

ACTION ON September 3, 2016

VERIFIED Megan Rodman
E.A. - TDA ASSOC.

MINUTES
TAHOE DONNER ASSOCIATION
REGULAR BOARD OF DIRECTORS MEETING

Northwoods Clubhouse
Saturday, July 23, 2016
9:00 a.m.

A regularly scheduled meeting of the Board of Directors of Tahoe Donner Association was held at the Northwoods Clubhouse 11509 Northwoods Blvd., Truckee, California on Saturday, July 23, 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: Jeff Bonzon, President
Ron Wulff, Vice President
Steve Miller, Treasurer
Jeff Schwerdtfeger, Secretary
Darius Brooks, Director

Directors Absent:

Staff Present: Robb Etnyre, General Manager
Forrest Huisman, Director of Capital Projects
Mike Salmon, Director of Finance & Accounting
Annie Rosenfeld, Director of Facilities & Risk
Brinn Talbot, Director of Marketing
Megan Rodman, Recording Secretary and Executive Assistant

I. CALL TO ORDER

II. A. ACTION: APPOINTMENT OF BOARD MEMBER OFFICERS

With the director election results having been announced and certified at the Annual Membership Meeting, the Board elected the following officers:

- President Jeff Bonzon
- Vice President Ron Wulff
- Treasurer Steve Miller
- Secretary Jeff Schwerdtfeger

Director Steve Miller moved and Director Darius Brooks seconded to approve Director Jeff Bonzon as President of the Board of Directors. Motion passed: 3 – 1 (1 Abstained).

Director Steve Miller moved and Director Darius Brooks seconded to approve Director Ron Wulff as Vice President of the Board of Directors. Motion passed: 5 – 0 .

Director Jeff Bonzon moved and Director Ron Wulff seconded to approve Director Steve Miller as Treasurer of the Board of Directors. Motion passed: 5 – 0 .

Director Jeff Bonzon moved and Director Ron Wulff seconded to approve Director Jeff Schwerdtfeger as Secretary of the Board of Directors. Motion passed: 5 – 0 .

III. B. ACTION: COMMITTEE LIAISON APPOINTMENTS

The Board appointed liaisons to the following committees:

- | | |
|-----------------|---------------------------|
| • Finance | <u>Jeff Bonzon</u> |
| • Architectural | <u>Jeff Schwerdtfeger</u> |
| • Covenants | <u>none</u> |
| • General Plan | <u>Steve Miller</u> |
| • Giving Fund | <u>Darius Brooks</u> |

Director Jeff Bonzon moved and Director Steve Miller seconded to approve the appointed committee liaisons as presented. Motion passed: 5 – 0 .

IV. C. ACTION: ADOPTION OF A BOARD MEETING SCHEDULE

The Board adopted a schedule of the dates and times of all regular Board meetings for the forthcoming fiscal year. The scheduled dates, times, and locations are as follows:

- September 3, 2016 @ 12:00 p.m., Northwoods Clubhouse
- October 7, 2016 @ 9:00 a.m., Northwoods Clubhouse
- November 12, 2016 @ 9:00 a.m., The Lodge Restaurant & Pub
- December 17, 2016 @ 9:00 a.m., The Lodge Restaurant & Pub
- January 28, 2016 @ 9:00 a.m., The Lodge Restaurant & Pub
- February 25, 2016 @ 9:00 a.m., The Lodge Restaurant & Pub
- March 25, 2016 @ 9:00 a.m., The Lodge Restaurant & Pub
- May 13, 2016 @ 9:00 a.m., Northwoods Clubhouse
- June 23, 2016 @ 9:00 a.m., Northwoods Clubhouse
- June 25, 2016 @ 10:00 a.m., Northwoods Clubhouse & Alder Creek Adventure Center

Director Jeff Schwerdtfeger moved and Director Jeff Bonzon seconded to approve the 2016/2017 Board Meeting Schedule Draft B as presented. Motion passed: 5 – 0 .

V. D. ACTION: 2016 BOARD TRAINING PLAN

The Board discussed potential training topics for a 2016 Board Annual Training Plan. The Board decided upon the following training topics to orient new and returning Board Members to the scope, function and responsibility of serving as an individual director/officer and collectively as a Board for the Association. Other potential training topics will be decided upon as they arise, following the initial four chosen training topics.

