

ACTION ON May 27, 2016

VERIFIED Megan Rodman

E.A. - TDA ASSOC.

MINUTES
TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS REGULAR MEETING
Friday, April 22, 2016
9:00 a.m.

A regularly scheduled meeting of the Board of Directors of Tahoe Donner Association was held that the Nothwoods Clubhouse 11509 Northwoods Blvd., Truckee, California on Friday, April 22, 2016. President Steve Miller called the meeting to order at 9:00 a.m. The following Directors were in attendance, thus constituting a quorum of the authorized number of Directors of the Association:

Directors Present: Steve Miller, President
 Jim Stang, Vice President
 Courtney Murrell, Secretary
 Ron Wulff, Director

Directors Absent: Jeff Bonzon, Treasurer
 - Attended via Conference Call till 10:30 a.m.

Staff Present: Robb Etnyre, General Manager
 Forrest Huisman, Director of Capital Projects
 Miguel Sloane, Director of Operations
 Mike Salmon, Director of Finance & Accounting
 Megan Rodman, Recording Secretary and Executive Assistant

I. CALL TO ORDER

II. A. DISCUSSION: EXECUTIVE SESSION REPORT

The Board met in Executive Session on April 6th, 2016 and discussed the Agreement for Purchase and Sale of Real Property, including a Conservation Easement Deed to acquire and protect 640 acres adjacent to Euer Valley, including Crabtree Canyon and a portion of Carpenter Valley. The Board approved Resolution 2016-3 authorizing corporate officers to execute a land purchase agreement and record an easement deed. As well, the Board awarded a fixed price construction contract to R&D Professionals to proceed with previously Board approved Phase 2 Equestrian relocation efforts in 2016.

I. MEMBER AND DIRECTOR COMMENTS

Property owners' comments were welcomed at this time for matters not on the agenda and were limited to three minutes. The Board president, Steve Miller, recognized members to comment on agenda items as they occurred. General member comments were expressed on a variety of topics, including Tahoe Donner Architectural Standards and Homeowner Inspection Program. Directors responded briefly to member comments.

Members may submit additional comments by email to the Board (board@tahoedonner.com).

IV. B. ACTION: ADJACENT RECREATION OPEN SPACE PROTECTION AND PROCUREMENT – 640 ACRE CRABTREE CANYON

The Board approved the expenditure of \$550,000 out of the Development Fund in 2016 to acquire the 640 Acre property (Crabtree Canyon) from the Truckee Donner Land Trust, including the \$50,000 identified below to address legal fees, gates/fencing, signs, recording easements, and a survey of the property.

- Crabtree Canyon, 640 acres \$500,000
- Legal/Recording Easement \$20,000
- Limited Gates/Fencing \$15,000
- Signage \$10,000
- Property Survey \$3,000
- Appraisal \$2,000

Estimated annual long term costs of owning this property are estimated to be \$12,000, and include land management / forest management / defensible space work, along with Nevada County taxes.

- Annual Forest Management \$7,000
- Annual Property Tax \$5,000

The Board considered member feedback, which overall was generally positive and in support of the land purchase. Members felt as though such a purchase was in line with the Tahoe Donner image, and that it protects the current assets of Tahoe Donner.

Director Steve Miller moved and Director Ron Wulff seconded to approve the expenditure of \$550,000 to acquire the 640 Acre property (Crabtree Canyon) from the Truckee Donner Land Trust as presented. Motion passed: 5 – 0 .

C. DISCUSSION: BOARD COMMUNICATION AND FORMULATION OF BOARD GOVERNANCE POLICY

The Board discussed their current methods used to engage the membership, formulate board consensus and board approval in accordance with the Association's Governing Documents and applicable laws. This includes, regularly scheduled monthly board meetings, executive session meetings, and the potential formulation of a Board Governance Policy within a California Homeowner Association and California Corporation framework.

Chris Delfino, Corporate Council, explained that the Tahoe Donner Association is obligated to follow board meeting notification requirements as established by the Davis-Stirling Act and the association's Bylaws (Article VIII, Sections 1-10 (Board Meetings)). That the purpose of Executive Sessions of the Board are typically to address issues involving privileged or confidential information and or matters of a private nature where public disclosure would harm the interests of the association or its members. As a result, association members, staff and members of the public do not have a right to attend executive sessions.

The Davis-Stirling Act provides that Boards may go into executive session for the following matters:

- Legal Issues – Boards may go into executive session to “consider litigation.”
- Formation of Contracts – Boards may consider matters relating to the formation of contracts with third parties.
- Disciplinary Hearings – Boards should meet in executive session for all disciplinary hearings. The accused member is entitled to attend the executive session for that portion of the meeting dealing with member's hearing.
- Personnel Issues – Personnel matters which include, but are not limited to hiring, firing, raises, disciplinary matters and performance reviews.
- Payment Plan – Board may meet with members in executive session to discuss requests by delinquent members for payment plans.
- Foreclosure – The decision to initiate foreclosure shall be made only by the board of directors of the association and may not be delegated to an agent of the association. The Board must approve the decision by a majority vote of the directors in executive session. (Civ. Code §5705(c).)

