

MINUTES
TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS REGULAR MEETING
September 19, 2009
9:00 A.M.

A regularly scheduled meeting of the Board of Directors of Tahoe Donner Association was held at The Lodge Restaurant Banquet Room in Truckee, California on Saturday, September 19, 2009. Vice-President Ron Wulff called the meeting to order at 9:01 a.m. The following directors and staff members were in attendance:

Directors present: Ron Wulff & John Dundas

Via Teleconference: Robert Burks

Directors absent: Don Berryman & Suzan Knisley

Staff present: Robb Etnyre, General Manager
Mike Salmon, Director of Finance & Accounting
Annie Rosenfeld, Director of Human Resources/Risk Manager
Miguel Sloane, Director of Operations
Bonnie Watkins, Executive Assistant/Recording Secretary

MEMBER AND DIRECTOR COMMENTS

Ron Wulff expressed his appreciation for the excellent job Mary Zapponi did filling in for Executive Assistant Bonnie Watkins while she was on vacation.

A. COMMITTEE REPORTS

Architectural Standards – The Board was provided with the committee’s July 22, August 5, and August 19, 2009 meeting minutes for review. Ron Wulff stated he had attended another ASC meeting and is impressed with how they handle everything.

Communications – No report. Robert Burks pointed out that he has yet to hear from this committee on when they will be meeting. A brief discussion ensued regarding committees establishing a schedule which sets forth their monthly meeting dates.

Covenants – The Board was provided with the committee’s August 2009 status report for review.

Finance – The Board was provided with the committee’s August 20 and September 11, 2009 meeting minutes for review.

General Plan – The Board was provided with the committee’s August 3, 2009 report for review.

Employee Retention & Recruitment – The Board was provided with the committee’s summary report regarding the 2008/2009 Winter Seasonal Employee Housing & Transportation Survey for review. Ron Wulff stated that, based on his review, the main issue appears to be transportation for the South American students. A short discussion ensued regarding transportation to various Association amenities during busy holiday periods. Ron Wulff then expressed his concern regarding this committee changing their meeting date twice in one month.

Ad Hoc Roads – No report.

NEW BUSINESS

B. CONSENT CALENDAR

The Board was provided with the following items for consideration:

- **August 22, 2009 Regular Board Meeting Minutes**
- **August 24, 2009 Special Board Meeting Minutes**
- **August 28, 2009 Special Board Meeting Minutes**
- **Accounting System/Add-On software**
- **Fire Sprinkler System Backflow Protection**
- **New Equipment/Improvements to Bocce Ball Area**
- **New Equipment Purchase/Sand Cleaning Unit**
- **New Equipment Purchase/Bear Proof Garbage Containers**
- **Workers Compensation Renewal**
- **New Equipment/Facility Upgrades for The Lodge**
- **Tahoe Donner Web Site Redesign**
- **Pizza on the Hill Kitchen Items**

Robb Etnyre removed the New Equipment Purchase/Sand Cleaning Unit item from the Consent Calendar.

John Dundas pulled the following items from the Consent Calendar for discussion: Accounting System/Add-On Software, New Equipment Purchase/Bear Proof Garbage Containers, Workers Compensation Renewal, New Equipment/Facility Upgrades for The Lodge, Tahoe Donner Web Site Redesign, and Pizza on the Hill Kitchen Items.

John Dundas then made a motion and Robert Burks seconded to approve the following items as presented: August 22, 2009 Regular Board Meeting Minutes, August 24, 2009 Special Board Meeting Minutes, August 28, 2009 Special Board Meeting Minutes, Fire Sprinkler System Backflow Protection, and New Equipment/Improvements to Bocce Ball Area. Motion passed 3-0 (Knisley & Berryman absent)

Robert Burks inquired about the proposed expenses and how they impact this year's budget, and what the general plan is for moving forward for the remainder of 2009. Robb Etnyre responded by saying today's Consent Calendar covers all known items for the rest of this year, with the exception of a pizza oven which will be revisited before the busy season begins.

John Dundas stated that he would like Mike Salmon to provide the Board with more information on how the Accounting System/Add-On Software will benefit the Association and interface with the existing software. Mr. Salmon explained that the Accounting Department's standard software was originally called Solomon and has been utilized for over six years; however, Microsoft bought out Solomon and this new Tools Library software will update the system and allow Staff to be more efficient in writing financial reports and providing information concerning the chart of accounts.

