

MINUTES
TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS REGULAR MEETING
Friday, March 18, 2016
9:00 a.m.

A regularly scheduled meeting of the Board of Directors of Tahoe Donner Association was held that the Lodge 12850 Northwoods Blvd., Truckee, California on Friday, March 18, 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
Jeff Bonzon, Treasurer
Ron Wulff, Director

Directors Absent: Courtney Murrell, Secretary
- Attended via Conference Call for Agenda Item I

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

A. ACTION: APPROVAL OF MINUTES

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

- February 27, 2016 Regular Meeting Minutes.

Director Ron Wulff moved and Director Steve Miller seconded to approve the meeting minutes as presented. Motion passed: 4 – 0 . (Director Courtney Murrell absent).

B. COMMITTEE MANAGEMENT

Architectural Standards – No report.

Rod Whitten, Chairman of the Architectural Standards Committee, reported that a discussion was had regarding making the homeowners' inspection program easier and more efficient.

Covenants – No report.

Election – The Board was provided with the committee's March 1st, 2016 meeting minutes.

Equestrian Steering Committee – The Board was provided with the committee's February 22nd and March 7th, 2016 meeting minutes.

Finance – The Board was provided with the committee's March 9th, 2016 meeting minutes. Art King, Chairman of the Financial Committee, reported that per the 2015 Audit Report, TDA is doing really well financially. General Manager, Robb Etnyre provided the committee an update on the Strategic Plan, focusing on two of the 19 sub-goals.

General Plan (GPC) – The Board was provided with the committee's February 22nd and March 7th, 2016 meeting minutes. Michael Sullivan, Vice Chairman of the GPC committee, presented the Board with a 2016 GPC Task List. The Board accepted the Task List by consensus. Michael Sullivan also noted that the committee has formed two subcommittees. One to review and develop an association-wide Master Plan and subordinate Amenity specific Master Plans, and one to create a GPC and project specific communication plan focused on providing communication to all stakeholders.

Tahoe Donner Giving Fund Committee – The Board was provided with the committee's March 7th, 2016 meeting minutes.

C. ACTION: CONSENT CALENDAR

The Board was provided with the following for consideration:

- Decision Paper, 45 Day Notice on Private use of Drones Rule
- Tom Johns Resignation from GPC
- John McGregor term renewal
- Appointment as Assistant Treasurer, Director of Finance & Accounting Michael Salmon
- TDXC Rental Equipment (RR)

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

D. ACTION: 2015 AUDIT REPORT

(Gilbert Associates, Inc.)

The Board was provided with the completed 2015 Audit Report reviewed by Bobbie Hales, Shareholder, Gilbert Associates, Inc. The audit comprised the statements of Tahoe Donner Association's financial position as of December 31, 2015 and 2014. The result of the audit was that there were no disagreements with Management regarding classification of items, no transactional issues, no difficulty in working with the Tahoe Donner team or getting information, and no adjustments needed or omissions noted.

- Conducted a Test of Controls on systems related to financial reporting. Tested cash disbursements, cash receipts and payroll.
- Highlights from the report included – a management letter was not provided in the current year to outline gaps in control efficiency. Management provided all information needed to complete the audit report in a timely and accurate manner. There were no significant changes to accounting policies from last year to this year. Key points from the report included assets and members equity increased in the current year, primarily driven by additions to the property fund through capital by the replacement reserve and development funds. Under the operational piece, assessments covered operational losses, and the loss was less than budgeted.

Mike Salmon and his accounting group should be complemented for a job well done.

Following discussion, Director Jim Stang moved and Director Ron Wulff seconded to accept the 2015 Audit Report as presented. Motion passed: 4 – 0 .

F. ACTION: DIRECTOR OF FINANCE & ACCOUNTING REPORT

(Director of Finance & Accounting, Mike Salmon)

The Board was provided with the Preliminary February 2016 Financials and the 2015 Operating Funds Review by Mike Salmon.

Preliminary February 2016 Financials – Mike Salmon

- Operating revenue budget split was about 50/50 in the past, and now is 60/40, 60% summer and 40% winter. This is due to the 2 years of drought and July and August being such big operating revenue months with a lot more operating departments in the summer.
- February was a record operating revenue month with an NOR gain of \$269,000, due to favorable weather conditions and record business levels and revenues during President's

week. We are \$1.7 million ahead in revenue year to date due to the success of the Downhill Ski Area, Cross Country Ski and Snowplay. There was a slip in architectural standards due to weather, as well as a slip in TD news advertising. Expenses was overrun due to an overall higher business volume. Revenues could have been higher with more staff, especially in Ski School. Our greatest detractors for encouraging more applicants is housing and lack of snow in previous years. Record NOR results for this month, and over \$1.1 million favorable YTD, which is the exact opposite of last year. Year to date Members' Equity is at \$3 million dollars.

