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August 28, 2017

Issue: Tahoe Donner DRAFT Policy on Rentals, Visitor Rights and Access

NOTE: The draft that follows represents a high level, first cut at outlining rules, regulations and enforcement mechanisms that might be introduced in order to address Short Term Rental challenges and high loads on existing amenities during peak periods for Tahoe Donner. Our expectation is that a formal committee (perhaps a subcommittee of the Covenants Committee) will be charged with refining and formalizing these proposed rules and will be responsible for seeking and integrating Member input and feedback. The ideas that follow are simply Stage 1 of a multi-stage process and *should in no way be taken as representative of collective Board or management views at this point.*

Background:

Whereas:

- Tahoe Donner (“TD”) has grown significantly since its inception nearly 45 years ago and now consists of roughly 25,000 full or part time owners spread across roughly 6,500 residences
- Short Term Rental (“STR”) activity made possible by popular sites such as VRBO and Airbnb has increased dramatically in the last decade, with approximately 25% of all TD homeowners now renting their homes in some way
- VRBO, Airbnb and other leading STR sites are pushing owners to accept guest reservation requests with more limited information exchange and discussion prior to booking
- STR’s have introduced a number of challenges as guests are not familiar with the HOA’s rules and regulations or Covenants, Codes and Restrictions (“CCR”)
- Crowding at various amenities has become acute during peak dates and times and now interferes with the ability of Members to enjoy the amenities they pay annual dues to enjoy
- TD’s bylaws specify an affirmative right for Members to rent their homes to non-Members and this right is further supported by Davis Stirling rules; eliminating STR’s is not under consideration, so TD must seek to more clearly define parameters that make the practice work



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- TD has an obligation, under its charters as a 501(c)(4) tax exempt entity to provide “sufficient public access” to various public amenities such as open space and trails
- Current enforcement is slow and largely inadequate; Truckee police very rarely respond to complaints and/or violations of TD covenants on a timely basis. In addition, ‘problem properties’ whose owners and/or guests routinely ignore HOA rules are not closely monitored.

The following rules are proposed in order to enhance owners’ experience and better regulate STR’s and guests:

STR PROPOSED RULES

- **Registration**: Consistent with current law, all STR’s must provide TD proof of registration with Town of Truckee and post their STR certificate in a visible location
- **Contact**: All owners of STR’s must provide TD with the phone number and email of both a primary and secondary contact. The primary contact must be a registered owner of the property and may not be a property manager. Owner will be contacted directly in the case of a reported violation. He/she may in turn ask the property manager to assume responsibility for the situation, but property owner must be contacted in the case of a reported violation
- **Information**: TD will create and publicly share a one page summary of critical rules and regulations that all owners and guests must be aware of (e.g. no open fires, 10pm – 6am curfew, no drones, speed limits, etc). Owners will have the affirmative obligation of ensuring guests have received a copy of this one page list prior to their stay.
- **Enforcement**: TD will create a dedicated email address (e.g. ccr@tahoedonner.com) and number for reporting violations of any sort (STR or otherwise) which can also accept pictures, videos or other supporting data. TD will fund a private security force, consisting initially of at least 2 individuals, who will be tasked with primary responsibility for responding to concerns/reports on a timely basis. Note that enforcement will respond to any reported violation of TD rules and regulation and will not be limited to STR’s. TD will seek to direct 50% of the revenue currently collected from TD properties under the Truckee Transient Occupancy Tax for purposes of funding this enforcement effort.
- **Anti-Hoteling**: TD is a residential HOA and does not permit commercial activities in private residences, so residences that function essentially as hotels are not permitted. Therefore, consistent with federal law for classification as a second home, an owner must occupy his/her home (without rental income) at least 10% of all total occupied nights during the year. In addition, no residence may be rented more than [100] nights during



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any calendar year (excluding nights associated with long-term rentals defined as >30 days in duration). TD will rely on total rental night information already provided to Truckee under their TOT program for purposes of enforcement.