John Dundas questioned how good the New Equipment Purchase/Bear Proof Garbage Containers will be. Robb Etnyre stated that these reinforced steel containers will be similar to those used in state parks and other resorts in the area. He said one of the Association's problems is that trash is often discarded after normal operating hours, and bears have gotten into the trash receptacles and scattered the trash. Mr. Etnyre confirmed that these containers will initially be installed at both Northwoods Clubhouse and the Beach Club Marina.

John Dundas complimented Staff on their good work regarding safety as well as negotiating the best price possible for our workers compensation renewal premiums. Robert Burks suggested that we promote that the Association is doing well, and Annie Rosenfeld responded that this is done at manager meetings and individually with the departments. Ms. Rosenfeld confirmed that our rates are going down due to a reduction in our major losses.

Robb Etnyre explained that The Lodge Task Force has recommended upgrades for the facility, which includes painting, new signs, furniture and lighting. Ron Wulff inquired about the date of these recommendations since he has not attended a task force meeting since replacing Pat Ghiglieri in June. Mike Salmon explained that, due to the fact that summer is the restaurant's busiest time, The Lodge Task Force has not met recently. However, one of the items that could be worked on during the peak season was the interior design aspect of Bill Main's Growth and Marketing Strategy, since that is done by a third party consultant. John Dundas explained that the original estimate from Spirit Interior Design was \$102,600, but that it was scaled down to the current \$67,000 proposal. Several of the Board members inquired how these upgrades will affect business and what value will be provided to the members. Robb Etnyre pointed out that restaurants typically make changes to primary aesthetics every three to five years, and currently these upgrades are scheduled for the first two weeks of November since that is one of the slowest

periods for The Lodge. A discussion ensued on the timing of the upgrades and the hiring of a Director of Marketing.

The Board also received comments from several members in attendance. Mr. Salmon noted that the proposed upgrades will be the first infusion of capital since the facility was constructed, and that this recommendation amounts to less than 5% of one year's operating revenue. Mr. Etnyre asked for guidance on what level of involvement the Board wants to take in connection with the upgrades. He suggested that perhaps the Board could approve the budget expenditure today and then receive a separate briefing on the details of the proposal before Staff proceeds further.

Ron Wulff inquired on the status of the Tahoe Donner Web Site Redesign. Robb Etnyre stated that Staff is working with the existing web provider to update the visual effect and information displayed, and the recommendation proposed achieves this result and will also make the website more user-friendly. Mr. Etnyre said the emphasis will be a "vacation destination" type page with embedded information for homeowners.

Robb Etnyre explained that the last Consent Calendar item will allow Pizza on the Hill to diversify and provide a variety of other menu selections. Robert Burks asked if the rotisserie oven would have an alternate use if it was later decided to go back to serving only pizzas. A discussion ensued regarding offering other types of food at Pizza on the Hill and whether it would compete with The Lodge. Robb Etnyre said he has received quite a few comment cards about this matter, and the intent is to provide better customer service by offering a more diverse menu.

Following discussion, John Dundas made a motion and Robert Burks seconded to approve the following Consent Calendar items as presented: Accounting System/Add-On Software, New Equipment Purchase/Bear Proof Garbage Containers, Workers Compensation Renewal, Tahoe Donner Web Site Redesign, Pizza on the Hill Kitchen Items, and the New Equipment/Facility Upgrades for The Lodge with the caveat for this particular item that the Board be provided with a briefing on the proposal before execution. Motion passed 3-0 (Knisley & Berryman absent)

C. LIGHT POLLUTION RULE REVISION

Ron Wulff stated that the Board has received a recommendation from the Covenants Committee regarding a proposed light pollution rule, as well as a memorandum from the Architectural Standards Office opposing the rule. Committee Chair Paul Thomas addressed the Board and pointed out there was a 10-to-1 "in favor" response to the 45-day notice, out of only 11 responses. He also distributed for the Board's review a revision to the rule, which would limit who could lodge a complaint and alleviate Staff's concern about being flooded with complaints.

Peter Greenberger commented that last year the Architectural Standards Committee issued a set of proposed rule changes, and one of those changes involved motion sensors on outside lighting.