Chosen training topics:

1. Board Governance
2. Governing Documents
3. Tahoe Donner Operations and Management Organization
4. Capital Projects Spending Process, Replacement Reserve Plan

The Board agreed by consensus to begin training on the four above topics at the upcoming Regular Board meetings.

VI. MEMBER & 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, Jeff Bonzon, recognized members to comment on agenda items as they occurred. General member comments were expressed on a variety of topics, including Traffic Safety, Architectural Standards fees and permit requirements and entry monument beautification. Directors responded briefly to member comments.

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

VII. E. ACTION: APPROVAL OF MINUTES

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

- June 24, 2016 Regular Meeting Minutes
- June 26, 2016 Annual Membership Meeting Minutes
- June 26, 2016 Organizational Meeting Minutes

Director Ron Wulff moved and Director Steve Miller seconded to approve the June 24, 2016 Regular meeting minutes as presented. Motion passed: 2 – 0 (3 Abstained).

Director Jeff Bonzon moved and Director Jeff Schwerdtfeger seconded to approve the June 26, 2016 Annual Membership meeting minutes as presented. Motion passed: 3 – 0 (2 Abstained).

Director Jeff Bonzon moved and Director Jeff Schwerdtfeger seconded to approve the June 26, 2016 Organizational meeting minutes as presented. Motion passed: 4 – 0 (1 Abstained).

VIII.

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

The Board was provided with the 2016 June Financials report by Mike Salmon, Director of Finance and Accounting.

- **2016 June Financials**
 - We have just closed the month of June, which is exactly 10% of our annual budget. Mike noted that the month of June was another record revenue month with total revenues of \$949,600 were \$53,000 favorable to budget, due to good weather and schools being on summer break. Expenses saw some overruns, total expenses of \$1,529,800 were \$47,000 unfavorable to budget. Compared to last year same month, revenues are up \$85,000 and NOR is unfavorable \$9,000.
 - As of June, there are 73 members who have not paid their annual assessment fees. This is 1.1% of our membership, which is well below similar industry averages.
 - Flow through for the month of June is 14%, and year to date flow through is 63%.
 - At the end of the month of June, member's equity is almost at \$3.6 million dollars.
 - Year to date, the association is looking really good. NOR for the month was a loss of (\$2,133,000) which was favorable to budget by \$1,595,000. Operating revenues of \$6,510,000 were \$2,546,000 favorable to budget and total expenses of \$8,643,000 were \$950,000 unfavorable to budget. Compared to year to date last year, revenues are up \$3,805,000 and NOR is favorable \$1,400,000.
 - Month of July –
 - Revenue is at \$1,673,000 to budget, which is 80% greater than the month of June.
 - Month to date as of July 21, 2016, revenues are favorable by \$120,000.

Following discussion, Director Steve Miller moved and Director Ron Wulff seconded to approve the 2016 June Financials as presented. Motion passed: 5 – 0 .

IX.

G. **DISCUSSION: COMMITTEE MANAGEMENT**
(Committee Chairs)

- **Architectural Standards** – The Board was provided with the committee's June 8 and June 22, 2016 meeting minutes and with the Architectural Standards and Covenants Board of Directors Monthly Summary for June 2016.
 - Rod Whitten, Chair of the Architectural Standards committee stated that no new construction has begun, only smaller projects requiring permits. The Architectural Standards committee is also still reviewing fees associated with permits, looking to restructure while remaining within the confines of the Associations CCRs.

- **Covenants** – The Board was provided with the committee’s May 12 and June 9, 2016 meeting minutes and with the Architectural Standards and Covenants Board of Directors Monthly Summary for June 2016.
- **Election** – No report.
- **Equestrian Steering Committee** – No report.
- **Finance** – The Board was provided with the committee’s July 14, 2016 meeting minutes.
- **General Plan (GPC)** – The Board was provided with the committee’s July 11, 2016 meeting minutes.
 - Michael Sullivan, Chair of the General Plan committee stated that out of the seven capital projects currently going through the capital projects process, the largest projects happening now are the Trout Creek Locker Room remodel and the Association Master Plan process. For the other five projects currently being reviewed, the General Plan committee is working to create a task force for each.
 - Current Capital Projects in Process:
 1. Remodel of poolside locker rooms, steam room and sauna
 2. Association Master Plan
 3. Cluster mailbox consolidation with overhead roof structure
 4. Expanded parking area at Glacier Way Trailhead
 5. Water bottle filling stations at major amenities
 6. Summer trail grooming for Nordic and Downhill Ski areas
 7. Additional storage for recycling and winter summer operations at ACAC
- **Tahoe Donner Giving Fund Committee** – The Board was provided with the committee’s July 11, 2016 meeting minutes.
 - Richard Gander, Chair of the Tahoe Donner Giving Fund, thanked Merle Fajans for her service and commitment to the Tahoe Donner Giving Fund over the last couple years. Richard spoke briefly on the success of the Farm to Table Dinner, and provided an update on the progress the committee has made for the upcoming Trails & Ales event.