Following discussion, the Board agreed to re-evaluate what types of matters are deemed appropriate to be held in executive session versus open session in the future, in order to create more transparency within the association.

VI. D. DISCUSSION: TAHOE DONNER HOME INSPECTION PROGRAM
(Chair, Architectural Standards Committee, Rod Whitten)

Rod Whitten, Chairman of the Architectural Standards Committee provided a presentation to the Board on the current status of the Homeowner Inspection Program. The presentation provided a broad overview of the purpose of the inspection program and the impact particular to the timing

of the inspections relative to snow coverage, scope, and realtor/point of sale dynamic. Chairman Whitten detailed the Committee's work over the last year to review the inspection program which includes:

- On-going Maintenance rules
- Timing of inspections relative to snow coverage
- Scope of inspection relative to the homeowner inspection program, projects, and complaints
- Communication with customers including members, their agents, ect. as it pertains to the above
- Enforcement of minimum maintenance standard and projects complete without a permit

Chairman Whitten's presentation included proposed draft recommendations for changes to Deed based inspections from full property inspections to street view, continuing 250 street view inspections per year, and basing full property and improvement inspections off of complaints and projects only. Whitten indicated the staff and committee's interest and recommendation to hold town hall meetings in May to further member communication and feedback.

Members present at the meeting provided comment to the board and the Board was in general agreement with the staff and Committee's member engagement and feedback plan.

VII. BREAK 10:50 a.m.

The regular meeting reconvened at 11:05 A.M.

VIII. E. COMMITTEE MANAGEMENT (Committee Chairs)

- **Architectural Standards** – The Board was provided with the Architectural Standards and Covenants Board of Directors Monthly Summary for March 2016, as well as the committee's March 9th and 23rd, 2016 meeting minutes.
- **Covenants** – No report.
- **Election** – No report.
- **Equestrian Steering Committee** – The Board was provided with the committee's April 4th, 2016 meeting minutes.
 - Forrest Huisman, Director of Capital Projects, notified the Board that since April 6th, the site has been reviewed for execution, concluding that conditions are not

looking very promising to begin excavation on May 1st. If conditions do not improve, excavation could be pushed back to the fall or some excavation will begin in the spring, and then resume in the fall. A final decision will be made next week.

- **Finance** – The Board was provided with the committee’s April 14th, 2016 meeting minutes.
- **General Plan (GPC)** – The Board was provided with the committee’s April 4th, 2016 meeting minutes.
- **Tahoe Donner Giving Fund Committee** – The Board was provided with the committee’s April 4th, 2016 meeting minutes.

IX. F. ACTION: DIRECTOR OF FINANCE & ACCOUNTING REPORT
(Director of Finance & Accounting, Mike Salmon)

The Board was provided with the 2016 March Financials report by Mike Salmon and the 2016 April Capital Funds Projection report by Forrest Huisman.

- **2016 March Financials** – Mike Salmon, Director of Finance & Accounting
 - Annual Operating Budget - \$9.2 million in Operating Revenues, with 60% in May-Oct Summer Season 6 Months, and 40% in Jan-Apr, Nov, Dec Winter Season 6 months.
 - The months of April and May are relatively benign, from an operating revenue standpoint, but they are actually quite busy months for staff closing out winter and preparing for the key summer operating season.
 - The month of March financials for the Association indicates that net operating results (before assessment revenues) for the month was a loss of (\$278,000) which was favorable to budget by \$333,000/55%. For the month of March operating revenues of \$1,185,000 were \$534,000/82% favorable to budget and total expenses of \$1,463,000 were \$201,000/16% unfavorable to budget. Compared to last year same month, revenues are up \$895,000/309% and NOR is favorable \$286,000/51%. March 2016 was a record revenue for the month of March, besting prior record in 2008 by 20%.
 - Year to Date financials for the Association indicate that net operating results (before assessment revenues) for the month was a loss of (\$14,000) which was favorable to budget by \$1,459,000/99%. Year to date operating revenues of \$4,622,000 were \$2,213,000/92% favorable to budget and total expenses of \$4,636,000 were \$754,000/19% unfavorable to budget. Compared to year to date last year, revenues are up \$3,406,000/280% and NOR is favorable \$1,538,000/99%.

