



FINANCE COMMITTEE MEETING

FINAL REPORT

March 16, 2023.

Northwoods Clubhouse, Mezzanine Room and Zoom

1. **Call to Order / Call for Quorum (4):** The Chair (Ravano) called the meeting to order at 3:02 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: Falk, Leibow, Kodres, Rudolph, Niedringhaus (joined later), Ravano

Absent: Vietor

Staff Lead: Martyn-Jones (DFA&BS)

Board Liaison(s): Steve Mahoney (joined later in the meeting)

LRPC Liaison to FC: Gauny

TDA Staff: Steve Hogan (Controller), John Mitchell (joined later in the meeting)

Member(s): Nan Meek

2. **APPROVAL of Agenda:** A motion was made by Ravano to approve the agenda for the meeting. Kodres provided a 1st and Falk a 2nd. Motion was approved 5-0.
3. **APPROVAL of Committee Draft Report, February 16, 2023:** Chair Ravano requested comments about the Finance Committee Report prepared after the February 2023 Finance Committee meeting. Falk provided a 1st and Leibow provided a 2nd. The motion was approved 5-0 to send the final report 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. No Member comments were forthcoming.
5. **Committee Management:**
 1. **Review and Discussion of Finance Committee (“FC”) Charter:** Ms. Kodres reviewed the draft Charter (attached) that the sub-group had worked on. Members consisted of Kodres, Leibow and Vietor. The Charter was a deliverable to the Board before the end of the 1st quarter. Principal discussion items were:
 - a. Consistent with Board Resolution 2021-5;
 - b. Task list approval by Board. FC may recommend additional tasks for Board approval that are not on the approval list;
 - c. The FC should principally focus on higher level tasks and ones that will have the most impact;

- d. Assets of Tahoe Donner should include financial as well as physical assets;
- e. Possibility of adding additional members to the FC as a means of adding diversity of views and perspective. It was agreed by FC members that qualifications for the FC should include experience in a financial environment (although not necessarily a CPA, CFO, etc.). As to adding more members, a poll of the FC Members present indicated that membership should remain at a maximum of 7 members and not expanded to 9 (possible suggestion). Members polled yielded a 6-0 preference for maintaining the existing membership level;

After additional discussion (including Mr. Mahoney as FC liaison), a motion was made to submit a final draft to the Board for approval. Ms. Kodres provided a 1st and Mr. Leibow a 2nd. The vote was 6-0 to submit.

2. **Recurring Tasks - Presentation and Discussion of February 2023 Financial**

Results: Mr. Martyn-Jones reviewed the February financials. Weather and snow levels were definite factors in the results seen in February. Downhill ski did better than budgeted visitation by +5%. Cross Country results were down 13% for visitation when compared to budgeted visitation.

Gross revenue was \$409,000 for the month or 16% better than planned. The breakout of these results were: a.) Downhill Ski revenue was \$500,000 better than budget; b.) Downhill Ski School revenue was \$243,000 better than budget; c.) Cross Country revenue was -\$47,000 worse than budget; d.) F&B total revenue was favorable to budget by \$21,000.

Cost of Goods Sold (“COGS”) was unfavorable to budget by -\$8,000 due to higher than budgeted Retail and F&B sales.

Total payroll (including burden) was favorable to budget by \$17,000. Negative variances in Downhill Ski School were offset by increased revenue. Labor savings were also seen in ASO, Accounting, IT and Downhill Mountain Operations. Cross Country labor was \$3,000 unfavorable to budget.

Other Operating Expenses were unfavorable to budget by \$38,000. Principal variances: a.) Janitorial services within downhill operations; b.) higher equestrian feed costs due to higher prices; c.) natural gas utility expense higher than budgeted; d.) greater diesel expense withing Maintenance department due to snow removal; e.) additional employee housing expense due to additional properties leased; f.) downhill chair repairs.

On a consolidated basis, the Net Operating Result (“NOR”) for the month was \$814,185 versus a budget of \$434,879 which was \$379,306 better than budget. Year to date, NOR was \$954,288 versus a budget of \$609,852 producing a positive variance of \$344,637.

We anticipate that this favorable variance will be substantially reduced in March due to inclement weather and continuing storms which have reduced visitor traffic and revenue.

Discussions were also held about spring and summer operations as well as the possible extension of some winter operations. For example, will there be a delayed opening of the golf course due to the snow levels? The Finance Staff indicated that they were thinking through a possible forecast in the next couple of months. We agreed to review this topic at the next FC meeting.

3. **Discussion of Finance Committee Task List for 2023:** Chair Ravano continued a discussion from the February FC meeting of the Board approved 2023 Task List/Work Plan for the Finance Committee and the “task group” proposal. It was agreed that the respective FC task groups should move forward with their work on task plan items.
4. **Discussion of the 5501 Committee Report:** The 5501 Meeting schedule and attendees for the next 3 months will be:
 - a. April 25: Corey Leibow
 - b. May 23: Michael Rudolph
 - c. June 27th: Joseph Niedringhaus
6. **Update on FAQ’s:** Ms. Kodres updated on what she believed to be the review process. The progression was a review by Todd Martyn-Jones and his staff and then a final review by the Finance Committee. Once approved by Finance Department and the FC, the Board will be asked to either read a draft version of the FAQ’s in Executive Session or the full Board will be requested to review the draft and approve the FAQ’s. Director Mahoney indicated that he would confirm the proper way to get the FAQ’s to the Board for approval.
7. **Audit Update:** Mr. Martyn-Jones indicated that the audit was progressing very well and that no substantial adjustments or issues had been noted. It was agreed the completed draft will be provided to the FC for discussion and review prior to sending it to the Board.
8. **Next FC Meeting:** April 20, 2023, 3:00-4:30 pm, Northwoods Clubhouse, Mezzanine Room + Zoom.

