



FINANCE COMMITTEE MEETING

FINAL REPORT

May 19, 2022

Northwoods Clubhouse, Mezzanine Room and Zoom

1. **Call to Order / Call for Quorum (5):** The Chair (Dundas) called the meeting to order at 3:09 pm PDT after noting that a quorum was present.

Attendees (All attendees present on either Zoom Video Conference Call or in person at Northwoods Clubhouse):

Members: Dundas, Ravano, Rudolph, Vietor, Kodres, Niedringhaus

Staff Lead: Martyn-Jones (DFA)

Board Liaison(s): Roth

LRPC Liaison: Denise Gauny (LRPC Liaison to FC)

TDA Staff: Steve Hogan (Controller), Annie Rosenfeld (Director Admin. Services)

TDA Members: Peter Sawyer (Vice Chair, Trails and Open Space Committee (TOSC), Jim Colbert, Jared Abel (Prospective FC Member)

2. **APPROVAL of Agenda:** A motion was made by Dundas to approve the Agenda for the meeting. Rudolph provided a 1st and Kodres a 2nd. Motion was approved 6-0.
3. **APPROVAL of Committee Draft Report, April 18, 2022:** There were no additional comments about the Draft Report, excepting Mr. Dundas noting that some titles needed to be added/changed with regards to the attendees. Ravano provided a 1st and Rudolph a 2nd. The motion was passed 6-0 with the understanding the changes would be made prior to submission to the Board.
4. **Member and Committee Member Comments:** A request was made by the Chair for comments by any Member or Committee Member who wished to do so. There were no Member or Committee Member comments.
5. **Committee Management:** Mr. Dundas informed the committee that the LRPC had just concluded a meeting prior to the start of the FC meeting. Mr. Dundas felt the meeting was productive and offered a very good opportunity to work on long range planning and financial projections. A discussion ensued regarding the need for a "Facility Replacement Fund", the need to distinguish between a "building shell" and the "building's components" as well as how both committees could move forward.

6. **Staff Presentation on Status of Delinquent Accounts:** A presentation to the Finance Committee on the “Top 25 Delinquency Accounts Receivable and the Delinquency Process” was made by Ms. Rosenfeld. This presentation included history of delinquencies, the collections process and limitations imposed by Davis Sterling. Key points included:
 - a. The HOA industry generally has about a 10% of membership fees delinquency standard and we compare very favorably at about 1.0%
 - b. Over the years a better process has been put in place to deal with delinquent accounts (failure to pay annual member fees, fines, architectural fees, etc.) as well as properties that have fallen behind in repair and maintenance (i.e. “eyesores”).
 - c. Documentation needs to be perfect, and timing is critical when dealing with delinquencies.
 - d. Tahoe Donner uses Platinum Recovery Services for its expertise in HOA delinquency and recovery results.
 - e. The standard process is 200+ days once a decision is made to move to a foreclosure.
 - f. With the pandemic, there was a moratorium on foreclosures that was state mandated.
 - g. The goal is work on a 1-to-2-year delinquency period for the top 25 accounts before initiating collection or recovery efforts. During this period efforts are made to put a member property on a payment plan or other structured settlement that would allow the Member to regain good standing with the Association.
 - h. The FC members had questions and comments. Ms. Rosenfeld did an excellent job of responding to the FC. It was agreed by the FC that TD Administration should continue its more aggressive management of the delinquency, recovery, and collection process.

7. Committee Tasks

a. Recurring Tasks (RT)

1. **DISCUSSION:** RT #1 - Financial Performance Update.

Martyn-Jones reviewed financial statements for April 2022: Tahoe Donner recorded an Actual Net Operating deficit of approximately \$862,748 for the month with a budgeted deficit of \$863,596. This produced favorable budget variance \$848.00. Highlights for the month:

- a. Decreased skier visits due to the low snowpack at both the downhill and cross-country venues resulted in lower daily paid revenue, but this was offset to a large degree by season pass revenue. Because of the low snow levels Cross Country closed a week earlier than planned.
- b. Labor savings included burden had a favorable \$42,000 impact. Cross Country accounted for about half of the savings.
- c. Winter seasonal employees (103) were laid off in April and 27 summer and F&B employees were brought on board.
- d. Gross revenue was 14% unfavorable for the month when compared to plan.
- e. Lodge revenue was up, ACAC F&B was unfavorable to budget by \$4,000 or 32% due to early closure of the facility, while Pizza on the Hill had favorable results to budget due the budgeted early closure.
- f. COGS was unfavorable to budget by \$11.0k due to increased revenues that required more inventory and labor as well as offering certain end of the season discounts.
- g. Labor (Salaries and Wages) were favorable to budget by \$42.0k with the early closure of the cross country contributing 50% of the savings. There were additional savings in Trails due to a management position being open and

Communications will see an interim savings with the departure of the Manager.

- h. While overall Labor had a favorable variance, we incurred \$13.0k in overtime for the month.
- i. Various other budgeted expenses such as \$23.0k for defensible space were not incurred during the month. Other expenses such as a 30% increase in heating gas will continue to contribute to higher expenses as inflation continues to increase costs. Savings in golf maintenance costs during April will be recognized in May.

b. DISCUSSION/ACTION: RT #2 - 5501 Subcommittee Report.

1. FC Attendees for upcoming 5501 Subcommittee Meetings (3-5 pm) via Zoom:
 - a. May 24, 2022
 1. Member: Rudolph
 - b. June 28, 2022
 1. Member: Dundas
 - c. July 26, 2022
 1. Member: Kodres

c. Update on FAQ's

1. Ms. Kodres provided a brief update and there was a discussion about the status of the project. It was agreed the Kodres will do a brief Q and A to send out to various Committee Members and Staff for review. The thought process was to look forward on the Q and A and not backwards. Also, links should be provided so that Members could reference other TD material for additional background.

8. **Next FC Meeting:** June 16, 2022, 3:00-4:30 pm, Northwoods Clubhouse, Mezzanine Room + Zoom

9. **Adjournment:** A motion was made by Mr. Dundas to adjourn the meeting. Mr. Niedringhaus provided a 1st and Ms. Vietor provided a 2nd. The meeting was adjourned at 4:40 pm PDT with a 5-0 vote due to Ms. Ravano leaving the meeting a few minutes early due to another commitment.

Prepared and submitted by Michael Rudolph, Vice Chair, Finance Committee