- **Penalties:** TD will track and accrue reports for each registered property. In the case of a reported violation, and consistent with existing TD Covenants first approved in 1997, the Owner will be contacted and allowed to remedy the situation. If the violation is not remedied, persists and requires intervention from TD private security or Truckee police, the Owner will be assessed a fine of \$200 for first violation, \$400 for second violation and \$800 for any subsequent violation during a rolling 12-month period. The fine for a fire violation is \$1,000.
- **Problem Properties:** An owner incurring 3 violations within a rolling 12-month period will be required to appear before the Covenants Committee or Board to explain mitigation plans. The Covenants Committee also retains the right to recommend specific penalties such as fines, suspension of membership rights (voting, amenity access, ability to hold office, ability to purchase season passes) or other alternative corrective actions.

GUEST ACCESS RIGHTS

- **Summary:** Consistent with approaches taken by many other HOA's seeking to provide owners with sufficient access to facilities funded by their HOA dues, TD will take steps to define various tiers of guests and will enact steps to limit visitor activity during peak season(s). See Appendix I for an example of how this approach has been implemented.
- **Priorities:** Individuals will be placed in one of 4 categories: (1) property owners and their direct family members (most currently covered under the 4+4 program already in place), (2) Property owners physically present while their non-family guests are visiting TD amenities (current guest card program + owner), (3) guests using TD amenities without owners present (current guest card program - owner), (4) public users (relevant only for public not private amenities).
- **Owner Absolute Protection:** In no case will owners and direct family (Priority 1 above) be restricted in any way or be required to pay additional or increased fees for amenity access.
- **Resale Prohibition:** Guest cards are designed to provide temporary amenity access to attended or unattended guests of owners; reselling cards and therefore unlimited amenity access to purchasers violates this intent and is prohibited.
- **Peak Period Capitation:** TD staff, based on historic usage trends and subject to review and approval by the BOD, will determine which amenities will be restricted to different priority groups on various days during the year. This restriction may take the form of outright prohibition on certain days (e.g. possibly owners and family only at Trout Creek



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Pool on July 4) or may take the form of increased fees designed to limit use by priority 2-4 users.

- **Owner Priority over Public:** Though TD is required to provide public access to various public facilities such as trails and open space, TD is permitted to grant preference to Owners. TD staff will review and recommend policies to this end, including (but not limited to) reserving parking at Alder Creek, Ski Area and the Marina for Priority 1-3 guests and reserving seating at Marina and Ski Area during peak times.
- **Owner Priority Reservations:** TD staff will also undertake a study to set aside priority reservations for Owners for high demand activities that will only be released to non-owners within several days of the event, including (but not limited to) peak season ski lessons, horseback rides, weekend morning tee times, reservations at the Lodge, etc.

RECOMMENDED TIMELINE

- Early September: create subcommittee consisting of BOD, Management, Members who are responsible for refining draft rules and regulations; present refined draft at late Sept BOD meeting (allowing public comment/feedback at that time)
- Late Sept: circulate further refined draft rules for Member comments and feedback (more Member feedback)
- Early Oct: hosted meeting to discuss proposed rules (open Member feedback)
- Late Oct: Committee presents final recommendation for BOD approval and adoption

Appendix I: The chart and table below show how a resort in Hawaii (which like TD has Members/Family/direct Guests as well as STR guests) took steps to define user categories, seasonality, access rights and fees in order to give Members full access to all facilities and limit excess crowds, but still allow guests access as well depending on time/cost/etc. Note this is not intended to apply directly to TD in any way but is simply meant for illustrative purposes.

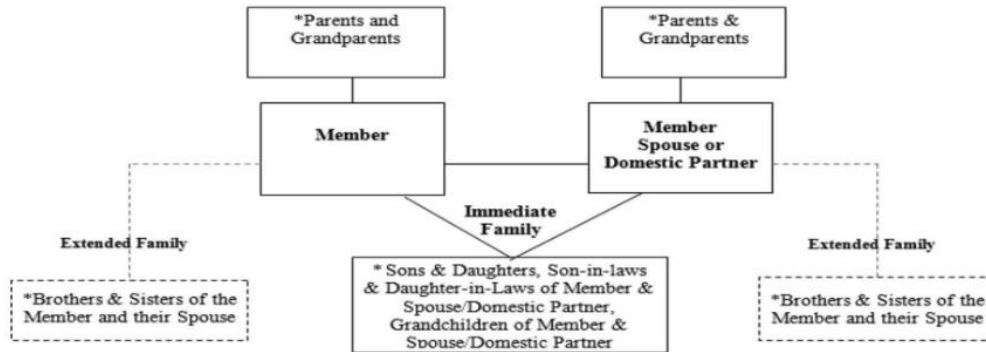


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Immediate & Extended Family Tree

This tree shows individuals that qualify for immediate & extended family privileges.