Adjournment: The meeting was concluded at 5:01 pm PST with a motion being made to adjourn. Mr. Rudolph provided a 1st and Ms. Kodres provided a 2nd with a unanimous vote ensuing.

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

FINANCE COMMITTEE CHARTER – SUBMISSION TO BOARD

DRAFT

Tahoe Donner Association Finance Committee Charter

I. INTRODUCTION

A. Authority

Pursuant to the powers vested in the Tahoe Donner Board of Directors (“Board”) by the Articles of Incorporation, the Bylaws and the Covenants and Restrictions of the Tahoe Donner Association (“Association”), the Board hereby establishes the Finance Committee (“FC”) as a standing committee of the Association.

The FC is established and operates under the provisions of:

- Section 1, Article X, Restated Bylaws of Tahoe Donner Association
- Resolution 2021-5, Committee Policy, Tahoe Donner Association Board of Directors, July 23, 2021
- Article VIII, Board Meetings, Restated Bylaws of Tahoe Donner Association

This FC Charter shall remain in effect as presented herein until such time as it is amended or revoked by the Board. Any changes, amendments or modifications hereafter may only be accomplished at a properly noticed meeting of the Tahoe Donner Association Board of Directors.

The FC shall remain in existence until dismissed by the Board.

The FC 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 purposes.

II. PURPOSES AND PRINCIPLES

A. Purpose

The FC shall serve the Board and Staff as a source of advice, feedback, assistance and expertise in all matters pertaining to the Association’s financial decision-making. Operating in collaboration with the Board and Staff, this work will include, but is not limited to:

- **Annual Budget:** Support staff and the board in developing an annual budget. This support includes:
 - Providing annual budget advice and feedback to staff, especially regarding key budget driver assumptions.
 - Making annual budget recommendations to the board.

- Following adoption of the annual budget, working with the staff to monitor actual results to the budget.
- **Financial Policies:** Review financial policies annually to ensure that they are current and well-documented, and recommend new policies and policy updates to the board as warranted. Monitor adherence to the Association's financial policies.
- **Financial Planning:** Work with staff and the board to develop long-range financial goals, along with funding strategies to achieve them, and reviewing the plans annually.
- **Capital and Investment Planning:** Review quarterly the Association's investment portfolio and its adequacy to fund the Association's expected requirements for its list of expected capital investments.
- **Regular Financial Review:** Review monthly financial results, analyze trends and their impacts on future operating results and financial conditions, and make recommendations to the board as warranted.
- **Annual Audit:** Review the annual audit before it is finalized.

The FC may recommend to the Board additional tasks not previously approved provided that no significant action occurs without Board approval.

B. Guiding Principles

In no particular order, the FC's guiding principles are:

- **Member Enjoyment:** Ensure that long-range capital plans and amenity enhancements improve member enjoyment, user experience and livability.
- **Adaptive Management:** Deftly adjust to changing times and anticipate evolving conditions to ensure that the Association remains a preeminent, sustainable, innovative, environmentally friendly and sought-after community.
- **Asset Protection and Stewardship:** Ensure that existing capital (including land, physical and financial) investments are protected, conserved, well maintained, and managed within the risk tolerance of the Association.
- **Financial Responsibility:** Manage limited resources carefully, effectively and efficiently to meet Association objectives.
- **Member Interest:** Consider member needs, preferences and priorities.
- **Governing Documents:** Conform to the Association's Governing Documents including the Covenants & Restrictions and the Bylaws.

III. COMMITTEE ADMINISTRATION

A. Resolution 2021-5, Committee Policy

Except as exempted and specified below, the FC shall operate according to policies established in Resolution 2021-5, Committee Policy.

B. Committee Size

The FC shall consist of no less than seven voting members, and one non-voting Staff Lead.

C. Appointment Qualifications

The FC shall endeavor both to draw members representing a diversity of Association experiences and to include a broad demographic spectrum of Association members, subject to having the appropriate experience.

Members who possess experience in such areas as business modeling, finance, accounting, investment management, insurance, real estate, business planning and general management will receive preference over those that have more general interest in the FC's work. The FC's supplemental application will also be carefully considered in the FC's recommendations to the Board.

In addition to such standard qualifications, prior to the Board's appointment of any new FC members, the FC may provide the Board with a report describing the FC's current personnel needs and any supplemental qualifications necessary to satisfy those needs. Prior to appointment, prospective FC members must also complete the following qualification prerequisites:

- Initiate potential onboarding by notifying the Chair of their interest in applying.
- Introduce themselves to the FC at a noticed meeting.
- Attend at least two FC meetings.
- Read the relevant governing documents, planning documents, recent FC meeting minutes and FC Charter.

The FC shall encourage prospective FC members to attend and participate in FC meetings.

D. Officer Qualifications

To better ensure that Chairs are fully familiar with FC operations, it is preferable for FC members who have served on the FC for one year or more, either in their current term or in a previous term, to stand for election as Chair.

To encourage succession planning, it is preferable for FC members with two or more years remaining in their term to stand for election as Vice Chair.

E. Meeting Schedule

The FC will meet at least quarterly.

- The FC may adopt an expanded regular meeting schedule at the first meeting of the calendar year or as such a need may arise.
- Special FC meetings shall be scheduled at the discretion of the Chair and Staff Lead.

F. Other Meetings

The FC is encouraged to participate in the annual budget workshop process with the Board and Management.

Attendance at Board meetings, or review of Board meeting recordings, is not required but is strongly encouraged.