Following lengthy discussion regarding the pros and cons of a light pollution rule and the current noxious activity rule, Robert Burks made a motion and John Dundas seconded to disapprove the

proposed Light Pollution Rule and explore a more equitable solution. Motion passed 3-0 (Knisley & Berryman Absent)

Paul Thomas asked, as a courtesy, that Staff respond to the eleven homeowners who responded to the 45-day notice. Robb Etnyre confirmed that this would be done.

**BREAK
(10:47 a.m.)**

The regular meeting reconvened at 10:55 a.m.

D. TAHOE DONNER HIKING CLUB

The Board was provided with bylaws for this proposed new club for consideration.

Following discussion, Robert Burks made a motion and John Dundas seconded to approve the Tahoe Donner Hiking Club Bylaws as presented. Motion passed 3-0 (Knisley & Berryman absent)

E. 2010 BUDGET

Operating Fund Members' Transfer

Director of Finance and Accounting, Mike Salmon, provided the Board with a "Decision Paper" regarding the transfer out of funds from "Operating Fund Members' Equity" for consideration

Mr. Salmon explained that in the 2009 budget, the transfer out of Members' Equity was \$600,000. He said, if this transfer amount remains at \$600,000, the resulting Members' Equity funds as of December 31, 2009, will reflect a negative amount of \$115,000. This transfer amount, he continued, was formulated based on the December 31, 2007 Members' Equity balance, less the forecasted 2008 results of \$68,000, in order to net a new policy of \$500,000 in the Members' Equity balance. However, the 2008 actual results were \$330,000 unfavorable to budget, not the mid-summer forecasted amount in the \$50,000 to \$75,000 range. He said revising the transfer down \$330,000 would result in an estimated positive balance in Members' Equity of \$215,000 by the end of the year on December 31, 2009. (Based on the current forecast of unfavorable to budget 2009 results of \$330,000)

Following discussion, Robert Burks made a motion and John Dundas seconded to approve a \$330,000 decrease in the amount of funds transferred from the budgeted 2009 Operating Fund Members' Equity to the Development Fund. Motion passed 3-0 (Knisley & Berryman Absent)

DIRECTOR OF FINANCE AND ACCOUNTING REPOPRT

The Board was provided with a summary draft of the Association's preliminary financials through August 2009.

Mr. Salmon reviewed the preliminary financials with the Board. To follow are highlights of Mr. Salmon's report:

Mr. Salmon expressed his appreciation to the following for their assistance in the preparation of the 2010 Budget: The Staff of the Accounting Department, Accounting Manager Donna Hunt, Amenity Managers, Finance Committee, and the Board of Directors.

The August financials indicate that net operating results (before assessment revenues) for the month was a loss of \$241,000 or unfavorable to budget by \$155,000. The month's operating revenues of \$1,005,000 were \$182,000 unfavorable to budget, and total expenses were \$27,000 favorable to budget.

August financials indicated that net operating results (before assessment revenues) for the eight months year-to-date was a loss of \$2,751,000, which was unfavorable to budget by \$264,000 or eleven (11) percent. Year-to-date operating revenues of \$6,118,000 were \$275,000 or four (4) percent unfavorable to budget, and total expenses were \$11,000 or Zero (0) percent favorable to budget.

A complete set of financials are attached to and made a part of these minutes.

GENERAL MANAGER'S REPORT

General Manager Robb Etnyre reported to the Board on various items related to Association business. To follow are highlights of Mr. Etnyre's report:

Mr. Etnyre stated that on Friday, September 18 he attended the "Tahoe Truckee Excellence in Education Foundation's" annual recognition event at Northstar-at-Tahoe where Tahoe Donner was recognized as a top donor to this organization.

Etnyre indicated that, due to the frequency and extent of requests for donations, Staff is looking into the development of a "Donation Policy." He hopes to provide the Board with some possible guidelines for consideration at the October Board meeting regarding the establishment of eligibility requirements for cash donation requests.

Regarding the 2010 budget process, Etnyre expressed his appreciation to all the entities involved in the budget workshops. He stated that the 2010 rates and fee schedules were approved, with the exclusion of golf. As such, he continued, Staff will discuss options with the Board in the near future as it relates to setting rates for this operation for next season.

Mr. Etnyre explained that the Association is in the process of Staff reorganization and he distributed a new "Organizational Chart" that reflects the elimination of the Administration Manager's position and the addition of a Director of Marketing position. Etnyre stated that the Communications and Member Services departments will report to this position, and the Purchasing Department to the Director of Finance and Accounting position. All other departments that previously reported to the Administration Manager's position, Etnyre said, will now report to him.