- Both March and Year to Date March favorable results to budget are driven primarily by record visitation and revenue levels for our winter amenities of Downhill Ski, Cross Country Ski, and Snowplay. These record levels are attributed to pent-up demand for winter sports following two drought seasons, combined with above average conditions this winter season.

Following discussion, Director Jim Stang moved and Director Ron Wulff seconded to approve the 2016 March Financials as presented. Motion passed: 4 – 0 . (Jeff Bonzon absent).

- **2016 April Capital Funds Projection** – Forrest Huisman, Director of Capital Projects
 - The April Capital Funds Projection tracks where money has been spent on current and past projects as well as where money is planned to be spent in the future. Allocation of funds for projects in 2017 to 2020 is still being determined. The ending balance of 2015 was \$192,497. Due to the Association being unable to acquire the necessary permits to allow construction of the new Tahoe Donner trail connector to the Town of Truckee’s Phase 2 Trout Creek Trail, funds totaling \$200,000 will be shifted from 2016 to 2017. The Board by consensus agreed to allow this necessary shift in funds.

X. EXECUTIVE SESSION AND LUNCH

The Board adjourned to Executive Session at 11:40 a.m.

CLOSED SESSION

XI. APPEAL HEARING

The Board reconvened to an Appeal Hearing at 1:00 p.m.

OPEN SESSION

The Board reconvened to Open Session at 1:33 p.m.

XII. EXEC. EXECUTIVE SESSION REPORT

General Manager, Robb Etnyre reported that the Board met in Executive Session today and discussed legal and personnel matters.

- The Board met in Executive Session and discussed with council specific legal implications of executive and open meeting rules, along with the potential of moving this subject to continue in open session at the next scheduled regular Board meeting.
- The Board was updated on a potential litigation matter.
- The Board discussed the Annual Performance Review process for employees.

XIII. G. GENERAL MANAGER'S REPORT

Robb Etnyre, General Manager updated the Board on all Departments.

- Organizational Chart Update
 - The changes to the Tahoe Donner Organizational Chart include –
 - The addition of a Deputy Director of Operations who will report to the Director of Operations.
 - The Golf Operations department will report to the Director of Operations.
 - The Golf Maintenance department will report to the Director of Risk Management.
 - Group Sales will report to the Director of Food and Beverage.
- List of New Potential Projects
 - In the fall of 2015 members were asked to complete a survey about Tahoe Donner's past and future capital investments. From the member survey results, Staff compiled a list of potential ideas of projects that would be reviewed as part of the new capital investment planning process by the General Plan Committee. Each idea was placed into one of five buckets based on priority, and could eventually be brought before the Board and members as a project for consideration, feedback, and potential approval – in accordance with the new capital investment process. A couple number one priority items include – a mail cluster box consolidation with an overhead roof structure, and summer trail grooming to name a few. The full list of potential projects will be attached to the meeting minutes and is also located on the capital projects website of Tahoe Donner.com.
- Ticket Sales Update for Summer Concert on the Green
 - July 2nd - Eagles & Elton – 450 tickets sold
 - July 3rd - U2 & Journey – 700 tickets sold
 - Donations can be made to the TDGF when tickets are purchased

XIV. H. ACTION: APPROVAL OF MINUTES

The Board received the preliminary minutes of the following for consideration:

- March 18, 2016 Meeting Minutes.

Director Ron Wulff moved and Director Jim Stang seconded to approve the meeting minutes as presented. Motion passed: 4 – 0 .

XV. I. ACTION: CONSENT CALENDAR

The Board was provided with the following for consideration:

- Forestry Grant Resolution 2016-4
- Tahoe Donner Giving Fund new member appointment, Katharine Veni
- Replacement Reserve Funds for the 2016 Ski Area Rental Shop Grinder/Edger Replacement
- Tahoe Donner Giving Fund Scholarship Recommendations
- Association Wide Digital Signage Software Update
- Wireless Infrastructure Replacement Reserve Component Improvements
- Decision Paper for additional Security Cameras
- Review Town of Truckee Planned use of Town of Truckee Special Service Area – 1 Funds for 2016 and provide a Board opinion.
- Tahoe Donner Men’s Golf Club change in Bylaws

Following discussion, Director Steve Miller moved and Director Jim Stang seconded to approve the Consent Calendar as presented. Motion passed: 4 – 0 .

**XVI. J. ACTION: BEACH CLUB MARINA BOAT LAUNCH AND WATERLINE SAFETY
(Director of Operations, Miguel Sloane)**

Based on Board guidance given at the March Regular Board Meeting, Miguel Sloan presented to the Board a Decision Paper asking for approval on the recommended operational changes to the Beach Club boat ramp operations. These recommendations include the following:

1. Require any trailered vessel that uses the launch ramp to be registered with the association.
2. No launching of trailered vessels alone.
3. Add a boat ramp monitor position to the staff team at the beach to monitor the ramp during operating hours at an additional cost to the labor budget for the operation.
4. Improve signage communicating the new rules at the entrance to the ramp and the turnaround area.
5. Add cones to the pedestrian walk way to more clearly segregate this location.
6. Clearly identify the boundaries of a launch zone.
7. Include a comprehensive pre-rental boat launch script to be provided to each rental customer focusing awareness of surroundings.