- Positive outlook for the month of March. Currently \$100,000 ahead of budget, with a projected month NOR pick up of \$75,000 - \$100,000.
- Miguel Sloane reported on the tough labor pool. This past week 39 employees were lost due to J1 visas expiring. To combat the low staff levels, Miguel has implemented more aggressive employment advertisements, and plans to rotate current Ski area staff and to utilize outside internal staff, to keep all necessary operations running. Looking into exploring the H2B visa program logistics in the future.

Following discussion, Director Ron Wulff moved and Director Jeff Bonzon seconded to approve the Preliminary February 2016 Financials as presented. Motion passed: 4 – 0 .

2015 Operating Funds Review – Mike Salmon

- The drought last winter caused the Downhill Ski Area and Cross Country to close early, which caused a material effect on the financial statements. The January NOR was right at budget because we accrued seasonal incentive in December that acted as a credit when reversed in January. February and March were both unfavorable months, since both the Downhill Ski Area and Cross Country were closed. More money was saved by closing operations, than trying to keep them open. Instituted a Loss Recovery Plan in February, which involved every department, to monitor operations. The months of May through December were all record revenue months. Successful summer operations with high business levels, and the Loss Recovery Plan enabled even more savings. We beat the budget for December, with a record holiday season, allowing us to finish the year strong. In short, there were dramatic swings in the financials, with difficult periods, but we finished very strong.
- Department Reports –
 - General Department – PTO accrued liability increased by \$16,000 from 12/31/14. Expense savings included Income Taxes \$20,000, Contingency \$32,000 and Legal \$23,000.
 - Administration Department – Payroll total cost was off budget by \$108,000 due to the incentive program, December accrual. 30% of incentive is budgeted, thus the remaining 70% is funded by favorable results.
 - Communications Department – Ran significantly under budget in expenses, they had fewer people and fewer payroll hours. The flux in the last year in revenue was related to the change out from a third party provider for the ad sales.

- ASO Department – Was \$45,000 favorable in NOR, due to mild weather and a strong regional economy.
- Accounting, Human Resources, Member Services and Maintenance Departments – All had cost savings, resulting from the Loss Recovery Plan.
- Forestry Department – Made \$21,000 from timber harvest sales.
- HOA Consolidated Department – Was \$462,000 favorable in NOR results in 2015.
- Marina Department – Continues to show very strong visitation levels. Business was impacted by weather on the 4th of July and other weekends.
- Equestrian Department – Had a revenue of \$147,000 in 2015, whereas 2014 had a revenue of \$13,000, boarding only. Good results this year.
- Tennis and Campground Departments – Both had good years.
- Cross Country Center Department – It was difficult to make comparisons due to the drought impacts. Ended the year with a NOR loss of \$25,000.
- Golf Course Operations Department – Had a good year, but did not beat revenues from 2014. In 2015 had revenues of \$1.1 million, and good savings.
- Golf Course Maintenance Department – Had good cost savings from better balance of payroll, water improvements and less course damage due to a milder winter.
- The Lodge – Had a good year in 2015, however it did not surpass 2014, mainly due to minimum wage going up from \$9.00/hour to \$10.00/hour. COGS ran at 32% compared to last year in 2014 it ran at 31%.
- Summer Food and Beverage Departments – Showed more losses. A service level commitment. Has been a consistent trend over the years.
- Alder Creek Café – Brand new operation that opened in November 2015. Strong financials thus far, so the 2016 financials are expected to look good.
- Aquatics Department – Had an overall average year.
- Trout Creek Recreation Center – Rec fee allocation decreased by \$25,000 to budget due to increases in visitation at other amenities.
- Recreation Department – Revenue increased due to strong concert sales.
- Day Camps – Service levels were well maintained at a high level with positive feedback from parents. Finances good.
- Bikeworks – Performed very well for operating out of a temporary facility. Retail was the primary driver of revenue variance.
- Trails – This department used to be married under Forestry, last year it was turned into its own department. Saw huge cost savings due to the Loss Recovery Plan. Scored the highest as a usage facility from member surveys. Made \$103 in revenue, resulting from the first year of the Public Trail Pass Program.
- Snowplay – Had a good year all because of December. Went into December off \$49,000 due to drought, but picked up \$38,000 to budget in December. Very profitable operation for us.
- Downhill Consolidated – There was good savings across the entire operation. Again, the month of December was very profitable in all operations.

G. DISCUSSION: BEACH CLUB MARINA BOAT LAUNCH AND WATERLINE SAFETY

(GM, Robb Etnyre and Director of Operations, Miguel Sloane)

The Board was provided with the Tahoe Donner Boat Ramp Recommendations by Miguel Sloane.