The Board was provided with an information paper on a proposed project to relocate the dumpsters at the Downhill Ski Area. Mr. Etnyre explained that this item was not completed in time to be placed on the agenda for Board consideration; however, if the Board is generally in favor of the proposal, Staff will place it on the October Consent Calendar. He noted that the current location of the dumpsters is an area our customers see first as they approach the Downhill Ski are Lodge. Condominium Association Manager Tim Adami has suggested that we construct a dumpster enclosure across and up the access driveway large enough to house the Condominium Association's as well as the Downhill Ski Area's dumpsters, which would eliminate this eyesore and would facilitate easier dumpster service for the Truckee Tahoe Sanitary District. He indicated that Staff has negotiated an agreement with the Condominium Association where Tahoe Donner would pay for the materials and the Condominium Association would provide the land and labor to construct the enclosure. He said the cost to Tahoe Donner would be \$5,200. Following discussion, the Board indicated that this item could be placed on the October Board meeting for further consideration.

Mr. Etnyre stated that Staff has been working with the General Plan Committee on the development of a Strategic Plan for the Association. This plan will define the Mission, Vision, Guiding Principles, and Goals of the Association over the next three to five years. Etnyre indicated that Staff will continue to work with the General Plan and Communications Committees to further refine this plan, and the Board should receive a final draft for consideration at the November Board meeting.

Regarding upcoming Capital Projects, Etnyre stated that the contract for the Downhill Ski Area remodel that was approved at the August 22 Board meeting has been signed and work will begin on this project the week of September 21. As for the proposed Maintenance Facility project, he reviewed a timeline for moving forward with this project, with the intention of breaking ground in spring of 2011 and completion in 2012.

Mr. Etnyre stated that he would be attending a workshop hosted by Downey Brand LLP at their Sacramento office on October 8, 2009. The subject of the workshop, he said, is branding strategy, from both a marketing and legal perspective. Downey Brand will also address the legal side of establishing trademarks and an outside marketing firm will discuss the creative side.

Regarding TSSA- 1 parcel charge, Mr. Etnyre said he had recently met with Public Works Director Dan Wilkins with respect to future uses of these funds. The Town supports the use of TSSA-1 funds, Etnyre said, toward the improvement or creation of on-street parking public parking in the vicinity of the Cross Country Center and are open to other options for use of the funds. The plan is, he said, for Staff to work with the Board and General Plan Committee to develop a set of priorities for expanding the use of the funds.

Mr. Etnyre reported that the Demographic and Customer Service survey has concluded. Due to the fact that the postcard reminder for the Demographic Customer Service survey was not received by a number of our home owners in a timely manner, the survey time was extended to allow for those who did not receive the reminder in time to provide their feedback. He stated that over 1,300 responses were received or twenty (20) percent home owners. The General Plan Committee and Staff will be reviewing the data and hope to bring a summary of the results to the Board in November or December.

Mr. Etnyre stated that the 2009 Incentive program for full-time and year-round employees has been provided to the Association's employees. The plan is designed to reward employee excellence for performance that supports established, individual, department, and company measures and goals. He indicated that reviews will now be done on a semi-annual basis rather than annually.

Mr. Etnyre concluded his report with a brief review of a variety of future plans in the works for the organization such as: Tahoe Donner Web Site Redesign, New Homeowner Welcome Booklets, Employee Handbook and Benefit Review, Tahoe Donner Vendor Appreciation Day, and Community Signage Plan.

EXECUTIVE SESSION AND LUNCH

The meeting adjourned to Executive Session at 12:15 p.m.

The regular meeting reconvened in Open Session at 1:05 p.m.

EXECUTIVE SESSION REPORT

Ron Wulff reported that the Board met in executive session today and discussed the General Manager's contract. Additionally, the Board discussed a matter of property owner encroachment on common area.

ADJOURNMENT

Robert Burks made a motion and John Dundas seconded to adjourn the meeting at 1:10 p.m.
Motion passed 3-0 (Knisley & Berryman Absent)

Submitted by:

Bonnie Watkins Recording Secretary

SECRETARY'S CERTIFICATE

I, Donald E. Berryman, 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 September 19, 2009 as approved by the Board members in attendance and constituting a quorum at a duly convened subsequent meeting of the Board.

Donald E. Berryman, Secretary

Date