.

Dick Halpin inquired how much the operation lost last year. Mike Salmon responded that it lost approximately \$100,000 with allocated overhead. Halpin noted that this is almost exactly what the old Northwoods Clubhouse Restaurant lost, and at that time The Lodge wasn't even built. He stated that as far as he is concerned, the operation has to show some improvement financially, and that he is not in favor of remodeling it. He added that the kind of pizza being served is not what most people want.

A discussion ensued regarding the pros and cons of remodeling the restaurant or waiting until the operation shows a financial improvement, the quality and kind of pizza being served, and the scope of the proposed project.

Following discussion, Pat Ghiglieri made a motion to approve the project component list as presented, with the exception of the furniture item. The motion failed for lack of a second.

Following further discussion, Pat Ghiglieri made a motion and Suzan Knisley seconded to approve the remodel of the Pizza On The Hill operation for a not-to-exceed amount of \$70,000.

Ron Wulff indicated that he would like to see the design first. Dick Halpin stated that he believes the new pizza product should be marketed first and allowed to find a following, at which time, an announcement can be made that the operation is going to be remodeled.

Following discussion the Motion passed 3-2 (Wulff & Halpin No)

## **LUNCH**

The Board adjourned for lunch to test the new pizza from Pizza On The Hill at 12:15 p.m.

The regular meeting reconvened at 12:50 p.m.

## **G. EXECUTIVE SEARCH FIRM**

The Board was provided with a memorandum from Human Resources/Risk Manager, Annie Rosenfeld, regarding recommendations for an executive search firm for the General Manager opening for review. She reviewed her search criteria and fielded questions from the Board regarding the memorandum.

Ms. Rosenfeld indicated that Wilcox, Miller and Nelson, the firm she recommends, agrees to guarantee the replacement for a period of six months, beginning on the first day of employment. She explained that, in the event a candidate recruited and recommended by their firm leaves for any reason or the Association chooses to release the employee for cause, they will repeat the same search at no additional charge.

Ms. Rosenfeld continued with a review of the firm's search methodology and process.

A discussion took place regarding the process for utilizing the applicant "Screening Committee" in the recruitment process.

Following further discussion, Dick Halpin made a motion and John Dundas seconded to approve contracting with Wilcox, Miller and Nelson for the General Manager search. Motion passed 5-0

Ms. Rosenfeld inquired if the Board would like to decide now or later whether to retain the firm on a percentage or flat rate basis. Ms. Rosenfeld provided the Board with the pros and cons of each choice.

Following discussion, Dick Halpin made a motion and John Dundas seconded to approve contracting with Wilcox, Miller and Nelson on a percentage basis. Motion passed 5-0

Discussion took place regarding setting a meeting between Staff, the Board and Diane Miller of Wilcox, Miller and Nelson on February 24 in Auburn. The Board indicated that they would continue this discussion in Executive Session at the end of today's meeting.

### **AMENITIES MANAGER'S REPORT**

Miguel Sloane reported the following:

Downhill Ski Area usage totals for February is approximately 11,000 skiers, which is approximately 1,800 fewer than last year. These are really positive numbers, especially considering the lack of snow earlier in the month. Year-to-date the Downhill Ski Area is down approximately 1,200 skiers from last year, but revenues are approximately \$65,000 more than last year.

Cross Country Center usage numbers are up slightly from last year, and revenues for the operation are just about even with last year. Season pass totals are up 11 percent. Due to the additional parking that was created at the operation prior to the new season, there have been no issues with vehicles being parked outside the permitted area.

Trout Creek Center usage numbers are up by 38 percent, and guest usage alone is up 39 percent. Preliminary revenue numbers indicate that the operation is up 55 percent from last year.

Snowplay usage numbers year-to-date are down by 26 percent, but revenue is up by \$1,500.

Regarding the Beach Club Marina, the State Lands Commission amendment to the lease has been completed and turned in. However, it appears that the fence on the north side that divides Tahoe Donner's property from the single family residences is extending beyond Association property. As a condition of approval of the amendment, the fence may have to be moved.

The Board convened to an Appeal Hearing at 1:30 p.m.

The regular meeting reconvened at 2:10 p.m.

