

## **Tahoe Donner Association Finance Committee**

### *Summary of Feedback on Proposed Changes to Resolution 2014-1*

- Fundamentally, we're not sure what problem the Board is trying to solve with this proposed resolution amendment.
- TDA's Covenants and Restrictions (Article IV Section 2) already contain limits on the maximum annual increase in the annual assessment.
- TDA's Bylaws (Article IX Section 2) already place limitations and requirements on the Board before it can authorize investments in existing or new amenities in excess of 5% of budgeted annual expenses (equivalent to a limit of \$1MM currently).
- The GPC's Capital Project Process already has several member input requirements built-in along the way.
- Oddly, the proposal makes no distinction between Replacement Reserve Fund expenditures (non-discretionary investments to keep our amenities well maintained) and Development Fund expenditures (discretionary investments typically the product of long, highly transparent planning cycles and the subject of regular updates to the Board and members, too).
- Restricting our Board's flexibility to exercise good judgment during a time when we are struggling to understand the implications of the COVID-19 pandemic on the Association's finances is particularly troubling.
- A maximum increase in the assessment indexed to inflation ignores the fact that more than half of the Annual Assessment represents contributions to our capital funds. We're playing "catch-up" in the funding program for the Reserve Fund. This proposal could serve to negate the progress made in the past few years to improve our reserve funding status.
- The proposal also ignores the fact that the largest single TDA expense category is for labor, payroll taxes and benefits (49% of total revenue). A substantial amount of that labor cost is for part-time, seasonal minimum-wage workers. The CA minimum wage increased 8.3% this year and 9.09% last year. That is well in excess of 150% of any CPI you might choose to use (national, regional, etc.).
- Importantly, instituting arbitrary limits on assessment increases presents a significant conflict with the Board's legal responsibility to do what is best for the association both now and in the future.
- Just a few months ago, the Board asked for a complete review of Resolution 2014-1 to be completed by the Finance Committee this year. We don't understand the rush to make a slap dash amendment to this resolution on very short notice before the Committee has completed the Board-requested review.
- Finally, if the Board is concerned about securing member feedback, perhaps we should formalize the feedback/input process that is now managed by Tahoe Donner's Communications team on what is effectively an ad hoc basis? We recommend that the Board commit to developing a thoughtful, transparent, and systematic member feedback program that is managed by staff (to avoid politicization) and one which covers all aspects of our Community, not just narrowly defined issues. We note that this is addressed in the May 15, 2020 draft Strategic Plan.