X. H. ACTION: CONSENT CALENDAR

The Board was provided with the following for consideration:

- Board Code of Conduct & Ethics
- Tahoe Donner Giving Fund Grant Authorization
- Appointment of Jeanette Fagerskog as an alternate member to the Tahoe Donner Giving Fund Committee
- Resignation of Merle Fajans from the Tahoe Donner Giving Fund Committee
- Appointment of Jim Stang as an alternate member to the Finance Committee

- Appointment of Tom Johns as an alternate member to the General Plan Committee
- Banking Signature Authorizations

Following discussion, Director Steve Miller moved and Director Ron Wulff seconded to approve the Consent Calendar items as presented. Motion passed: 5 – 0 .

XI. BREAK 10:40 A.M.

The regular meeting reconvened at 10:50 A.M.

XII. I. ACTION: ASSOCIATION MASTER PLAN

Forrest Huisman, Director of Capital Projects, presented to the Board a Project Information Paper recommending to proceed with the Association Master Plan process. The Association Master Plan would provide a comprehensive summary of existing utilization at each amenity, while also demonstrating trends, limitations, and opportunities for consideration by future planning exercises at the General Plan Committee and Board level. An Association Master Plan would also help to enhance the Tahoe Donner vision and mission by developing a clear capital investment vision and goals for the community in the next ten to twenty years. By consensus the Board agreed for Staff to move forward with the Association Master Plan process.

XIII. J. ACTION: TROUT CREEK POOL SIDE LOCKER ROOM REMODEL – RESERVE REPLACEMENT PROJECT 2016

Responding to measurable compliance deficiencies throughout existing mechanical, plumbing, accessibility, and electrical systems that are currently in place within the circa 1993 Trout Creek Recreation Center poolside locker rooms, steam room, and sauna, Tahoe Donner planning efforts began in mid-2015, with proposed construction improvements planned for the Fall of 2016. Forrest Huisman, Director of Capital Projects, informed the Board that a Town of Truckee Building Permit is required for the scheduled remodel of the poolside locker rooms, steam room, and sauna at Trout Creek Recreation Center. John Stubbs, a member of the Trout Creek Pool Side Locker Room remodel task force also noted that the listed costs thus far, are only estimates going forward, and are subject to change once construction begins. Following discussion, the Board approved proceeding with the project permit application process with the Town of Truckee Building Department to maintain project momentum.

Director Jeff Schwerdtfeger moved and Director Ron Wulff seconded to approve the Project Information Paper as presented. Motion passed: 5 – 0 .

XIV. K. DISCUSSION: LAND MANAGEMENT PLAN

Annie Rosenfeld, Director of Facilities and Risk Management, presented to the Board updates on the Tahoe Donner Association Land Management Plan development, which included the updated draft of the Land Management Plan.

The Land Management Plan is a stewardship plan that provides goals and objectives to manage the Association’s lands for conservation, restoration, mitigation, recreation, and

member-serving amenities. The Land Management Plan applies to all Association-owned and managed lands within the Tahoe Donner subdivision and the Beach Club Marina on Donner Lake. The Land Management Plan will guide future development activities, resource conservation, and management within seven zones: (1) Residential, (2) Residential-Wildlands Interface, (3) Amenities, (4) Greenbelt, (5) Open Area, (6) Stream Corridor, and (7) Ancillary Facilities. The Land Management Plan also addresses biological resources, water quality, cultural resources, and hazardous areas in the context of existing, surrounding, and future land uses within these seven zones and identifies and prioritizes management activities and land uses by zone.

Annie Rosenfeld, informed the Board and the membership that the next steps are to revise the preliminary plan of the Land Management Plan and present the final to the Board at the next Regular Board Meeting for approval.