## **H. ALTERNATE USE OF THE DOWNHILL SKI AREA**

Miguel Sloane provided the Board with a memorandum outlining the history of this proposed project for review. The following are highlights from the memorandum:

- The ski area location would be ideal for a world class disc golf course.
- The cost of an 18-hole disc golf course is estimated at \$29,000. The first tee and 18<sup>th</sup> "green" or basket would be located at the bottom of the ski area.
- Parking for disc golf course users would be the existing ski area parking lots.
- Maintenance costs would be minimal and all maintenance would be performed by the lift maintenance staff already on site.
- This project would qualify for "Recreation Amenities Expansion" funds from the 32 acre parcel sale.
- The General Plan Committee unanimously voted against this project, citing among other reasons that the Association has other priorities that require our resources.
- The Ski Bowl Condominium Association Board of Directors has indicated that they are not opposed to the project as long as tournaments are not scheduled during high volume periods – specifically holiday weekends and July and August.

Mr. Sloane explained that the feedback from the new general manager at the Ski Bowl Condominium Association and their Board of Directors is very positive about the proposed disc golf course.

The Board discussed the merits of this proposed project.

Following discussion, Pat Ghiglieri made a motion and Suzan Knisley seconded to approve an 18-hole disc golf course at the Downhill Ski Area. Motion passed 3-2 (Dundas & Halpin No)

## **I. DIRECTOR OF FINANCE AND ACCOUNTING REPORT**

Director of Finance and Accounting, Mike Salmon, apologized that the preliminary financials for January were not ready in time for the Board books. He indicated that they should be available for Board review by Tuesday, February 24.

Mr. Salmon started out by saying the preliminary numbers showed a \$198,000 loss for 2008 but after closing out the books there is now a \$335,000 net operating loss, with the difference attributable to a combination of things. He reviewed the various accounts which had changes: \$40,000 vacation accrual adjustment, \$25,000 interest income adjustment due to being off in the Operating Fund investment account, \$25,000 increase in the accounts receivable reserve in light of the current economic condition and the number of foreclosures that are occurring, \$20,000 due to a timing lag in late accounts payable invoices relating to 2008 expenses, \$15,000 in other receivables because of collectability issues, \$6,000 in miscellaneous payroll adjustments, and \$6,000 in cost of goods sold due to physical adjustments although this item is still being researched. Mr. Salmon said this \$335,000 loss is 8% unfavorable to budget or \$52 per property.

Discussion ensued regarding vacations and administrative leave, and Dick Halpin asked if these adjustment entries could be made in conjunction with the budget instead of waiting until year-end.

In the big picture, Mr. Salmon said our downhill ski area had a tremendous season and that golf had a material difference between their budgeted and actual results. He added there was also a significant decline in fines and other type of revenue through ASO.

For January 2009, preliminary figures reflect a \$908,000 in revenue which is \$93,000 favorable to budget and \$87,000 more than last year. Specifically for The Lodge, revenue was \$79,000 or \$4,000 off of budget and their net operating results was \$1,500 unfavorable to budget; however, compared to last year, revenue was up \$10,000 or 14% and the loss was \$3,000 lower.

Mr. Salmon said these are stellar results considering the state of the economy and that January was one of the driest months on record.

Company-wide, Mr. Salmon reported that the Wachovia bonds matured and were paid in full. He said there have been two manager meetings since the last Board meeting, and the topics included the general manager change, safety, customer service and the mission statement of the Association. Mr. Salmon said he has ordered a couple of additional drop boxes for customer comments, one for Pizza On The Hill and one for The Lodge, similar to the ones located at our amenities. He added the Lodge Task Force has a lot of dedicated resources including Directors Dundas and Ghiglieri, and that there is momentum on all fronts. Mr. Salmon said Miguel Sloane was instrumental in getting some cross promotional signs installed at the ski hill, and that there was also a lift ticket promotion offering 10% off at The Lodge.

Mr. Salmon reminded the Board that the I-Did-A-Run Snowfest event was coming up on March 8. He concluded by saying priorities for March included refining the goals and objectives for the

Association, getting the customer service reporting systems in place and running smoothly, and company-wide daily flash reporting.

## **J. 2009 ELECTION PROCEDURES**

The Board received a memorandum from Executive Assistant Bonnie Watkins outlining the proposed procedures for the 2009 Director Election for consideration.

Regarding Candidate's Statements, Ron Wulff stated that he would like to return to the single statement format that was used in prior years and eliminate the rebuttal statement. Suzan Knisley inquired, if rebuttal statements are not allowed, what recourse a candidate would have if another candidate makes false or derogatory statements. Ron Wulff responded that the Board can only draw a candidate's attention to something that may be inaccurate; they can't change any of the content. A candidate could say something in the rebuttal statement that is inaccurate, and refuse to change it. Dick Halpin agreed that it would be best to have a single statement.

