



FINANCE COMMITTEE MEETING REPORT: August 15, 2018, NWCH

ATTENDANCE:

Members present: King, Eyton-Lloyd, Stang, Ravano, Johns, Anderson, Leibow

Members absent: Dundas, Hunter

Staff Present: Etnyre, GM; Salmon, DFA; Huisman; Sloan: Rodman

TD Board member: Koenes (by phone), Jennings (left early)

GPC Liaison: Miller

TD Member: Bonzon, Wu (by phone)

AGENDA ITEMS:

A. Call to order; 3:00pm, quorum present.

B. Member Comment: Stang commented on the current status of the golf course upgrade project. And EIR.

C. 8/15/18 Agenda and 7/12/18 minutes approved 7-0, (Johns 1st, Ravano 2nd).

D. Review of July Financial Statements – At the meeting, Salmon distributed a draft of the July preliminary financials. After posting a \$100,000 incentive compensation accrual, the NOR is very close to budget and \$27,000 behind last year.

Highlights for July include (We did not receive YTD financials):

1. The incentive accrual is based on YTD results. The actual amount won't be finalized until October.
2. Recreation Programs were \$18,000 worse than budget due to lower than expected concert results.
3. Golf is \$30,800 worse than budget due to fewer rounds played, due in part to smoky weather.
4. The Lodge had a great month due to an upswing in banquet business. Being able to have events in the tent every week plays a large part in these results.
5. Summer F & B is \$21,000 better than budget due to managements changes in service levels.

Per Salmon, TD's YTD NOR results are still \$140,000 worse than budget. He believes we have a good chance of catching up to budget by year end. Members Equity is \$900,000 higher than the minimum operating fund reserve requirement. The FC will discuss our

recommendations for this excess during the next two months. Ravano suggested that all or part of it be used for fire prevention work.

E. Update on Board assigned projects–

- A. Elasticity of Demand Pricing Models – Etnyre, Salmon and Sloan reported on the progress they have made in peak season pricing options for downhill skiing. Etnyre stated that the goal in this pricing model was to preserve the members experience. Currently the ski hill reaches the maximum skier load about ten days each year. One option will be to limit the number of Daily Public sales. The mix between member and public skiers is 70% member and 30% public. The financial impact of these potential price changes has not been determined yet. This will occur during the budget process. Prices will be finalized in October. The FC is still waiting for answers to our questions from the Board regarding this project.
- B. Fiscal Year End Change – Pro/Con – We finished our work on this assignment in July, as documented in the FC July minutes. King will report our conclusion at the August TD Board meeting. This concludes our work on this project, unless the Board wants formal memo stating our results.
- C. Model: Zero CPI +1% limits to Annual Assessment for 5 years – No work has been done on this as the FC is waiting for responses to our questions from the Board. The FC needs clarification regarding the purpose of this project.
- D. Allocated Overhead Model for future HOA/Amenity Cost Planning Efforts - Mike Salmon is building an Overhead Allocation model as part of the 2019 budget. We will review the results in greater detail at the budget workshops. The Board has not responded to our questions regarding the purpose or need of this overhead allocation. We expect to have further discussion and hopefully some clarification as we review the actual allocations during the budget workshops. The FC believes that the clear benefit to TD and it's members of this type of accounting allocation needs to outweigh the cost of preparing the data.
- E. Financial impact of use of TD amenities by the “Public”. – We had limited discussion other than Mike Salmon stating that he is making good progress at capturing the requested information. We expect this will also be discussed at the budget workshops.

F. Budget Strategic Assumptions – Limited discussion as we will go into more depth at the budget workshops. There are three workshops scheduled. The FC will try to have as much representation at these workshops as possible. We will decide at a later date if there will be a need to discuss the 2019 budget at a FC meeting or if the workshops will suffice.

G. Mid-Year Review of FC 2018 Tasks and Responsibilities – King provided a schedule of the current status of the implementation of our goals. In general, we are progressing well. A copy of that schedule is attached.

H. Finance Committee –

a. New Regular Member – All information needed by the Board to approve the conversion of Cathy Ravano from Alternate Member to Regular Member has been provided for their consideration and approval at their August 24th meeting.

b. New Alternate Member - We started this discussion at the July FC meeting but decided to wait to see if any more applications would be submitted. Prior to this month's meeting, one additional application was submitted. The applicant was Charles Wu. All information provided by both candidates, including the applications, list of experience, CV, etc. was forwarded to all FC members prior our meeting so they had time to review. Both candidates were at today's meeting and both participated in the discussions.

Based on the following reasons, the recommendation of the Finance Committee is that Jeff Bonzon be appointed to the open Alternate Member position. The vote was 7-0 (Johns 1st; Anderson 2nd) in favor of Bonzon. In addition, the two members who were not at the meeting offered their support for Bonzon.

1. Two of the last three additions to the FC were new to TD Committees. As a Committee, we have strived to have a mix of new and experienced members. Institutional knowledge and HOA experience is very important and a huge asset for Committee members.
2. We all agreed that Bonzon has the most relevant experience that would help the FC fulfill its duties in reviewing the 2019 budget and help provide future guidance to the TD Board. In addition, he will help us meet all of our Committee's Tasks and Responsibilities.
3. Bonzon is known by the Committee members as he was the TD Board liaison to the FC last year. We worked well as a team which we believe is a very important quality for the betterment of Tahoe Donner.

The Committee did encourage Charles to continue to attend FC meetings in anticipation of future openings

All information needed by the Board, including the FC recommendation, to approve adding Jeff Bonzon to the Finance Committee was provided to the Board, on August 16th, for their consideration and approval at their August 24th meeting.

I. Agenda Items for September meeting

- a. Review of preliminary 2019 Budget
- b. Q2 Capital Funds Update
- c. Discussion regarding the \$900,000 Excess Members Equity

NEXT MEETING DATE: September 13th, 2018, 3:00 pm, NWCH

ADJOURNMENT: 4:54 pm; (Johns 1st; Eyton Lloyd 2nd) Approved 7-0

Prepared and Submitted by: Art King, FC Chair