

Tahoe Donner Association

AB 2912 Committee

AUTHORITY

Pursuant to the powers vested in the Board of Directors ("Board") by the Articles of Incorporation, the Bylaws, and the Covenants and Restrictions of TAHOE DONNER ASSOCIATION ("Association"), the Board hereby establishes the Finance Committee ("Committee") as a standing committee of the Association.

The Committee is established under the provisions of:

- Section 1, ARTICLE X, Restated Bylaws of Tahoe Donner Association
- Resolution 2008-2, Committee Policy, Tahoe Donner Association Board of Directors, December 20, 2008
- ARTICLE VIII, Board Meetings, Restated Bylaws of Tahoe Donner Association
- California Legislation AB 2912 effective January 1, 2019

PURPOSE

The purpose of the Committee is to more formally comply with the California Legislative efforts to protect owners in a HOA from fraudulent activity by those entrusted with the management of the HOA's finances. To that extent AB2 912 significantly increases the financial review requirements of HOA boards of Directors, limits the ability for automatic transfer of funds without Board approval and also imposes a requirement for the HOA to purchase and maintain a fidelity bond.

The Committee shall have no authority to act on behalf of the Association, other than to formulate and present recommendations to the Board related to its stated purpose and assigned tasks.

TASKS AND RESPONSIBILITIES

The ongoing monthly tasks of the committee shall include:

- Each Month conduct a financial review consisting of

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- A review of the check registers, the general ledger and delinquency reports of the Tahoe Donner Association
- A comparison of the operating account to Budget
- A review of the fidelity bond in place for Directors, Officers and Employees in an amount equal to at least the total reserve funds plus three months of assessments. The insurance must include computer transfer and funds transfer fraud and must cover the Associations management company if Tahoe Donner ever becomes professionally managed.
- A Review of applicable accounting and financial policies that may come into question during the monthly review process as well as suggested changes that the Board should consider. This would include issues relating to with investments, depreciation, capital expenditures, cost allocation, reserve funding and expenditures, financial budgeting & reporting. Such recommendations shall be made through the Treasurer or second Board member participating on the committee.
- Recommendations regarding the annual budget process. The degree to which the Committee becomes involved in the budget itself will depend upon Board preferences
- Periodic analyses for the Board of financial trends.
- Recommendations to the Board regarding selection of an auditor, an analysis for the Board of the auditor's reports and monitoring of any required corrective actions.

The tasks of the Committee shall not include the following:

- Direct or indirect involvement in the daily operations of Tahoe Donner Association.
- Interactions with management or staff except when arranged through the General Manager or the DFA.
- Interference in the traditional relationship between the Board and the General Manager.

COMMITTEE ADMINISTRATION

Organization

The Committee shall consist of up to five (5) member of which there will be two Board members inclusive of the Association Treasurer. Additionally, the Director of Finance and Accounting (DFA) shall serve as ex officio, non-voting member. A quorum shall consist of the Treasurer and one Board member and or The Treasurer and two other members.

In support of the Committee's purpose for the Board, the DFA and/or other financial staff members (as appropriate) will attend all or part of most Committee meetings. Other staff participation shall be at the discretion of the Committee and the Committee shall always be respectful of the limited time and other responsibilities of staff. The General Manager in his/her discretion may also attend.

Membership

Any member of the Association who is in good standing, who has a positive interest in contributing to the welfare of the Association, who is prepared to invest the necessary time, and who does not present a conflict of interest, is eligible to apply for appointment as a member of the Committee. Members who hold applicable experience in such areas as finance, accounting, investment, insurance, will be given strong preference in appointment to the Committee. Directors and their immediate family members are ineligible for appointment. Co-owners of a property and immediate family members shall be ineligible to serve simultaneously on the Committee. The Board shall make all appointments to the Committee.

Other than when the Board finds an exception, regular and alternate members shall be appointed for a finite term of two years (subject to reappointment). Said terms shall be staggered where practicable in order to promote continuity within the Committee.

All prospective new committee members wishing to be appointed, and current Committee members desiring reappointment, shall submit to the Executive Secretary a written request stating their interest in serving on the Committee; all such requests shall be forwarded to the Board. Initial applications shall include a brief resume of the applicant's talents or experience which is relevant to the contribution that the applicant can bring to the Committee; a brief resume is not required for reappointment applications.

Election of Committee Chair

As articulated in the applicable legislation, the Chair of the committee shall be the Treasurer and in his/her absence the second board member on the committee.

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o **Meetings:**

Committee meetings shall be at the discretion of the Chair, unless otherwise directed by the Board. Meetings shall be held monthly; however, additional meetings may be necessary and may be scheduled by the Chair. Meetings are open to all property owners and will be noticed on the Northwoods Clubhouse bulletin board; notice is required by Restated Bylaws of Tahoe Donner Association, ARTICLE VIII. Committee members are expected to attend scheduled meetings on a regular basis.

Attendance at Board meetings by non-Board members is not required but is encouraged. In general, Members are expected to stay abreast of significant issues at Tahoe Donner using all reasonable means available.

Communications:

Effective communication and teamwork shall be facilitated in the following manner:

- A concise written report of each Committee meeting shall be given to the Board in advance of each Board meeting. Such reports shall be first circulated to Committee members and other meeting participants for comments and/or approval. The final report will be reviewed by the Board at each Board meeting.

- The Treasurer, or in his or her absence the presiding Board member, shall promptly give written instructions to the Chair notifying the Committee of formal Board decisions or instructions regarding Committee tasks. Board members shall not otherwise provide instructions to individual Committee members. In addition to providing official Board decisions and directives, the Treasurer or alternative Board member shall facilitate communications by helping the Committee interpret Board policy and goals

- The Committee shall provide written reports and recommendations on specific issues to the Board after consideration and approval by the Committee.

Reporting Requirements:

The Chair, or a duly appointed representative such as the DFA, shall report periodically to the Board, General Manager on the actions of the Committee. Reports may be written, oral, or a combination thereof.

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Vacancies:

The Chair shall advise the Executive Assistant of any membership changes that either have occurred or are anticipated. The Executive Assistant shall communicate the current or pending vacancies to the Communications Department, which shall publish notices of the vacancies in all Association media.

Committee Support:

The Chair will direct requests for statistical data, or any other type of information needed for the work of the Committee to the DFA.

TERM OF CHARTER AND AMENDMENTS

This Committee Charter shall remain in effect as presented herein until such time as it is amended or revoked by the Board or changed by law.

Approval

This Charter was approved by a formal vote of the Tahoe Donner Board of Directors this _____ day of December 2019.

Secretary to the Board _____