XV. L. ACTION: ELECTION RESULTS

The Board reviewed the June 26, 2016 Annual Election results by McClintock Accountancy and Brent P. Collinson, the Inspector of Elections, via an annual election certification letter. In the Independent Accountant’s Report provided by McClintock Accountancy Corporation, there were 2,011 ballots received, but 41 ballots were disqualified; a majority of which were disqualified due to the failure of the person submitting the ballot to sign the outer ballot envelope (as required by California Law). 104 ballots were submitted for quorum purposes only, resulting in 1,866 ballots being cast. This resulted in 3,572 total votes for candidates. Proxy votes were not allowed, nor were write-in votes or cumulative voting allowed. A summary of the 2016 Annual Election results are as follows:

Candidate	Votes
Kenneth Knutsen	578
Darius Brooks	985
Jeff Schwerdtfeger	714
Courtney Murrell	622
James Stang	673
Total Votes	3,572

2016 Election Quorum Summary

Type of Ballot	Ballots Cast	Votes Cast
Ballots with Candidates Votes	1,866	3,572
Quorum Purposes Only	104	N/A
Totals	1,970	3,572
Members Eligible to Vote		6,348
Required Quorum 25%		1,587

Ballot Information

Total Ballots Counted	1,970
Disqualified Ballots	41
Total Ballots Received	2,011

Following discussion, Director Steve Miller moved and Director Ron Wulff seconded to approve the June 26, 2016 Annual Election results by McClintock Accountancy and Brent P. Collinson as presented. Motion passed: 5 – 0 .

XVI. M. DISCUSSION: BOARD MEETING POLICY (GOVERNANCE)

Productive Board meetings are the foundation of a successful community association. As such, these meetings should be carefully planned, facilitated and documented. Robb Etnyre, General Manager of the Tahoe Donner Association, presented to the Board a draft Board Governance, Authority, Meeting Procedures, and Agenda Policy 2016-1. This policy covers the following:

- Specific powers and limitations on Board of Directors authority as provided in restated Bylaws of the Tahoe Donner Association,
- A summary of Board responsibilities,
- Fiduciary duties of a director (Board member),
- Duty of Care,
- Duty of Loyalty,
- Avoiding conflicts of interest transactions,
- Board meetings, including types of Board meetings,
- Agenda preparation, and
- Board meeting procedures.

Following discussion, the Board would like more information regarding Executive Sessions to be included, as well as an outline of video/audio recording expectations and documentation.

XVII. EXEC. EXECUTIVE SESSION AND LUNCH

The Board voted to adjourned to Executive Session at 11:40 A.M.

CLOSED SESSION

XVIII. APPEAL HEARING

The Board reconvened to an Appeal Hearing at 1:00 P.M.

OPEN SESSION

The Board reconvened to Open Session at 1:15 P.M.

XIX. EXEC. EXECUTIVE SESSION REPORT

Robb Etnyre, General Manager reported that the Board met in Executive Session today and discussed the following:

- The Board met in Executive Session today with the Association's corporate attorney to discuss legal matters involving attorney client privilege.
- The Board discussed personnel matters.
- The Board voted 5 to 0 in favor of awarding a professional services contract to Dudek Consulting in the amount of \$ 69,745 to complete an Association Master Plan. The overall budget approved for this project was \$81,785.

XX. N. DISCUSSION: STRATEGIC PLAN AND 2017 BUDGET PLANNING GUIDANCE DRAFT

Michael Salmon, Director of Finance and Accounting, presented to the Board a draft of the Strategic Plan and 2017 Budget Planning Guidance. The Strategic Plan and 2017 Budget Planning Guidance, will help to set priorities, focus energy and resources, strengthen operations, ensure that employees and members of the Board are working toward common goals, and assess and adjust the Association's direction in response to a changing environment. The draft included information regarding strategic plan guiding principles, goals, a 2016 annual assessment analysis, both internal and external operating assumptions, corporate resolutions and governing documents.

The Strategic Plan goals for 2017 are:

1. Execute the Board approved Capital Projects on time and within budget.
2. Balance operating revenue and expenses with the need to provide first class services for members, member guests, and where appropriate the public.
3. Execute effective approaches to maintaining the Association's architectural, covenants, and communication standards.