As directed by the Board at the February 27, 2016 Board Meeting, staff developed various options for the Board to review encompassing recommendations to consider based on membership, staff feedback and Board guidance.

1. Require any trailered vessel that uses the launch ramp at the beach club to be registered with the association.
2. No launching vessels at the beach club alone – owner must have a person in the vehicle and in the boat when launching.
3. Hire boat ramp monitor positions.
4. Charge a launch fee of \$5 for each trailered vessel to launch to offset the cost of the ramp monitor.
5. Add signage with rules at the entrance to the ramp and in the turnaround area.
6. Add cones to the edge of pedestrian walkway to more clearly segregate this location.
7. Add wibits and buoys to denote the boundaries of a launch zone.
8. Include “awareness of surroundings” in the pre-rental boat launch instructions and add signage to the rental launch area.
9. Re-introduce the daily access fee charge to each person in a launching boat.
10. Establish a length and draft maximum for launching vessels based on turn radius and water depth at high water.
11. Identify a low water level where the ramp is to be closed for safety concerns and denote that level on the ramp.
12. Continue the Saturday and Sunday shuttle services to the High School parking lot.
13. Hire the services of a parking consultant to review the parking area for efficiency.
14. Add boat ramp dock to the capital projects wish list.

Members of the Board agreed with all 14 recommendations presented, with the exception of Recommendation number 4 – Charge a launch fee of \$5 for each trailered vessel to launch to offset the cost of the ramp monitor. The Board deferred discussion about a \$5 fee until they have a better operating history and statistics from the ramp after implementing changes this summer. A parking consultant will be hired as well, to review the parking area for efficiency. Further refinement of these recommendations will be presented at a future board meeting.

BREAK
10:58 A.M.

The regular meeting reconvened at 11:10 A.M.

H. DISCUSSION: METAL ROOF PAINTING, PRESENTATION

(ASO, Sheryl Walker)

The Board was presented with several viable warranted solutions for metal roof painting from Tim Ancira, President of CalPro Painting, Inc.

- The solutions presented would address fading and shiny metal roofs out of compliance with the Tahoe Donner Association Architectural Standard rules. The three biggest concerns of the Board was the longevity of the roof paint recommended by Tim, the overall process of painting metal roofs and what would be covered under warranty.

EXECUTIVE SESSION AND LUNCH

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

The Board adjourned to Open Session at 1:00 p.m.

OPEN SESSION

EXECUTIVE SESSION REPORT:

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

I. ACTION: EQUESTRIAN CAMPUS, REVIEW OF REMAINING PHASES

(Director of Capital Projects, Forrest Huisman)

The Board was provided with a Decision Paper recommending several options for completing the Equestrian Camps renovations, as previously directed.

- Option 1: Proceed with Phase 2 in 2016, beginning on May 1 and finishing mid-June, weather permitting, for a total development cost of \$278,875, of which \$53,000 will be funded by Replacement Reserve Fund, and \$226,000 funded by Development Fund.

Following discussion, Director Steve Miller moved Director Courtney Muller seconded to approve the additional funding needed to complete Phase 2 of the Equestrian Relocation efforts. Motion passed: 5 – 0 .

J. ACTION: AFFORDABLE CARE ACT (ACA)

The Board discussed the required medical coverage for all Full-Time Equivalents (FTE) employees by the Affordable Care Act (ACA).

- Option 3: Effective immediately, change full-time employees to 85 and offer all benefits, including dental, vision, flex spending, life, LTD, PTO, and sick, \$235,000 estimated annual incremental cost.

Director Ron Wulff moved and Director Jim Stang seconded to approve Option 3 of the Affordable Care Act, effective immediately. Motion passed: 4 – 0 .

K. GENERAL MANAGER'S REPORT

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

L. DISCUSSION: BOARD COMMUNICATION

(GM, Robb Etnyre)

- Discussion took place, regarding the Board's desire to draft a Board Policy on Board Communication, addressing both internal and external communication with the membership as allowed by California Law – Davis Stirling Act. The Board directed staff to begin drafting a policy on this subject for future Board consideration after further discussion and legal review.

FUTURE BOARD MEETING AGENDA ITEMS

- Robb Etnyre requested the Board Meeting on May 20th, 2016 be moved to May 27th, 2016 instead due to several staff conflicts. The Board concurred with moving the meeting to May 27th, 2016.

ADJOURNMENT

By consensus the Board adjourned the meeting at 1:45 p.m.

Director Steve Miller moved and Director Ron Wulff seconded to approve adjournment of the Board Meeting at 1:45 p.m. Motion passed: 4 – 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 March 18th, 2016 as approved by the Board members in attendance and constituting a quorum at a duly convened subsequent meeting of the Board.

Courtney Murrell, Board Secretary