8. Reintroduce the daily access fee charge to each person in a launching boat.
9. Establish a length and draft maximum for launching vessels based on turn radius and water depth at high water.
10. Identify a low water level where the ramp is to be closed for safety concerns and mark that level on the ramp.
11. Continue the Saturday and Sunday shuttle service to the high school parking lot for overflow parking.
12. Hire the services of a parking consultant to review the parking area for efficiency.
13. Add a boat ramp dock to the capital projects review process for future consideration.

Following discussion, Director Jim Stang moved and Director Steve Miller seconded to approve the recommended operational changes to the Beach Club boat ramp operations as presented.
Motion passed: 4 – 0 .

XVII. K. ACTION: PENDING SUSPENSION OF MEMBERSHIP RIGHTS AND AUTHORIZATION TO RECORD LIEN

The Board reviewed and authorized the recording of liens against the properties of members who have failed to bring their assessment accounts current, which will result in the suspension of their membership rights.

Director Steve Miller moved and Director Jim Stang seconded to approve authorization of recording liens against the properties of members who have failed to bring their assessment accounts current. Motion passed: 3 – 0 . (Courtney Murrell absent).

XVIII. L. ACTION: TAHOE DONNER VOTING AND ELECTION RULES - NOMINATING COMMITTEE

The Board was asked to consider appointing a candidate nominating committee. However, the Board by consensus concluded that no candidate nominating committee needed to be appointed.

XIX. M. DISCUSSION: PERFORMANCE MEASURES, NONPROFIT HOMEOWNERS ASSOCIATION
(Vice President, Jim Stang)

The Board discussed what metric or group of metrics is most appropriate to assess the performance of Tahoe Donner financially. Questions from members and Board answers on what performance measures/metrics for our homeowners association should be used include -

- o What Return on Investment is not acceptable?

- Return on Investment should be used on a case by case basis, it does not necessarily work for a homeowner association with such a variance of operations.
- How does TDA's financial ration compare to 'standards'?
 - Comparing Tahoe Donner to industry 'standards' is very difficult since Tahoe Donner is so unique. You can attempt to compare individual operations, but that again does not take into account the whole association.
- Are we or are we not controlling costs?
 - Tahoe Donner's financial standards compared to other homeowner associations are very conservative. Money is used and put aside when appropriate.
- Why is zero-based budgeting not being used?
 - Zero-based budgeting is unnecessary since our current process for reviewing the budget is already very thorough.
 - Even the architect of Zero-based budgeting from over 40 years ago does not now endorse using zero based budgeting for organizations with revenues below several hundred million.

XX. POTENTIAL FUTURE BOARD MEETING AGENDA ITEMS

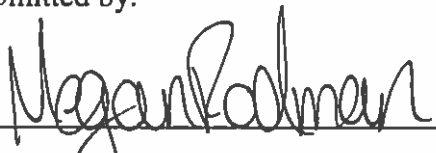
- Discussion on Measure W
- Continue discussion on Board Communication and Formulation of Board Governance Policy
- Forestry department update for upcoming summer operations
- Continue discussion on ASO updates and changed to the Homeowner Inspection program

XXI. ADJOURNMENT

By consensus the Board adjourned the meeting at 3:01 p.m.

Director Ron Wulff moved and Director Jim Stang seconded to approve adjournment of the Board Meeting at 3:01 p.m. Motion passed: 3 – 0 .

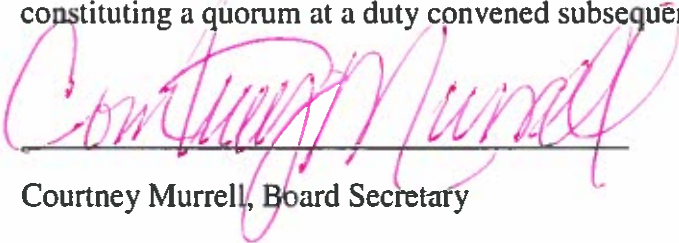
Submitted by:



 Megan Rodman, Recording Secretary and Executive Assistant

SECRETARY'S CERTIFICATE

I, Courtney Murrell , 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 regular meeting held on April 22nd, 2016 as approved by the Board members in attendance and constituting a quorum at a duly convened subsequent meeting of the Board.



Courtney Murrell

Courtney Murrell, Board Secretary