



FINANCE COMMITTEE MEETING

DRAFT REPORT

September 15, 2022

Northwoods Clubhouse, Mezzanine Room and Zoom

1. **Call to Order / Call for Quorum (5):** The Chair (Dundas) called the meeting to order at 3:00 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, Kodres, Niedringhaus (via Zoom)

Absent: Vietor

Staff Lead: Martyn-Jones (DFA&BS)

Board Liaison(s): Mahoney, Treasurer

LRPC Liaison to FC: Gauny

TDA Staff: Steve Hogan (Controller)

TDA Members: Craig Falk (FC member applicant)

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 4-0 (noted that Mr. Niedringhaus was not on the call until approximately 3:05 pm PDT).
3. **APPROVAL of Committee Draft Report, August 18, 2022:** Chair Dundas requested comments about the Finance Committee Report prepared after the August 2022 Finance Committee meeting. No comments were forthcoming. Ravano provided a 1st and Kodres 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. There were no Member or Committee Member comments.
5. **Committee Management:**
 - a. 2023 DRAFT FC Meeting Calendar: Chair Dundas reviewed the 3-year meeting schedule that he presented and invited discussion on the calendar. Todd Martyn-Jones mentioned that it was sometimes difficult to meet the 3rd Thursday timeframe to produce financial results and that it might be better for the finance staff to move the meeting to the 4th Monday of the month. Discussion ensued by staff and committee members. It was agreed that further discussion was warranted and would be taken up at a later point.
 - b. Committee Vacancy: Chair Dundas reviewed the FC supplemental application form and indicated that the form was to obtain additional information about an applicant's general knowledge and familiarity with HOA governance, owner and member community participation as well as other factors. This form would supplement the TDA Committee

Application Form and will be sent to all Finance Committee Applicants (new or renewal). It was noted that in addition to the current Committee opening, that there may be 2 additional vacancies by year end. The Supplemental Form can be located at: (<https://www.cognitofirms.com/TahoeDonnerAssociation/FinanceCommitteeSupplementalApplicationForm>)

6. Committee Tasks:

- a. Finance Committee Workplan Matrix Discussion: The 2023 Workplan Matrix was reviewed with Committee members. Director Mahoney raised several questions about the tasks and offered comments about reducing the number of tasks. Director Mahoney suggested that from his perspective as a Board member, the Board would prefer fewer special projects in exchange for ones that are congruent with Board priorities and staff capacity. It was also suggested that examples might include risk/insurance and others where a working group could address an issue. It was also suggested that the term “Matrix” be eliminated from the workplan. Another item that came up was Resolution 2021-5 concerning approval of subcommittees. It was agreed that a better understanding of the Resolution needed to occur. Additional follow up will occur on these topics.
- b. Recurring Tasks – Financial Performance Update: Mr. Martyn-Jones presented the financial statements and results for August 2022. Highlights are as follows:
 1. The budgeted Net Operating Loss for August 2022 was \$(468,729) and an actual Operating Loss of \$(519,550) was incurred. This resulted in a deficit to budget of \$(50,821) or (11)%. Principal factors included:
 - a. Strong visitation in August was reflected in Direct Access and Use revenues. This did not carry over into Consolidated Food and Beverage revenue which was unfavorable to budget by \$97,000 (-17%). Golf revenue was well ahead of budget by \$97,000 or 26%, even though guest green fees were below budget.
 - b. The Private Amenities revenue was ahead of budget due to favorable results at the Beach Club Marina and Tennis. Trout Creek and Aquatics were below budgeted expectations by -15% for each amenity.
 - c. Cost of Goods (“COGS”) was on budget at 30% for Food and Beverage. Retail COGS was 59% actual when compared to a 46% budgeted amount.
 - d. Total payroll (Salaries and Wages) was favorable to budget by \$67,000 or 4%. However, consolidated golf operations payroll was unfavorable to budget by \$(32,000) or (20)%. There were continued savings in the Trails, Trout Creek, Maintenance and Communications actuals when compared to budget. Members of the Finance Committee requested that Mr. Martyn-Jones provide additional insight on the variances due to the inconsistency of the favorable overall budget versus the unfavorable golf budget.
 - e. Other Operating Expenses were higher than planned due to:
 1. Timing differences in Defensible Space Projects resulted in a \$(29,000) unfavorable variance for the month.
 2. Utilities (ex.: natural gas, diesel and gasoline) continue to remain higher than budgeted.
 - f. Amenities had mixed results to budget but were mostly negative with the Private consolidated figure being \$(44,000) unfavorable or (18)% to budget for the month. Tennis was the only favorable Private activity to budget. Public

amenities fared much better with Golf Operations \$97,000 favorable results to plan being offset by expenses being \$(21,000) unfavorable to budget. Equestrian revenues were 3% favorable to budget but were offset by an Unfavorable \$(6,000) in expenses versus budget. Alder Creek F&B revenue was 103% favorable to budget while expense variance to budget was less than (1)% unfavorable.

g. HOA and Support Expenses were \$(25,000) unfavorable to budget.

Overall, on a Year-to-Date basis, the Net Operating Result was \$(23,496) unfavorable to budget for the Association.

c. Discussion of the 5501 Committee Report that was submitted in draft form for August 2022. Mr. Niedringhaus attended the August meeting. The September meeting will be attended Chair Dundas and Vice Chair Rudolph on September 27th. Mr. Niedringhaus will attend the October meeting and Ms. Vietor will be at the November meeting.

7. Review of the Annual Budget Process and Preparation: The FC reviewed the prior budget meeting that dealt with the Operating Fund budget for 2023. Placeholders for insurance costs assumed at least a 25% increase over 2022. From a format standpoint, Ms. Kodres suggested adding a percent column [%] and a change column (+/-) to the reports to provide additional insight. There was also concern about the amenity fees being proposed, specifically with regard to families. With regard to the Capital Budget, it was reported that the 30 year reserve study had been completed and was being reviewed. A discussion was held about the difference between the 30 year external consultant study and the internal 20 year plan. An update from representatives of the Long Range Planning Committee assisted in clarifying the differences. There were also discussions about the Operating Plan's hiring plans and whether the individual positions were critical to achieving better Member service. The salary increases and meeting competitive pay scales for positions were also discussed.

a. Special Tasks (ST)

a. UPDATE: ST #1 - Financial Reporting

1. Martyn-Jones and Ravano provided that new style reporting should be available for the October FC Meeting. This is a revamping of financial information for clarity of understanding.

b. UPDATE: Ms. Kodres provided an update on the project. Kodres had passed several sections on to FC Members for review. Kodres indicated that FAQ documents were passed out further to the TD Communications group with a request for their input. Kodres also indicated that a 2nd set of documents would be distributed for FC member review shortly.

c. Reserve Funding of Long Range Capital Improvement Program. Chair Dundas provided an update as well as Chair Mitchell of the LRPC.

8. **Next FC Meeting:** October 20, 2022, 3:00-4:30 pm, Northwoods Clubhouse, Mezzanine Room + Zoom

9. **Adjournment:** A motion was made by Mr. Dundas to adjourn the meeting. Ms. Ravano provided a 1st and Ms. provided a 2nd. The meeting was adjourned at 4:46 pm PDT with a 6-0 vote.

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

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