A member inquired if a candidate makes a false statement, can the Board request that they revise the statement. Ron Wulff responded yes, but the candidate can refuse to change it. Suzy Knisley stated that, if a false statement is made, she feels that a person should have the opportunity to defend their position. Unlike local elections, Knisley continued, where people have other avenues such as newspapers or letters to the editor for rebuttals, here the members rely on what is said in the candidate's statements and she doesn't want inaccurate information being disseminated. Ron Wulff explained that candidates have an opportunity to address these issues at candidate's night.

Pat Ghiglieri asked Ron Wulff what his objection is to allowing a rebuttal or supplemental statement. He responded by saying he wants to shorten the time-line and simplify the procedures, and he feels that allowing a rebuttal period encourages candidates to go after what someone has said whether it is inaccurate or not.

Discussion then ensued regarding false statements made during the prior director election and how to prevent this in future elections, and whether guidelines should be established concerning the format and contents of candidate's statements. John Dundas inquired about the May 4 deadline and why the candidate's statements can't be included as a part of the original candidacy application due on May 1. Following discussion, the Board agreed that the candidate's statements should be a part of the original candidacy application due on May 1.

Dick Halpin added that he would like someone to be responsible for follow-up with the printer to keep them on track and also with the direct mail firm to make sure the election packages goes out on time.

Following lengthy discussion and review of the draft procedures, Dick Halpin made a motion and John Dundas seconded to approve the following:

- Publishing for member comment the proposed 2009 Annual Director Written Ballot Election Procedures as revised
- The appointment of Porter Simon to serve as Inspector of Election
- The retention of McClintock Accountancy to provide ballot-counting services for this election
- Authorization for the President, without further Board action, to appoint one or more individuals, from either the membership or staff, to serve as the Elections Committee for this election

Motion passed 4-1 (Knisley No)

#### **K. CAI-CLAC BOARD TRAINING CLASS**

The Board was provided with a request from John Dundas to consider the reimbursement for any Directors wishing to attend this professional development opportunity to gain knowledge about legislation that may have an impact upon common interest developments.

Following discussion, Pat Ghiglieri made a motion and Suzan Knisley seconded to approve the reimbursement to any director wishing to attend the CAI-CLAC Training Class on May 17-18 in Sacramento. Motion passed 5-0

#### **DISCUSSION: GOALS AND OBJECTIVES**

Mike Salmon said he and the senior management team have prepared a rough draft of the Association's goals and objectives. Mr. Salmon reviewed some of the items with the Board and asked for their feedback, and pointed out that this list covers broad issues and not day-to-day matters.

#### **DISCUSSION: CADILLAC BALL**

Mike Salmon stated that the current tentative date for the Cadillac Ball is August 29, 2009; however, he explained the Rotary Club is still determining if there might be a conflict with other events scheduled in Truckee on that day. Mr. Salmon explained that hosting this event during the summer, when the golf course is open and The Lodge is busier, has a different impact than when it is held post-Labor Day. In addition, during peak time the "price per person charge" will have a higher premium on it. Discussion ensued on alternate dates for this event and how it will affect golf operations. Suzan Knisley suggested promoting Pizza On The Hill and adding extra menu items since The Lodge will be closed to the public. Mr. Salmon said he will keep the Board updated on developments.

#### **DIRECTOR QUESTIONS**

John Dundas inquired on the status of moving the Association's bank accounts from Bank of the West to Citizens Bank. Mr. Salmon responded that a lot of work is involved but the process is going fine.

**ADJOURNMENT**

The meeting adjourned to Executive Session at 4:10 p.m. and did not reconvene to open session.

Submitted by:

\_\_\_\_\_  
Bonnie Watkins, Recording Secretary

**SECRETARY'S CERTIFICATE**

I, Pat Ghiglieri, Secretary of Tahoe Donner Association, do hereby certify that the foregoing is a true and correct copy of the minutes of the Tahoe Donner Association Board of Directors meeting held on February 21, 2009 as approved by the Board members in attendance and constituting a quorum at a duly convened subsequent meeting of the Board.

\_\_\_\_\_  
Pat Ghiglieri, Secretary

\_\_\_\_\_  
Date