Club Facility and Resort Facility Access During all Peak and Peak of Peak Seasons							
Category	Definition	Canoe Club	Ke'olu Pool	Access to all Four Seasons Chaises (Pool Decks Included)	Access to all Four Seasons Chaises on Lawns and Beaches	Dining & Activity Booking Access	Benefits & Discounts <i>Rules/restrictions apply</i>
Member	Primary Member and Spouse or Domestic Partner	●	● No Children under 14	●	●	No restrictions	GOLF: Green Fees \$0 TENNIS: Complimentary Court Fees & Member Clinics, Discounted rate for Private Lessons OCEAN: 20% off on all activities when applied to the members account; Complimentary member activities SPA: Complimentary Fitness Classes, 20% Member Only discount (when applied to the member account) on all spa treatments DINING: Access to Ke'olu and Canoe Club, 10% discounts when applied to member account on all restaurants except for Ke'olu and Canoe Club, and free corkage at all restaurants RETAIL: 10% Discount (when applied to member account) Excluding Fine Jewelry and Furniture TRANSPORTATION: Complimentary airport transfer for member and spouse/domestic partner HOTEL: Full access to facilities; free Kids Club Access; 20% off rooms (based on availability)
Immediate Family	Parents, Grandparents, Sons & Daughters, Sons-in-law & Daughters-in-Law of Member & Spouse/Domestic Partner, Grandchildren of Member & Spouse/Domestic Partner	●	● No Children under 14	●	●	No restrictions	GOLF: Green Fees: \$0 TENNIS: Complimentary Court Fees OCEAN: 20% off on all activities when applied to the members account; Complimentary member activities SPA: Complimentary Fitness Classes DINING: Access to Ke'olu and Canoe Club, 10% discounts when applied to member account on all restaurants except for Ke'olu and Canoe Club HOTEL: Full access to facilities; free Kids Club Access; 20% off rooms (based on availability)
Extended Family	Brothers and Sisters of the Members and Spouse/Domestic Partner and their respective spouses	●	● No Children under 14	●	●	No restrictions	GOLF: Green Fees: Escorted \$25 Unescorted \$50 TENNIS: Complimentary Court Fees SPA: Escorted: Complimentary Fitness Classes - Unescorted: Fitness class fees of \$20,30,\$40 DINING: Access to Ke'olu and Canoe Club HOTEL: Full access to facilities
Escorted Guest	Guest side by side with a Member, Immediate or Extended Family	●	● No Children under 14	●	●	No restrictions	GOLF: Green Fees \$85 TENNIS: Complimentary Court Fees SPA: Complimentary Fitness classes DINING: Access to Ke'olu and Canoe Club HOTEL: Full access to facilities
Accompanied Houseguest	Guest staying in a Member's residence at Hualālai at the same time as the Member, Immediate or Extended Family	●	●	●	●	No restrictions	GOLF: Green Fees Adult: \$275; Junior: \$150; Hualālai Course Only TENNIS: Complimentary Court Fees SPA: Escorted: Complimentary Fitness Classes - Unescorted: Fitness class fees of \$20,30,\$40 (See class description in Spa Brochure) DINING: Escorted: Access to Ke'olu and Canoe Club HOTEL: Escorted: Full Access to facilities - Unescorted: Limited access to facilities
Unaccompanied Houseguest	Guest staying in a Member's residence at Hualālai without the Member, Immediate or Extended Family	●	●	●	● (upon payment of Daily Resort Guest Fees)	2 Weeks Prior to arrival date	GOLF: Green Fees Adult: \$275; Junior:\$150;Hualālai Course Only TENNIS: Court Fee \$25 SPA: Fitness class fees of \$20,30,\$40 (See class description in Spa Brochure) HOTEL: Limited access to facilities



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Board Meeting Date: September 2, 2017