4. Establish a proactive approach to maintaining the health of our natural resources and defensible space.

The 2017 Budget planning guidance focuses on eight main areas:

1. In December 2016, as part of 2017 Budget Assumptions:
 - a. Transfer Operating Funds of \$ _____ to Replacement Reserve Fund
 - b. Transfer Operating Funds of \$ _____ to Development Fund
 - c. Hold in Operating Fund \$ _____ or Decrease 2017 OPFd AA
2. No increase in 2017 Annual Assessment (AA), which may require more aggressive revenue assumptions and or cost control service level impacts
3. With ~25% Funded Reserve, hold Replacement Reserve portion of AA
4. Strategic plan priorities are still valid
5. Development Fund values time over increasing funding level
6. Identify Replacement Reserve major improvement plans for Board validation
7. No modification to calendar fiscal year
8. No Change for 2017: Transfer Fee, Recreation Fee, or Daly Member/Guest Fee

The board accepted by consensus the above planning guidance for the 2017 Budget Planning Process.

XXI. O. DISCUSSION: BOARD TRAINING WORKSHOP

As part of the 2016 Board Training Plan, the Board received training from Christopher A. Delfino, a Partner at Delfino Madden O'Malley Coyle & Koewler LLB, and Denise Brown and Matthew Bauer from InterWest Insurance Services, LLC on the following topics:

Christopher A. Delfino – Delfino Madden O'Malley Coyle & Koweler, LLB –

- Davis-Stirling Act
 - Under the Davis-Stirling Act, a developer of a common interest development is able to create a homeowner association to govern the development. As part of creating the homeowner association, the developer records documents called the Declaration of Covenants, Conditions, and Restrictions (CCRs), which includes Articles of Incorporation, Bylaws, and operating rules and regulations to assist with governing the association.
- Corporations Code
 - Tahoe Donner Association is a California Mutual Benefit Corporation, that must adhere to the rules and regulations of the California Corporations Code. The ultimate authority for the management of the Association rests with the Board. As such, the Board is given certain responsibilities and permissions in order to make decisions in the best interests of the Association.
- Fiduciary Duty
 - Board directors are the fiduciaries of the association with powers to act on behalf of the association. As fiduciaries, directors are held to a higher

standard of conduct and have two primary duties: (1) duty of care, and (2) duty of loyalty.

- Duty of Care
 - Directors must be diligent and careful in performing the duties they have undertaken. A director must be adequately informed and diligent when making a corporate decision and overseeing the management of the corporation.
- Duty of Loyalty
 - Directors must act in the best interest of the Association even if at the expense of their own interest. The directors must strive to advance and achieve the Association's purposes as stated in the Articles of Incorporation and Bylaws, not to advance the interests of the director or other individuals.

Denise Brown and Matthew Bauer from InterWest Insurance Services, LLC –

- Loss Prevention & Insurance Coverages
 - Directors and officer's liability insurance (DO) is a liability insurance payable to the directors and officers of a company, or to the organization(s) itself, as indemnification for losses or advancement of defense costs in the event an insured suffers such a loss as a result of a legal action brought for alleged wrongful actions in their capacity as directors and officers.

XXII.

POTENTIAL FUTURE BOARD MEETING AGENDA ITEMS

- Committee Rosters & Committee Goals
- Dissolve Equestrian Committee so that duties and responsibility for the equestrian project to return back to the GPC
- Bring back Land Management Plan as final
- Reward Trout Creek Remodel Contract
- Final of Board Governance Policy
- Continued work on ASO Fees and Permits
- Further Discussion Safety within Tahoe Donner, Public right of way, speeding, crossing on Northwoods Blvd
- Hold a Discussion of Transparency – Executive Sessions

XXIII.

ADJOURNMENT


BOARD SELF – ASSESSMENT

- Before adjournment of the Board meeting, the Board conducted a self-assessment, concluding that better acoustics are needed, directors need to speak up, and a larger meeting space would be preferred.

By consensus the Board adjourned the meeting at 3:01 P.M.

Director Jeff Bonzon moved and Director Ron Wulff seconded to approve adjournment of the Board Meeting at 3:01 p.m. Motion passed: 5 – 0 .

Submitted by:



Megan Rodman, Recording Secretary and Executive Assistant

SECRETARY'S CERTIFICATE

I, Jeff Schwerdtfeger, 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 July 23, 2016 as approved by the Board members in attendance and constituting a quorum at a duty convened subsequent meeting of the Board.



Jeff Schwerdtfeger, Board Secretary